

AMERICAN AIRLINES INC

Form 424B5

May 02, 2016

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**Filed Pursuant to Rule 424(b)(5)**

**Registration No. 333-194685-01**

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 MAY 2, 2016

Prospectus Supplement to Prospectus dated March 19, 2014

\$828,644,000

2016-2 Pass Through Trusts

Pass Through Certificates, Series 2016-2

American Airlines, Inc. is creating two separate pass through trusts that will issue American Airlines, Inc. Class AA and Class A Pass Through Certificates, Series 2016-2. American Airlines, Inc. may subsequently offer Class B Pass Through Certificates, Series 2016-2 on or after the date of this prospectus supplement, pursuant to a separate prospectus supplement (in addition to any other additional classes of American Airlines, Inc. Pass Through Certificates, Series 2016-2 that may subsequently be offered, as provided herein). Neither any Class B Pass Through Certificates nor any other additional classes of certificates are being offered pursuant to this prospectus supplement. A separate trust will be established for each class of certificates that are issued.

The Class AA Certificates and Class A Certificates will represent interests in the assets of the related pass through trust. The proceeds from the sale of the Class AA Certificates and Class A 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 Class AA Certificates and Class A Certificates will be subject to certain subordination provisions described herein. The Class AA Certificates and Class A Certificates do not represent interests in, or obligations of, American or any of its affiliates.

Subject to the distribution provisions described herein, the Class AA Certificates will rank generally senior to the Class A Certificates and any Class B Certificates that may be issued; the Class A Certificates will rank generally

junior to the Class AA Certificates and will rank generally senior to any Class B Certificates that may be issued; and any Class B Certificates that may be issued will rank generally junior to the Class AA Certificates and the Class A Certificates.

The equipment notes expected to be held by the pass through trust for the Class AA Certificates, the pass through trust for the Class A Certificates and, if applicable, the pass through trust for any Class B Certificates will be issued to finance 22 aircraft: (a) eleven Airbus A321-231S aircraft either delivered new to American from November 2015 to December 2015 or newly manufactured and scheduled for delivery to American from May 2016 to August 2016, (b) seven Boeing 737-823 aircraft either delivered new to American in December 2015 or newly manufactured and scheduled for delivery to American from May 2016 to August 2016, (c) two Boeing 777-323ER aircraft delivered new to American in February 2016 and March 2016 and (d) two Boeing 787-8 aircraft newly manufactured and scheduled for delivery to American in May 2016. 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 June 15 and December 15 of each year, commencing on December 15, 2016, and principal on such equipment notes is scheduled for payment on June 15 and December 15 of each year, commencing on June 15, 2017.

KfW IPEX-Bank GmbH will provide a separate liquidity facility for each of the Class AA Certificates and Class A Certificates, in each case in an amount sufficient to make three semiannual interest distributions on the outstanding balance of the Certificates of such Class. Any Class B Certificates, if issued, may have the benefit of a liquidity facility as described in a prospectus supplement for such class of certificates.

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

**Investing in the Certificates involves risks. See Risk Factors beginning on page S-25.**

**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.**

|                           | Aggregate Face | Interest | Final Expected<br>Distribution<br>Date | Price to<br>Public(1) |
|---------------------------|----------------|----------|--|-----------------------|
| Pass Through Certificates | Amount         | Rate     |  |                       |
| Class AA                  | \$567,360,000  | %        | June 15, 2028                          | %                     |
| Class A                   | \$261,284,000  | %        | June 15, 2028                          | %                     |

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

The underwriters will purchase all of the Class AA Certificates and the Class A Certificates if any are purchased. The aggregate proceeds from the sale of the Class AA Certificates and the Class A Certificates will be \$828,644,000.

American will pay the underwriters a commission of \$ . Delivery of the Class AA Certificates and the Class A Certificates in book-entry form will be made on or about , 2016 against payment in immediately available funds.

Joint Structuring Agents and Lead Bookrunners

**Credit Suisse**

**Deutsche Bank Securities**

Joint Active Bookrunners

**Citigroup**

**Goldman, Sachs & Co.**

**Morgan Stanley**

Joint Bookrunners

**BofA Merrill Lynch  
BNP PARIBAS**

**Barclays**

**J.P. Morgan  
Credit Agricole Securities**

Co-Manager

**US Bancorp**

Prospectus Supplement dated May , 2016.

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**Prospectus**

ABOUT THIS PROSPECTUS

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We have not, and Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., J.P. Morgan Securities LLC, BNP Paribas Securities Corp., Credit Agricole Securities (USA) Inc. and U.S. Bancorp Investments, Inc. (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 Depositary or the Liquidity Provider, since the date of this prospectus supplement.



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**PRESENTATION OF INFORMATION**

These offering materials consist of two documents: (a) this prospectus supplement, which describes the terms of the American Airlines, Inc. Class AA and Class A Pass Through Certificates, Series 2016-2 (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, unless otherwise specified, references to *American*, the *Company*, *we*, *us* and *our* to American Airlines, Inc.; 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 acquisition of US Airways Group, Inc. ( *US Airways Group* ).

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.

**Table of Contents****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*), the Securities Exchange Act of 1934, as amended (the *Exchange Act*), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as may, will, expect, intend, anticipate, believe, estimate, plan, project, continue, seek, target, guidance, outlook, if current trends continue, optimistic, forecast and other similar 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 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; costs of ongoing data security compliance requirements and the impact of any significant data security breach; 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 postretirement 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 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 landing and take-off rights and authorizations ( *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 on the airline industry; 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 and noise regulation; the impact associated with climate change, including increased regulation to reduce emissions of greenhouse gases; our reliance on technology and

automated systems and the impact of any failure of these technologies or systems; challenges in integrating our computer, communications

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and other technology systems; 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 on our financial position and liquidity of being party to or involved in litigation; an inability to use net operating losses ( *NOLs* ) carried over from prior taxable years ( *NOL Carryforwards* ); any impairment in the amount of our goodwill and an inability to realize the full value of our intangible or long-lived assets and any material impairment charges that would be recorded as a result; and other economic, business, competitive, and/or regulatory factors affecting our business, including those set forth in our Annual Report on Form 10-K for the year ended December 31, 2015 (especially in Part I, Item 1A Risk Factors and Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations); in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (especially in Part I, Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item IA Risk Factors) 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 Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016. 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 qualified in their entirety by reference to the factors discussed below under Risk Factors and elsewhere in this prospectus supplement and 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.

**CERTAIN VOLCKER RULE CONSIDERATIONS**

None of the Trusts are or, immediately after the issuance of the Certificates pursuant to the Trust Supplements, will be a covered fund as defined in the final regulations issued December 10, 2013 implementing the Volcker Rule (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act). In making the foregoing determination, the Trusts are relying upon the exemption from registration set forth in Rule 3a-7 under the Investment Company Act of 1940, as amended, although additional exemptions or exclusions may be available to the Trusts.

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**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 nine primary domestic markets: Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York City, Philadelphia, Phoenix and Washington, D.C. As of March 31, 2016, American operated 942 mainline aircraft. American is supported by AAG's wholly-owned regional airline subsidiaries and third-party regional carriers operating as American Eagle under capacity purchase agreements. American is a founding member of the oneworld® alliance, whose members and members-elect serve nearly 1,000 destinations with 14,250 daily flights to 150 countries, and its cargo division is one of the largest air cargo operations in the world, providing a wide range of freight and mail services, with facilities and interline connections available across the globe.

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 United States Bankruptcy Code (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, Inc. (*US Airways*) began moving toward operating under the single brand name of *American Airlines*. In the second quarter of 2015, American and US Airways received a single operating certificate from the Federal Aviation Administration (the *FAA*) for American and US Airways, marking a major milestone in the integration of the two airlines. On October 17, 2015, AAG completed its transition to a single reservations system, retiring the US Airways name and website. In addition, on December 30, 2015, US Airways merged with and into American with American as the surviving entity and US Airways ceased to exist as a legal entity.

American's principal executive office is located at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155. American's telephone number is 817-963-1234 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 AA<br/>Certificates</b>     | <b>Class A<br/>Certificates</b>      |
|---|--------------------------------------|--------------------------------------|
| Aggregate Face Amount   | \$567,360,000                        | \$261,284,000                        |
| Interest Rate   | %                                    | %                                    |
| Initial Loan to Aircraft Value Ratio (cumulative)(1)(2)                 | 38.6%                                | 56.4%                                |
| Expected Maximum Loan to Aircraft Value Ratio (cumulative)(2)           | 38.6%                                | 56.4%                                |
| Expected Principal Distribution Window (in years from Issuance Date)(3) | 1.1-12.1                             | 1.1-12.1                             |
| Initial Average Life (in years from Issuance Date)                      | 9.1                                  | 9.1                                  |
| Regular Distribution Dates  | June 15 and<br>December 15           | June 15 and<br>December 15           |
| Final Expected Regular Distribution Date(3)                             | June 15, 2028                        | June 15, 2028                        |
| Final Legal Distribution Date(4)  | December 15,<br>2029                 | December 15,<br>2029                 |
| Minimum Denomination(5)   | \$2,000                              | \$2,000                              |
| Section 1110 Protection   | Yes                                  | Yes                                  |
| Liquidity Facility Coverage   | 3 semiannual<br>interest<br>payments | 3 semiannual<br>interest<br>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 December 15, 2016, the first Regular Distribution Date that occurs after all Aircraft are expected to have been financed pursuant to this offering. In calculating these percentages, we have assumed that principal distributions expected to be made on such date have been made and that the aggregate Assumed Aircraft Value of all such Aircraft is \$1,468,200,882 as of such date. 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) 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 AA Certificates and Class A Certificates is the date which is 18 months after 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.

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**Table of Contents****Equipment Notes and the Aircraft**

The Trusts are expected to hold Equipment Notes issued for, and secured by, each of 22 aircraft: (a) eleven Airbus A321-231S aircraft either delivered new to American from November 2015 to December 2015 or newly manufactured and scheduled for delivery to American from May 2016 to August 2016, (b) seven Boeing 737-823 aircraft either delivered new to American in December 2015 or newly manufactured and scheduled for delivery to American from May 2016 to August 2016, (c) two Boeing 777-323ER aircraft delivered new to American in February 2016 and March 2016 and (d) two Boeing 787-8 aircraft newly manufactured and scheduled for delivery to American in May 2016 (each such aircraft, an *Aircraft*, and, collectively, the *Aircraft*).

Each Aircraft that has been delivered to American as of the date of this prospectus supplement (each, an *Owned Aircraft*) is owned and is being operated by American. American expects that each Aircraft that is scheduled to be delivered to American after the date of this prospectus supplement (each, a *New Delivery Aircraft*), will be owned and operated by American. See *Description of the Aircraft and the Appraisals* for a description of each Aircraft to be financed with the proceeds of this offering. 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    | Actual or Expected Registration Number(1) | Actual or Expected Manufacturer's Serial Number(1) | Actual or Scheduled Month of Delivery(1) | Initial Principal Amount of Series AA |          | Appraised Value(2) | Latest Equipment Note Maturity Date |
|------------------|---|--|--|---------------------------------------|----------|--------------------|-------------------------------------|
|                  |   |  |  | Equipment Notes                       | Series A |                    |                                     |
| Airbus A321-231S | N151AN                                    | 6840   | November 2015                            | \$ 29,480,000                         | \$       | 53,116,667         | June 15, 2028                       |
| Airbus A321-231S | N153AN                                    | 6908   | December 2015                            | \$ 29,519,000                         | \$       | 53,186,667         | June 15, 2028                       |
| Airbus A321-231S | N162AA                                    | 6621   | May 2016                                 | \$ 30,414,000                         | \$       | 54,800,000         | June 15, 2028                       |
| Airbus A321-231S | N163AA                                    | 6866   | May 2016                                 | \$ 30,414,000                         | \$       | 54,800,000         | June 15, 2028                       |
| Airbus A321-231S | N164NN                                    | 6909   | June 2016                                | \$ 30,414,000                         | \$       | 54,800,000         | June 15, 2028                       |
| Airbus A321-231S | N165NN                                    | 6956   | June 2016                                | \$ 30,414,000                         | \$       | 54,800,000         | June 15, 2028                       |
| Airbus A321-231S | N988AL                                    | 7154   | June 2016                                | \$ 30,414,000                         | \$       | 54,800,000         | June 15, 2028                       |
| Airbus A321-231S | N166NN                                    | 6973   | July 2016                                | \$ 30,717,000                         | \$       | 55,346,667         | June 15, 2028                       |
| Airbus A321-231S | N167AN                                    | 7013   | July 2016                                | \$ 30,717,000                         | \$       | 55,346,667         | June 15, 2028                       |
| Airbus A321-231S | N986AN                                    | 7046   | August 2016                              | \$ 30,741,000                         | \$       | 55,390,000         | June 15, 2028                       |
| Airbus A321-231S | N987AM                                    | 7079   | August 2016                              | \$ 30,741,000                         | \$       | 55,390,000         | June 15, 2028                       |
| Boeing 737-823   | N983NN                                    | 33337  | December 2015                            | \$ 25,974,000                         | \$       | 46,800,000         | June 15, 2028                       |
| Boeing 737-823   | N991NN                                    | 31241  | May 2016                                 | \$ 26,363,000                         | \$       | 47,500,000         | June 15, 2028                       |
| Boeing 737-823   | N992NN                                    | 33340  | June 2016                                | \$ 26,368,000                         | \$       | 47,510,000         | June 15, 2028                       |
| Boeing 737-823   | N993NN                                    | 31244  | June 2016                                | \$ 26,368,000                         | \$       | 47,510,000         | June 15, 2028                       |
| Boeing 737-823   | N994NN                                    | 33248  | July 2016                                | \$ 26,723,000                         | \$       | 48,150,000         | June 15, 2028                       |



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|                     |        |       |               |                       |                         |               |
|---------------------|--------|-------|---------------|-----------------------|-------------------------|---------------|
| Boeing 737-823      | N995NN | 31245 | July 2016     | \$ 26,723,000         | \$ 48,150,000           | June 15, 2028 |
| Boeing 737-823      | N996NN | 31248 | August 2016   | \$ 26,723,000         | \$ 48,150,000           | June 15, 2028 |
| Boeing 777-323ER(3) | N735AT | 32439 | February 2016 | \$ 88,145,000         | \$ 158,820,000          | June 15, 2028 |
| Boeing 777-323ER(3) | N736AT | 33538 | March 2016    | \$ 88,260,000         | \$ 159,026,667          | June 15, 2028 |
| Boeing 787-8(3)     | N815AA | 40633 | May 2016      | \$ 66,506,000         | \$ 119,830,000          | June 15, 2028 |
| Boeing 787-8(3)     | N816AA | 40634 | May 2016      | \$ 66,506,000         | \$ 119,830,000          | June 15, 2028 |
| <b>Total:</b>       |        |       |               | <b>\$ 828,644,000</b> | <b>\$ 1,493,053,333</b> |               |

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- (1) The indicated registration number, manufacturer's serial number and scheduled delivery month for each New Delivery Aircraft reflect our current expectations, although these may differ for the actual aircraft delivered under the applicable aircraft purchase agreement between American and the applicable aircraft manufacturer and financed under this offering. The delivery deadline for purposes of financing a New Delivery Aircraft pursuant to this offering is December 15, 2016 (or later under certain circumstances). The actual delivery date of any New Delivery Aircraft may differ from its currently scheduled delivery month and is subject to delay or acceleration. See Description of the Aircraft and the Appraisals Deliveries of Aircraft. In addition, American has certain rights to finance a Substitute Aircraft in lieu of any New Delivery Aircraft if the delivery of such New Delivery Aircraft is delayed for more than 30 days after the last day of the month scheduled for delivery. See Description of the Aircraft and the Appraisals Substitute Aircraft.
- (2) The appraised value of each Aircraft set forth above is the lesser of the average and median appraised value of such Aircraft as appraised by three independent appraisal and consulting firms (Aircraft Information Services, Inc. ( *AISI* ), BK Associates, Inc. ( *BK* ) and Morten Beyer & Agnew, Inc. ( *mba*, and together with AISI and BK, the *Appraisers* ). In the case of each Aircraft owned by American as of the respective dates of the appraisals, such appraisals indicate the appraised base value of such Aircraft, adjusted for the maintenance status of such Aircraft at or around the time of the related appraisal by one of the Appraisers, and in the case of each Aircraft not yet delivered to American as of the respective dates of the appraisals, such appraisals indicate the appraised base value projected as of its scheduled delivery month at the time of the related appraisal. The AISI appraisal is dated April 10, 2016, the BK appraisal is dated April 26, 2016 and the mba appraisal is dated April 26, 2016. 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.
- (3) This aircraft is approved for Extended-range Twin-engine Operations ( *ETOPs* ).

**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 December 15, 2016 (the first Regular Distribution Date that occurs after all Aircraft are expected to have been financed pursuant to this offering) and each Regular Distribution Date thereafter. The LTVs for any period prior to December 15, 2016 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.

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| Date              | Aggregate<br>Assumed<br>Aircraft<br>Value(1) | Pool Balance(2) |                | LTV(3) |              |
|-------------------|--|-----------------|----------------|--------|--------------|
|                   |  | Class AA        | Class A        | Class  | Class A      |
|                   |  | Certificates    | Certificates   | AA     | Certificates |
| December 15, 2016 | \$ 1,468,200,882                             | \$ 567,360,000  | \$ 261,284,000 | 38.6%  | 56.4%        |
| June 15, 2017     | \$ 1,445,733,830                             | \$ 552,608,640  | \$ 254,490,616 | 38.2%  | 55.8%        |
| December 15, 2017 | \$ 1,423,266,779                             | \$ 537,857,280  | \$ 247,697,232 | 37.8%  | 55.2%        |
| June 15, 2018     | \$ 1,400,799,727                             | \$ 523,105,920  | \$ 240,903,848 | 37.3%  | 54.5%        |
| December 15, 2018 | \$ 1,378,332,676                             | \$ 510,340,320  | \$ 235,024,958 | 37.0%  | 54.1%        |
| June 15, 2019     | \$ 1,355,865,624                             | \$ 497,574,720  | \$ 229,146,068 | 36.7%  | 53.6%        |
| December 15, 2019 | \$ 1,333,398,573                             | \$ 484,809,120  | \$ 223,267,178 | 36.4%  | 53.1%        |
| June 15, 2020     | \$ 1,310,931,521                             | \$ 472,043,520  | \$ 217,388,288 | 36.0%  | 52.6%        |
| December 15, 2020 | \$ 1,288,464,470                             | \$ 459,277,920  | \$ 211,509,398 | 35.6%  | 52.1%        |
| June 15, 2021     | \$ 1,265,997,418                             | \$ 446,512,320  | \$ 205,630,508 | 35.3%  | 51.5%        |
| December 15, 2021 | \$ 1,243,530,367                             | \$ 433,746,720  | \$ 199,751,618 | 34.9%  | 50.9%        |
| June 15, 2022     | \$ 1,221,063,315                             | \$ 420,981,120  | \$ 193,872,728 | 34.5%  | 50.4%        |
| December 15, 2022 | \$ 1,198,596,264                             | \$ 408,215,520  | \$ 187,993,838 | 34.1%  | 49.7%        |
| June 15, 2023     | \$ 1,176,129,212                             | \$ 395,449,920  | \$ 182,114,948 | 33.6%  | 49.1%        |
| December 15, 2023 | \$ 1,153,662,161                             | \$ 382,684,320  | \$ 176,236,058 | 33.2%  | 48.4%        |
| June 15, 2024     | \$ 1,131,195,109                             | \$ 369,918,720  | \$ 170,357,168 | 32.7%  | 47.8%        |
| December 15, 2024 | \$ 1,108,728,057                             | \$ 357,153,120  | \$ 164,478,278 | 32.2%  | 47.0%        |
| June 15, 2025     | \$ 1,086,261,006                             | \$ 344,387,520  | \$ 158,599,388 | 31.7%  | 46.3%        |
| December 15, 2025 | \$ 1,063,793,954                             | \$ 331,621,920  | \$ 152,720,498 | 31.2%  | 45.5%        |
| June 15, 2026     | \$ 1,041,326,903                             | \$ 318,856,320  | \$ 146,841,608 | 30.6%  | 44.7%        |
| December 15, 2026 | \$ 1,018,859,851                             | \$ 306,090,720  | \$ 140,962,718 | 30.0%  | 43.9%        |
| June 15, 2027     | \$ 996,392,800                               | \$ 293,325,120  | \$ 135,083,828 | 29.4%  | 43.0%        |
| December 15, 2027 | \$ 973,925,748                               | \$ 280,559,520  | \$ 129,204,938 | 28.8%  | 42.1%        |
| June 15, 2028     | \$ 951,458,697                               |                 |                | 0.0%   | 0.0%         |

- (1) In calculating the aggregate Assumed Aircraft Value, we assumed that the appraised value of each Aircraft determined as described under Description of the Aircraft and the Appraisals declines in accordance with the Depreciation Assumption described under Description of the 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 A Certificates, with the expected outstanding pool balance of the Class AA 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, if a Substitute Aircraft is financed in lieu of any Aircraft to be financed pursuant to this offering or if any Aircraft is not subjected to an Indenture and the related Equipment Notes are not acquired by the Trusts.

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**Cash Flow Structure**

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

- (1) American will issue Series AA Equipment Notes and Series A Equipment Notes and may issue Series B Equipment Notes. The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture.
- (2) The separate Liquidity Facility for each of the Class AA Certificates and the Class A Certificates is expected to cover up to three semiannual interest distributions on the Class AA Certificates and the Class A Certificates, respectively, except that the Liquidity Facilities will not cover interest on the Deposits. Initially, KfW IPEX-Bank GmbH will act as the Liquidity Provider for the Class AA Certificates and the Class A Certificates.
- (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

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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.

- (4) Class B Certificates are not reflected in the diagram above. Class B Certificates are not being offered under this prospectus supplement, but Class B Certificates may be offered at any time on or after the date of this prospectus supplement. Any Class B Certificates, if issued, may have the benefit of a liquidity facility as described in a separate prospectus supplement for such class of certificates.

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**THE OFFERING**

Trusts and Certificates

Each of the Class AA Trust and Class A 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.

If American elects to offer Class B Certificates on or after the date of this prospectus supplement, a Class B pass through trust will be formed in order to issue such Class B Certificates. Class B Certificates are not being offered under this prospectus supplement.

Each class of Certificates will represent fractional undivided interests in the related Trust.

Certificates Offered

Class AA Certificates.

Class A Certificates.

Use of Proceeds

The proceeds from the sale of the Class AA Certificates and Class A Certificates of the applicable Trust will initially be held in escrow and deposited with the Depositary, 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 New Delivery Aircraft to finance, in part, the acquisition of such New Delivery Aircraft. American will use the proceeds from the issuance of the Equipment Notes issued with respect to each Owned 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

Citibank, N.A.

Liquidity Provider for the Class AA  
Certificates and Class A Certificates

KfW IPEX-Bank GmbH.

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;

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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 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                      June 15 and December 15 of each year, commencing on December 15, 2016.

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 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.

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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 AA Certificates to make distributions in respect of interest on the Class AA Certificates;

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

third, to the holders of the Class B Certificates (if any) to make distributions in respect of interest on the Eligible B Pool Balance;

fourth, to the holders of the Class AA Certificates to make distributions in respect of the Pool Balance of the Class AA Certificates;

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

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

seventh, to the holders of the Class B Certificates (if any) to make distributions in respect of interest on the Pool Balance of the Class B Certificates not previously distributed under clause third above; and

eighth, to the holders of the Class B Certificates (if any) 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 AA Certificates, Class A Certificates and, if any Class B Certificates are outstanding, Class B Certificates, as discussed under Description of the Intercreditor Agreement Priority of Distributions.

Control of Loan Trustee

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The holders of at least a majority of the outstanding principal amount of Equipment 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 AA Certificates, the Class AA Trustee;

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

if Final Distributions have been paid in full to the holders of the Class AA Certificates, the Class A Certificates and the Class B Certificates if any Class B Certificates have been issued, but, if any Additional Certificates have been issued, not to the holders of the most senior class of Additional Certificates, the trustee for the Additional Trust related to such most senior class of Additional Certificates; 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 A Certificateholders (other than American or any of its affiliates) will have the right to purchase all, but not less than all, of the Class AA Certificates;

if Class B Certificates are outstanding, 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 AA Certificates and

Class A Certificates; and

if one or more classes of Additional Certificates are outstanding, the holders (other than American or any of its affiliates) of any such class of Additional Certificates will have the right to purchase all, but not less than all, of the Class AA Certificates, the Class A Certificates, if applicable, the Class B Certificates and, if applicable, any previously or concurrently issued class of Additional Certificates ranking senior in right of payment to such class of Additional Certificates.

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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 AA Trust and the Class A Trust, the 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 Depository. 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 AA Trust or the Class A 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 with comparable obligations relating to the other Liquidity Facility and will rank senior to all of the Certificates in right of payment.

If Class B Certificates are issued, such Class B Certificates may have the benefit of a separate liquidity facility and, if so, the terms of such liquidity facility will be described in a separate prospectus supplement for such Class B Certificates.

**Escrowed Funds**

Funds in escrow for the Certificateholders of each Trust will be held by the Depository 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 Depository 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

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Agreements for a description of the terms of the deposit arrangements, including the threshold rating requirements applicable to the Depository.

**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 delivery of any New Delivery Aircraft or for other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes and Description of the Aircraft and the Appraisals Deliveries of Aircraft. 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 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 15, 2016 (or later under certain circumstances) with the relevant parties pursuant to financing agreements that are substantially in the forms attached to the Note Purchase Agreement. See Description of the Certificates Obligation to Purchase Equipment Notes.

American may use financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement so

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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.

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 Class B Certificates

On or after the Issuance Date, Class B Certificates, which would evidence fractional undivided ownership interests in equipment notes secured by Aircraft, may be issued. If issued, the holders of Class B Certificates will have the right to purchase all of the Class AA Certificates and the Class A Certificates under certain circumstances, if American is in bankruptcy, at the outstanding principal balance of Class AA Certificates and Class A Certificates plus accrued and unpaid interest and other amounts due to Class AA Certificateholders and Class A Certificateholders, but without a premium.

If Class B Certificates are issued after the Class AA and Class A Certificates, such issuance of Class B Certificates 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 Class B 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 and Reissuance of Certificates.

Possible Issuance of Additional Certificates Under certain circumstances, additional pass through certificates of one or more separate pass through trusts, which will evidence

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fractional undivided ownership interests in a related 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 and Reissuance of Certificates.

If any class of Additional Certificates is issued, under certain circumstances, the holders of such class of Additional Certificates will have certain rights to purchase all, but not less than all, of the Class AA Certificates, Class A Certificates and, if applicable, the Class B Certificates and, if applicable, any class of Additional Certificates ranking senior in right of payment to any such class of Additional 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 AA Certificates, Class A Certificates and, if applicable, the Class B Certificates. See Possible Issuance of Additional Certificates and Refinancing and Reissuance of Certificates.

Possible Refinancing or Reissuance of Certificates

American may elect to:

redeem all (but not less than all) of the Series A Equipment Notes or, if applicable, the Series B Equipment Notes (or any series of Additional Equipment Notes) then outstanding and issue new Equipment Notes with respect to all of the Aircraft with the same series designation as, but with terms that may be the same as or different from, those of the redeemed Equipment Notes; or

reissue Series A Equipment Notes or, if applicable, Series B Equipment Notes (or any series of Additional Equipment Notes) with respect to all of the Aircraft after such series has matured and been paid in full, with terms that may be the same as or different from those of the repaid Equipment Notes, after the Delivery Period Termination Date.

In either such case, American will fund the sale of any such series of Reissued Equipment Notes through the sale of pass through certificates issued by a single pass through trust.

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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 Reissued Equipment Notes 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 and Reissuance of Certificates. If American elects to refinance any series of Equipment Notes, it will be required to pay any applicable Make-Whole Amount in connection with the redemption of such series of Equipment Notes. See Description of the Equipment Notes Redemption.

Equipment Notes

- (a) Issuer Under each Indenture, American will issue Series AA Equipment Notes and Series A Equipment Notes and Series B Equipment Notes (if any Class B Certificates are issued), which will be acquired, respectively, by the Class AA Trust, the Class A Trust and the Class B Trust (if any Class B Certificates are issued).
- (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 June 15 and December 15, commencing on December 15, 2016 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 AA Equipment Notes, Series A Equipment Notes and, if any Series B Equipment Notes are issued, Series B Equipment Notes are scheduled to be paid in specified amounts on June 15 and December 15 in each year, commencing on June 15, 2017, and ending on June 15, 2028 in the case of the Series AA Equipment Notes and Series A Equipment Notes and, if any Series B Equipment Notes are issued, on a date specified in a separate prospectus supplement offering Class B Certificates in the case of any Series B Equipment Notes.
- (d) Rankings The following subordination provisions will be applicable to the Equipment Notes issued under each Indenture:



the indebtedness evidenced by the Series A 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 AA Equipment Notes issued under such Indenture;

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

if American issues any Additional Equipment Notes under such Indenture, (i) the indebtedness evidenced by the series of Additional Equipment Notes ranked most senior in priority of payment among all series of 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 most senior Additional Equipment Notes), subordinate and subject in right of payment to the Series AA Equipment Notes, the Series A Equipment Notes and, if any Series B Equipment Notes are issued, the Series B Equipment Notes issued under such Indenture and (ii) the indebtedness evidenced by any series of Additional Equipment Notes (other than the series of Additional Equipment Notes ranked most senior in priority of payment among all series of 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 AA Equipment Notes, the Series A Equipment Notes, any Series B Equipment Notes and each series of Additional Equipment Notes that rank senior in priority of payment to such series of Additional Equipment Notes issued under such Indenture (see Possible Issuance of Additional Certificates and Refinancing and Reissuance of Certificates ); and

the indebtedness evidenced by the Series AA Equipment Notes, the Series A Equipment Notes, any 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.

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(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 A Equipment Notes or any 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 and Reissuance of Certificates Refinancing or Reissuance of 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

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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 respect to the related Aircraft, 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 stating 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.

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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 or similar exemptions under Similar Law; 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.

|                                      |          | <b>Standard &amp;<br/>Poor's</b> | <b>Moody's</b> |
|--------------------------------------|----------|----------------------------------|----------------|
| Threshold Ratings for the Depository | Class AA | AA/A-(1)                         | P-1            |
|                                      | Class A  | A-                               | P-1            |

- (1) Long-Term Rating of AA, if the applicable Deposits are not held in fiduciary accounts by a national bank exercising trust powers, or A-, if the applicable Deposits are held in fiduciary accounts by a national bank exercising trust powers.

Depository Rating

Each Depository meets the applicable Depository Threshold Rating requirement, in the case of the Deposits relating to the Class AA Trust, with respect to fiduciary accounts with a national bank exercising trust powers.

|  |          | <b>Standard &amp;<br/>Poor's</b> | <b>Moody's</b> |
|--|----------|----------------------------------|----------------|
| Threshold Ratings for the Liquidity Provider (Long-Term) | Class AA | AA-                              | Baa2           |
|  | Class A  | BBB                              | Baa2           |



Liquidity Provider Rating

The Liquidity Provider meets the applicable Liquidity Threshold Rating requirement for each of the Trusts.

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**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 as of December 31, 2015 and for the years ended December 31, 2015 and 2014 from American's audited consolidated financial statements and notes thereto, which have been audited by KPMG LLP, an independent registered public accounting firm. We derived the annual historical financial data for the years ended December 31, 2013, 2012 and 2011 from American's audited consolidated financial statements and notes thereto, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. We derived the historical consolidated financial data as of March 31, 2016 and for the three months ended March 31, 2016 and 2015 from American's unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement.

On December 30, 2015, US Airways merged with and into American, with American as the surviving corporation. For financial reporting purposes, this transaction constituted a transfer of assets between entities under common control and is reflected in American's consolidated financial statements as though the transaction had occurred on December 9, 2013, when a subsidiary of AMR merged with and into US Airways Group, which represents the earliest date that American and US Airways were under common control. Thus, the full years of 2015 and 2014, the three months ended March 31, 2016 and 2015, and the period from December 9, 2013 to December 31, 2013 are comprised of the financial data of American and US Airways. The periods prior to December 9, 2013 are comprised of the financial data of American only.

The summary historical 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 KPMG LLP and Ernst & Young LLP, as applicable, certain of which are incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

|  | Three Months Ended |          |           | Year Ended December 31, |           |           |           |
|--|--------------------|----------|-----------|-------------------------|-----------|-----------|-----------|
|  | March 31,<br>2016  | 2015     | 2015      | 2014                    | 2013      | 2012      | 2011      |
|  | (in millions)      |          |           |                         |           |           |           |
| <b>Consolidated Statements of Operations data(1)</b> |                    |          |           |                         |           |           |           |
| Total operating revenues                             | \$ 9,497           | \$ 9,842 | \$ 41,084 | \$ 42,763               | \$ 26,701 | \$ 24,825 | \$ 23,957 |
| Total operating expenses                             | 8,174              | 8,641    | 34,895    | 38,497                  | 25,341    | 24,743    | 25,111    |
| Operating income (loss)                              | 1,323              | 1,201    | 6,189     | 4,266                   | 1,360     | 82        | (1,154)   |
| Reorganization items, net(2)                         |                    |          |           |                         | (2,640)   | (2,179)   | (116)     |
| Net income (loss)                                    | 710                | 937      | 8,120     | 2,948                   | (1,717)   | (1,926)   | (1,965)   |

|  | March 31,<br>2016 | December 31,<br>2015 |
|--|-------------------|----------------------|
|  |                   | (in millions)        |
| <b>Consolidated Balance Sheet data:</b>                      |                   |                      |
| Total assets   | \$ 53,491         | \$ 50,439            |
| Long-term debt and capital leases, net of current maturities | 17,395            | 16,592               |
| Pension and postretirement benefits(3)                       | 7,399             | 7,410                |

|                                |        |       |
|--------------------------------|--------|-------|
| Stockholder s equity (deficit) | 10,419 | 9,698 |
|--------------------------------|--------|-------|

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## (1) Includes the following special items:

The 2016 three month period total special items were \$104 million, which principally included \$99 million of merger integration expenses related to alignment of labor union contracts, information technology, fleet restructuring, professional fees, re-branding of aircraft and airport facilities, relocation and training, as well as severance.

The 2015 three month period total special items were \$308 million, which principally included \$303 million of merger integration expenses related to alignment of labor union contracts, information technology, fleet restructuring, professional fees, re-branding of aircraft and airport facilities, severance, relocation and training, as well as share-based compensation.

In 2015, total special items were a net credit of \$1.8 billion and consisted principally of a net special \$3.5 billion non-cash tax benefit. In connection with the preparation of American's financial statements for the fourth quarter of 2015, management determined that it was more likely than not that substantially all of its deferred tax assets, which include its NOLs, would be realized. Accordingly, American reversed \$3.5 billion of the valuation allowance as of December 31, 2015, which resulted in a special \$3.5 billion non-cash tax benefit recorded in the consolidated statement of operations for 2015. These credits were offset in part by \$1.1 billion of merger integration expenses related to information technology, alignment of labor union contracts, professional fees, severance, share-based compensation, fleet restructuring, re-branding of aircraft and airport facilities, relocation and training. In addition, American recorded a nonoperating charge of \$592 million to write off all of the value of Venezuelan bolivars held by American due to continued lack of repatriations and deterioration of economic conditions in Venezuela.

In 2014, total special items were \$1.3 billion and consisted principally of \$808 million of merger integration expenses related to information technology, alignment of labor union contracts, professional fees, severance and retention, share-based compensation, divestiture of London Heathrow slots, fleet restructuring, re-branding of aircraft and airport facilities, relocation and training, a \$328 million non-cash tax charge relating to the sale of American's portfolio of fuel hedging contracts, an \$81 million charge to revise prior estimates of certain aircraft residual values and other spare parts asset impairments and \$60 million for bankruptcy related items. These charges were offset in part by a \$309 million gain on the sale of slots at Ronald Reagan Washington National Airport ( *DCA* ).

In 2013, total special items were \$325 million, excluding reorganization items, net and consisted of a \$214 million non-cash tax charge due to additional valuation allowance required to reduce deferred tax assets, \$443 million of merger related expenses related to the alignment of labor union contracts, professional fees, severance and share-based compensation, a \$107 million charge related to American's pilot long-term disability obligation, a \$54 million charge related to the premium on tender for existing enhanced equipment trust certificate ( *EETC* ) financings and the write-off of debt issuance costs, \$48 million of interest charges primarily to recognize post-petition interest expense on unsecured obligations pursuant to the Bankruptcy Plan, a \$43 million charge for workers' compensation claims, a \$33 million aircraft impairment charge and \$19 million in

charges related to the repayment of existing EETC financings. These charges were offset in part by a \$538 million non-cash income tax benefit resulting from gains recorded in other comprehensive income ( *OCI* ), a \$67 million gain on the sale of slots at LaGuardia Airport ( *LGA* ) and a \$31 million special credit related to a change in accounting method resulting from the modification of American's AAdvantage miles agreement with Citibank.

In 2012, total special items were \$463 million, excluding reorganization items, net and consisted primarily of a \$569 million non-cash income tax benefit resulting from gains recorded in OCI and a \$280 million benefit from a settlement of a commercial dispute, offset in part by \$386 million of severance and related charges and write-off of leasehold improvements on aircraft and airport facilities that were rejected in connection with the Chapter 11 Cases.

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In 2011, total special items were \$799 million, excluding reorganization items, net and consisted primarily of \$725 million related to the impairment of certain aircraft and gates, \$31 million of non-recurring non-cash charges related to certain sale-leaseback transactions and a \$43 million revenue reduction as a result of a decrease in the breakage assumption related to the AAdvantage loyalty program liability.

- (2) 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. See Note 2 in Part II, Item 8B to American's consolidated financial statements in American's Annual Report on Form 10-K for the year ended December 31, 2015 for further information on reorganization items.
- (3) Substantially all defined benefit pension plans were frozen effective November 1, 2012. Further, American significantly modified its retiree medical plans in 2012 resulting in the recognition of a negative plan amendment. See Note 11 to American's consolidated financial statements in Part II, Item 8B in American's Annual Report on Form 10-K for the year ended December 31, 2015 for further information on retirement benefits, including the financial impact of these plan changes.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth the ratio of earnings to fixed charges for American for the three months ended March 31, 2016 and for each of the five years in the period ended December 31, 2015. As described above in

Summary Historical Consolidated Financial Data, US Airways merged with and into American on December 30, 2015. For financial reporting purposes, this transaction constituted a transfer of assets between entities under common control and is reflected in American's consolidated financial statements as though the transaction had occurred on December 9, 2013, when a subsidiary of AMR merged with and into US Airways Group, which represents the earliest date that American and US Airways were under common control. Thus, the three months ended March 31, 2016, the full years of 2015 and 2014 and the period from December 9, 2013 to December 31, 2013 are comprised of the financial data of American and US Airways. The periods prior to December 9, 2013 are comprised of the financial data of American only.

|                                    | <b>Three Months Ended</b> |             | <b>Year Ended December 31,</b> |             |             |             |
|------------------------------------|---------------------------|-------------|--------------------------------|-------------|-------------|-------------|
|                                    | <b>March 31,</b>          |             | <b>2014</b>                    | <b>2013</b> | <b>2012</b> | <b>2011</b> |
|                                    | <b>2016</b>               | <b>2015</b> |                                |             |             |             |
| Ratio of earnings to fixed charges | 3.5                       | 3.6         | 2.7                            |             |             |             |
| Coverage deficiency (in millions)  |                           |             |                                | \$ 2,118    | \$ 2,545    | \$ 2,005    |

For purposes of the table above, earnings consists of income (loss) before income taxes plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, including amortization of debt discount and issuance costs, a portion of rent expense, which is deemed to be representative of an interest factor, and capitalized interest.

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**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, 2015, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, 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. With respect to Risks Relating to the Company and Industry-Related Risks below, references to we, us, our, the Company and similar terms in this section refer to AAG and its consolidated subsidiaries, including American.

**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 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 continue to be highly volatile.

Because of the amount of fuel needed to operate our business, even a relatively small increase or decrease in the price of fuel can have a material effect on our operating results and liquidity. Due to the competitive nature of the airline industry and unpredictability of the market, 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. Similarly, we cannot predict the effect or the actions of our competitors if the current low fuel prices remain in place for a significant period of time.



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

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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. As of March 31, 2016, we did not have any fuel hedging contracts outstanding. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices.

Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors. If in the future we enter into derivative contracts to hedge our fuel consumption, 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 AAG and American's Market Risk Sensitive Instruments and Positions Aircraft Fuel of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

**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, 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, including so-called ultra-low-cost carriers, have a profound impact on industry revenues. Using the advantage of low unit costs, these carriers offer lower fares in order to shift demand from larger, more established airlines and represent significant competitors, particularly for customers who fly infrequently and are price sensitive and tend not to be loyal to any one particular carrier. 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 revenues and overall performance. For example, as a result of divestitures completed in connection with gaining regulatory approval for the Merger, low-fare, low-cost carriers have gained additional access in a number of

markets, including DCA, a slot-controlled airport. The actions of the low-cost carriers, including those described above, could have a material adverse effect on our operations and financial performance.

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Our presence in international markets is not as extensive as that of some of our competitors. We derived approximately 30% of our operating revenues in 2015 from operations outside of the U.S., as measured and reported to the U.S. Department of Transportation ( *DOT* ). In providing international air transportation, we compete to provide scheduled passenger and cargo service between the U.S. and various overseas locations with U.S. airlines, foreign investor-owned airlines, and foreign state-owned or state-affiliated airlines, including carriers based in the Middle East, the three largest of which we believe benefit from significant government subsidies. Our international service exposes us to foreign economies and the potential for reduced demand, such as we have recently experienced in Brazil and Venezuela, when any foreign countries we serve suffer adverse local economic conditions. In addition, open skies agreements with an increasing number of countries around the world provide international airlines with open access to U.S. markets. See Our business is subject to extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages.

Certain airline alliances have been, or may in the future be, granted immunity from antitrust regulations by governmental authorities for specific areas of cooperation, such as joint pricing decisions. To the extent alliances formed by our competitors can undertake activities that are not available to us, our ability to effectively compete may be hindered. Our ability to attract and retain customers is dependent upon, among other things, our ability to offer our customers convenient access to desired markets. Our business could be adversely affected if we are unable to maintain or obtain alliance and marketing relationships with other air carriers in desired markets.

We are party to antitrust-immunized cooperation agreements with British Airways, Iberia, Finnair, Royal Jordanian, Japan Airlines, LAN Airlines and LAN Peru. We have also established joint business agreements ( *JBA*s ) with British Airways, Iberia and Finnair, and separately Japan Airlines. In addition, we applied for regulatory approval to enter into a JBA with Qantas Airways and have or will be applying for regulatory approval of a JBA with LATAM Airlines Group air carriers in the relevant jurisdictions affected by that JBA. 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 involved 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. Although we received a single operating certificate from the FAA for American and US Airways on April 8, 2015, implemented a single integrated reservation system on October 17, 2015 and merged American and US Airways on December 30, 2015, we must continue to 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;

the challenge of integrating complex systems, operating procedures, regulatory compliance programs, technology, aircraft fleets, networks, and other assets (including, for example, our flight operations

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systems and technology which supports human resources functions) in a manner that minimizes any adverse impact on customers, suppliers, employees, and other constituencies;

the effects of divestitures and other operational commitments entered into 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, including those involving Dallas Love Field Airport and DCA;

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 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.

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

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

Our business requires the appropriate and secure utilization of customer, employee, business partner 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 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.

A significant data security breach or our failure to comply with applicable U.S. or foreign data security regulations or other data security standards may expose us to litigation, claims for contract breach, fines, sanctions or other penalties, which could disrupt our operations, harm our reputation and materially and adversely affect our business, results of operations and financial condition. Failure to address these issues

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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.

**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:

may make it more difficult for us to satisfy our obligations under our indebtedness;

may limit our ability to obtain additional funding for working capital, capital expenditures, acquisitions, investments, integration costs, and general corporate purposes, and adversely affect the terms on which such funding can be obtained;

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

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

limit our ability to respond to business opportunities and to withstand operating risks that are customary in the industry, particularly relative to competitors with lower relative levels of financial leverage; and

contain restrictive covenants that could:

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

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

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



result in an event of default under our indebtedness.

**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. We estimate that, based on our commitments as of March 31, 2016, our planned aggregate expenditures for aircraft purchase commitments and certain engines on a consolidated basis for calendar years 2016-2020 would be approximately \$16.6 billion.

Accordingly, we will need substantial financing or other capital resources. In addition, as of the date of this prospectus supplement, we had not secured financing commitments for some of the aircraft that we have on order, and we cannot be assured of the availability or cost of that financing. In particular, as of March 31, 2016, we did not have financing commitments for the following aircraft currently on order and scheduled to be delivered through 2017: 19 Airbus A320 family aircraft in 2016 and 20 Airbus A320 family aircraft in 2017, six Boeing 787 family aircraft in 2016 and 13 Boeing 787 family aircraft in 2017, 15 Boeing 737-800 aircraft in 2016 and four Boeing 737 MAX family aircraft in 2017. In addition, we do not have financing commitments in place for substantially all aircraft currently on order and scheduled to be delivered in 2018 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

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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 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 \$1.87 billion term loan facility and the \$1.4 billion revolving credit facility provided for by the credit and guaranty agreement, entered into June 27, 2013 between AAG, American and certain lenders (as amended and restated on May 21, 2015 and as otherwise amended, the *2013 Credit Facilities* ), the \$1.6 billion term loan facility entered into on May 23, 2013 between US Airways and US Airways Group and certain lenders (as amended, the *2013 Citicorp Credit Facility* ), the \$750 million term loan facility and the \$1.0 billion revolving credit facility entered into October 10, 2014 between AAG and American and certain lenders (as amended and restated on April 20, 2015 and as otherwise amended, the *2014 Credit Facilities* ) and other of our floating rate debt. Accordingly, our interest expense for any particular period will fluctuate based on LIBOR and other variable interest rates. To the extent 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. See also the discussion of interest rate risk in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk – AAG's Market Risk Sensitive Instruments and Positions – Interest and American's Market Risk Sensitive Instruments and Positions – Interest in our Annual Report on Form 10-K for the year ended December 31, 2015.

**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 cause 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;

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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 postretirement benefit funding obligations, which may adversely affect our liquidity, results of operations and financial condition.**

Our pension funding obligations are significant. The amount of these obligations will depend on the performance of investments held in trust by the pension plans, interest rates for determining liabilities and actuarial experience. Currently, our minimum funding obligation for our pension plans is subject to favorable temporary funding rules that are scheduled to expire at the end of 2017. Our pension funding obligations are likely to increase materially beginning in 2019, when we will be required to make contributions relating to the 2018 fiscal year. In addition, we may have significant obligations for other postretirement 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.

### **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 2013 Credit Facilities, the 2013 Citicorp Credit Facility and the 2014 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, and the 2013 Citicorp Credit Facility also requires AAG and the other obligors thereunder to hold not less than \$750 million (subject to partial reductions upon certain reductions in the outstanding amount of the loan) of that amount in accounts subject to control agreements.

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 postretirement 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.

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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 holdbacks, 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.

**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 ( *CBA*s ) generally contain amendable dates rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board ( *NMB* ). For the dates that the CBAs with our major work groups become amendable under the RLA, see Part I, Item 1. Business Employees and Labor Relations in our Annual Report on Form 10-K for the year ended December 31, 2015.

In the case of a CBA that is amendable under the RLA, if no agreement is reached during direct negotiations between the parties, either party may request that the NMB appoint a federal mediator. The RLA prescribes no timetable for the direct negotiation and mediation processes, and it is not unusual for those processes to last for many months or even several years. If no agreement is reached in mediation, the NMB in its discretion may declare that an impasse exists and proffer binding arbitration to the parties. Either party may decline to submit to arbitration, and if arbitration is rejected by either party, a 30-day cooling off period commences. During or after that period, a Presidential Emergency Board ( *PEB* ) may be established, which examines the parties' positions and recommends a solution. The PEB process lasts for 30 days and is followed by another 30-day cooling off period. At the end of 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, 2015.

**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, such as the employee profit sharing

program we instituted effective January 1, 2016. As of December 31, 2015, approximately 82% of our employees were represented for collective bargaining purposes by labor unions. Some

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of our unions have brought and may continue to bring grievances to binding arbitration, including those 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 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 Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York City, Philadelphia, Phoenix and Washington D.C. 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 slots or slot exemptions at DCA and two New York City airports: John F. Kennedy International Airport and LGA. Our operations at these airports generally require the allocation of slots or similar regulatory authority. 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.

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 including 52 slot pairs at DCA, 17 slot pairs at LGA and 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, Dallas Love Field Airport, Los Angeles International Airport ( LAX ) and Miami International Airport. The settlement agreements also require us to maintain certain hub operations and continue to provide service to certain specified communities for limited periods of time. In addition, we entered into a related settlement with the DOT related to small community service from DCA. Further, as



a consequence of the Merger clearance process in the European Union ( *EU* ), we made one pair of London Heathrow slots available for use by another carrier and, along with our JBA partners, we made one pair of London Heathrow slots available to competitors for use for up to six years in different markets.

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Our ability to provide service can also be impaired at airports, such as Chicago O'Hare International Airport and LAX, where the airport gate and other facilities are inadequate to accommodate all of the service that we would like to provide, or airports such as Dallas Love Field Airport where we have no access to gates at all.

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

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

A significant portion of our regional operations are conducted by third-party operators on our behalf, 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 report, such as the impact of adverse economic conditions, the inability of third parties to hire or retain necessary personnel, including in particular pilots, and other risk factors, such as an out-of-court or bankruptcy restructuring of any of our regional operators. For example, one of our significant third-party operators of regional capacity, Republic Airways Holdings Inc., commenced a Chapter 11 bankruptcy case on February 25, 2016. Recently, Republic has removed from service ten regional aircraft that they had been operating on our behalf and asserted that they intend to remove an additional 11 aircraft from service in the near future. More generally, the bankruptcy process could result in a reduction in the capacity provided to us by Republic, an increase in our costs, or both. 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, or at all. 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 online travel agents ( *OTAs* ) (e.g., Expedia, including its booking sites Orbitz and Travelocity, and The Priceline Group), 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.

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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, including as consolidation of OTAs continues or is proposed to continue.

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 the 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 the future, new regulatory requirements could have a material adverse effect on us and the industry.

DOT consumer rules that took effect in 2010 require procedures for customer handling during long onboard delays, further regulate airline interactions with passengers through the reservations process, at the airport, and onboard the aircraft, and require disclosures concerning airline fares and ancillary fees such as baggage fees. The DOT has been aggressively investigating alleged violations of these 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;

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.

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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.

Any significant reduction in air traffic capacity at key airports in the U.S. or overseas could have a material adverse effect on our business, results of operations and financial condition.

In addition, the ATC system is not successfully managing the growing demand for U.S. air travel. ATC towers are frequently understaffed in certain of our hubs, and air traffic controllers rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes. The ATC system's inability to handle existing travel demand has led government agencies to implement short-term capacity constraints during peak travel periods in certain markets, resulting in delays and disruptions of air traffic. The outdated technologies also cause the ATC to be less resilient in the event of a failure. For example, in 2014 the ATC systems in Chicago took weeks to recover following a fire in the ATC tower at Chicago O'Hare International Airport, which resulted in thousands of cancelled flights.

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 efficiency of 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 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 Heathrow Airport. As a result of the agreement, we face increased competition in these markets, including London Heathrow Airport.

### **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 passenger security fees), 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.

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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.

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

### **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 we derived approximately 30% of our operating revenues in 2015, 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, increased competition in international markets, exchange controls or other restrictions on repatriation of

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funds, currency and political risks (including changes in exchange rates and currency devaluations), environmental regulation, increases in taxes and fees and changes in international government regulation of our operations, including the inability to obtain or retain needed route authorities and/or slots.

In particular, fluctuations in foreign currencies, including devaluations, exchange controls and other restrictions on the repatriation of funds, have significantly affected and may continue to significantly affect our operating performance, liquidity and the value of any cash held outside the U.S. in local currency.

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.

### **We are subject to many forms of environmental and noise 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 and noise reduction, including those relating to emissions to the air, discharges to surface and subsurface waters, safe drinking water, and the management of hazardous substances, oils and waste materials. Compliance with environmental laws and regulations can require significant expenditures, and violations can lead to significant fines and penalties.

In June 2015, the U.S. Environmental Protection Agency ( *EPA* ) issued revised underground storage tank regulations that could affect airport fuel hydrant systems, as certain of those systems may need to be modified in order to comply with applicable portions of the revised regulations. Additionally, on June 4, 2015, the EPA reissued the Multi-Sector General Permit for Stormwater Discharges from Industrial Activities. Among other revisions, the reissued permit incorporates the EPA's previously issued Airport Deicing Effluent Limitation Guidelines and New Source Performance Standards. In addition, California adopted a revised State Industrial General Permit for Stormwater Discharges on April 1, 2014, which became effective July 1, 2015. This permit places additional reporting and monitoring requirements on permittees and requires implementation of mandatory best management practices. While the cost of compliance with these requirements is not expected to be significant, we will continue to monitor and evaluate the impact of these requirements on airport operations. In addition to the 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 remediation standards. Under federal law, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of 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, in some cases 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.

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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 are subject to risks associated with climate change, including increased regulation to reduce emissions of greenhouse gases.**

There is increasing global regulatory focus on climate change and greenhouse gas ( *GHG* ) emissions. For example, the EU has established the Emissions Trading Scheme ( *ETS* ) to regulate GHG emissions in the EU. The EU adopted a directive in 2008 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 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 GHG emissions, to be finalized in 2016 and implemented in 2020. Subsequently, the EU has amended the EU ETS so that the monitoring, reporting and submission of allowances for aviation GHG emissions 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 GHG 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. The effort currently underway through ICAO to reach a global agreement on measures to manage international aviation GHG emission growth could significantly impact our business, particularly to the extent that any final agreement may emphasize a collective cost sharing approach for industry emissions growth over a cost approach based on individual carrier contribution to emission growth. 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 2016. Beyond 2016, 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 or offsets and the number of future flights subject to ETS or other emissions-related requirements. These costs have not been completely defined and could fluctuate.

In addition, in December 2015, at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC's COP21), over 190 countries, including the United States, reached an agreement to reduce global greenhouse gas emissions. While there is no express reference to aviation in this international agreement, to the extent the United States and other countries implement this agreement or impose other climate change regulations, either with respect to the aviation industry or with respect to related industries such as the aviation fuel industry, it could have an adverse direct or indirect effect on our business.

Within the U.S., there is an increasing trend toward regulating GHG emissions directly under the Clean Air Act ( *CAA* ). In response to a 2012 ruling by the U.S. District Court for the District of Columbia, the EPA announced in June 2015 a proposed endangerment finding that aircraft engine GHG emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. A public hearing regarding the proposed endangerment finding was held in August 2015. If the EPA finalizes the endangerment finding, the EPA is obligated under the CAA to set aircraft engine GHG emission standards. It is anticipated that any such standards established by the EPA would closely align with emission standards currently being developed by ICAO. In February 2016, the

ICAO Committee on Aviation Environmental Protection ( *CAEP* ) recommended that ICAO adopt carbon dioxide certification standards that would apply to new type aircraft certified beginning in 2020, and would be phased in for newly manufactured existing aircraft type designs starting in 2023.

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In addition, several states have adopted or are considering initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional GHG 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 or their impact 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.

**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 system, flight operations systems, financial planning, management and accounting systems, telecommunications systems, website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information, as well as issue electronic tickets and process critical financial information in a timely manner. Substantially all of our tickets are issued to passengers as electronic tickets. We depend on our reservation system, which is hosted and maintained under a long-term contract by a third-party service provider, to be able to issue, track and accept these electronic tickets. If our automated systems are not functioning or if our third-party service providers were to fail to adequately provide technical support, system maintenance or timely software upgrades for any one of our key existing systems, we could experience service disruptions or delays, which could harm our business and result in the loss of important data, increase our expenses and decrease our revenues. In the event that one or more of our primary technology or systems vendors goes into bankruptcy, ceases operations or fails to perform as promised, replacement services may not be readily available on a timely basis, at competitive rates or at all, and any transition time to a new system may be significant. Our 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 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. While we have to date successfully integrated several of our systems, including our customer reservations system, we still have to complete several additional important system integration projects. 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.

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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.

### **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, incident or catastrophe, 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, incident or catastrophe involving an aircraft operated by us, operated under our brand by one of our regional operators or operated by 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, effectively managing the number and types of aircraft we operate. 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 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.



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**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;

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 the Ebola virus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, Zika virus, or any other similar 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 and our regional partners. On January 4, 2014, more stringent pilot flight and duty time requirements under Part 117 of the Federal Aviation Regulations took effect. In addition, in July 2013, the FAA 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 have in the past and could in the future contribute to a shortage of qualified pilots and increase

compensation costs, particularly for our regional partners, which now face increased competition from large, mainline carriers to hire pilots to replace retiring pilots. If we or our regional partners are unable to hire adequate numbers of pilots, we may experience disruptions, increased costs of operations and other adverse effects.

**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-

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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.

**We may be a party to litigation in the normal course of business or otherwise, which could affect our financial position and liquidity.**

From time to time, we are a party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, both inside and outside the United States, arising in the ordinary course of our business or otherwise. We are currently involved in various legal proceedings and claims that have not yet been fully resolved and additional claims may arise in the future. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Litigation is subject to significant uncertainty and may be expensive, time-consuming, and disruptive to our operations. Although we will vigorously defend ourselves in such legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain. For these and other reasons, we may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding is resolved against us, it could result in significant compensatory damages, and in certain circumstances punitive or trebled damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief imposed on us. If our existing insurance does not cover the amount or types of damages awarded, or if other resolution or actions taken as a result of the legal proceeding were to restrain our ability to operate or market our services, our consolidated financial position, results of operations or cash flows could be materially adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to our reputation, which could adversely impact our business. Additional information regarding certain legal matters in which we are involved can be found in Part II, Item 1. Legal Proceedings in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

**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, 2015, we had available NOL Carryforwards of approximately \$8.0 billion for regular federal income tax purposes which will expire, if unused, beginning in 2023, and approximately \$4.0 billion for state income tax purposes which will expire, if unused, between 2016 and 2034. As of December 31, 2015, the amount of NOL Carryforwards for state income tax purposes that will expire, if unused, in 2016 is \$136 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 stockholders exceed 50 percent during a rolling three-year period). We experienced an ownership change in connection with our emergence from the Chapter 11 Cases and US Airways Group experienced an ownership change in connection with the Merger. The general limitation rules for a debtor in a bankruptcy case are liberalized where the ownership change occurs upon emergence from bankruptcy. We elected to be covered by certain special rules for federal income tax purposes that permitted approximately \$9.0 billion (with \$6.6 billion of unlimited NOL still remaining at December 31, 2015) of our federal NOL Carryforwards to be utilized without regard to the annual limitation generally imposed by Section 382. If the special rules are determined not to apply, our ability to utilize such federal NOL Carryforwards may be subject to limitation. Substantially all of our remaining federal NOL Carryforwards (attributable to US Airways Group and its subsidiaries) are subject to limitation under Section 382 as a result of the Merger; however, our ability to utilize such NOL Carryforwards is not anticipated to be effectively

constrained as a result of such limitation. Similar limitations may apply for state income tax purposes.

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Notwithstanding the foregoing, an ownership change subsequent to our emergence from the Chapter 11 Cases may severely limit or effectively eliminate our ability to utilize our NOL Carryforwards and other tax attributes. To reduce the risk of a potential adverse effect on our ability to utilize our NOL Carryforwards, our Certificate of Incorporation contains transfer restrictions applicable to certain substantial stockholders. 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.

**We have a significant amount of goodwill, which is tested for impairment at least annually. In addition, we may never realize the full value of our intangible assets or long-lived assets, causing us to record material impairment charges.**

Goodwill is not amortized, but is tested for impairment at least annually. In accordance with applicable accounting standards, we are required to test our indefinite-lived intangible assets for impairment on an annual basis, or more frequently if conditions indicate that an impairment may have occurred. In addition, we are required to test certain of our other long-lived assets for impairment if conditions indicate that an impairment may have occurred.

Future impairment of goodwill or other long-lived assets could be recorded in results of operations as a result of changes in assumptions, estimates, or circumstances, some of which are beyond our control. 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.

**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 April 10, 2016, the BK appraisal is dated April 26, 2016 and the mba appraisal is dated April 26, 2016. 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, in the case of each Aircraft owned by American as of the respective dates of the appraisals, indicate the appraised base value of such Aircraft, adjusted for the maintenance status of such Aircraft at or around the time of such appraisals, and such appraisals, in the case of each Aircraft not yet delivered to American as of the respective dates of the

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appraisals, indicate the appraised base value of such Aircraft as a new aircraft, projected as of its currently scheduled delivery month at the time of the related appraisal. A different maintenance status may result in different valuations in the case of each Aircraft owned by American as of the respective dates of the appraisals. 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, and the appraisals of the Aircraft that had not been delivered to American prior to the date of such appraisals are estimates of values as of the future delivery dates. 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.

### **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, 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.



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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 A Certificates rank generally junior to the Class AA Certificates and the Class B Certificates (if issued) will rank generally junior to the Class AA Certificates and 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.

The Class A Certificates rank generally junior to the Class AA 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 A Certificateholders may receive a smaller distribution in respect of their claims than holders of unsecured claims against American of the same amount.

The Class B Certificates, if issued, will rank generally junior to the Class AA Certificates and 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 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 A Certificates prior to making

distributions in full on the Class AA Certificates, if Class B Certificates are issued, on Class B Certificates prior to making distributions in full on the Class AA Certificates and Class A Certificates and, if

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Additional Certificates are issued, on Additional Certificates prior to making distributions in full on the Class AA Certificates, Class A Certificates and Class B Certificates, as applicable. See Possible Issuance of Additional Certificates and Refinancing and Reissuance 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 the holders of the Class AA Certificates, the Class AA Trustee;

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

if Final Distributions have been paid in full to the holders of the Class AA Certificates, the Class A Certificates and the Class B Certificates (if any), but, if any Additional Certificates are outstanding, not to the holders of the most senior class of Additional Certificates, the trustee for the Additional Trust related to such most senior class of Additional Certificates; 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. 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

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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 AA Certificates and Class A 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.**

The Equipment Notes are and will be the obligations of American and are not and will not be guaranteed by AAG. You should not expect AAG or any of its subsidiaries (other than American) to participate in making payments in respect of the Equipment Notes.

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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 delivery of any New Delivery Aircraft or for other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes and Description of the Aircraft and the Appraisals Deliveries of Aircraft. 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 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.

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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 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 (if any) 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 provisions of U.S. federal income tax law known as the Foreign Account Tax Compliance Act ( *FATCA* ) generally impose 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.

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**USE OF PROCEEDS**

The proceeds from the sale of the Class AA Certificates and the Class A Certificates will initially be held in escrow and deposited with the Depositary, 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 New Delivery Aircraft to finance, in part, the acquisition of such New Delivery Aircraft. American will use the proceeds from the issuance of the Equipment Notes issued with respect to each Owned Aircraft for general corporate purposes and to pay fees and expenses relating to this offering.

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**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. 333-194685-01, 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 the following American Airlines 2016-2 Pass Through Trusts: the *Class AA Trust*, the *Class A Trust* and, if any Class B Certificates are issued, 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, dated as of September 16, 2014 (the *Basic Agreement*), and two (or, if any Class B Certificates are issued, three) separate supplements thereto to be dated as of the Issuance Date (each, a *Trust Supplement* and, together with the Basic Agreement, collectively, the *Pass Through Trust Agreements*). The trustee under the Class AA Trust, the Class A Trust and, if any Class B Certificates are issued, the Class B Trust is referred to herein, respectively, as the *Class AA Trustee*, the *Class A Trustee* and the *Class B Trustee*, and collectively as the *Trustees*. The Certificates to be issued by the Class AA Trust and the Class A Trust are referred to herein, respectively, as the *Class AA Certificates* and the *Class A Certificates*, respectively. The Certificates that may be issued by a Class B Trust are referred to as the *Class B Certificates*. The Class AA Trust will purchase all of the Series AA Equipment Notes, the Class A Trust will purchase all of the Series A Equipment Notes and, if any Class B Certificates are issued the Class B Trust will purchase all of the Series B Equipment Notes. The holders of the Class AA Certificates, the Class A Certificates and, if any Class B Certificates are issued, the Class B Certificates are referred to herein, respectively, as the *Class AA Certificateholders*, 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.

The Certificates to be issued by the Class B Trust, if any, will be offered pursuant to a separate prospectus supplement and are not being offered under this prospectus supplement.

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;

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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 on or prior to the Delivery Period Termination Date;

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.

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June 15 and December 15 of each year are referred to herein as *Regular Distribution Dates* (each Regular Distribution Date and Special Distribution Date, a *Distribution Date* ).

**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 December 15, 2016, 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 A Certificates issued in connection with the issuance of any series A equipment notes issued as described in *Possible Issuance of Additional Certificates and Refinancing and Reissuance of Certificates Refinancing or Reissuance of Certificates* may differ. The interest rate applicable to each class of Certificates, as described in the immediately preceding sentence, 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 AA Certificates and the Class A Certificates each will be 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 Depository 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 AA Certificates, Class A Certificates and Class B Certificates (if any) will be entitled to receive and retain the proceeds of drawings under the applicable Liquidity Facility. See *Description of the Liquidity Facilities*. The Class B Certificates, if any, may be entitled to the benefit of a separate liquidity facility and, if so, the terms of such liquidity facility will be described in a separate prospectus supplement for such Class B Certificates.

**Principal**

Payments of principal on the issued and outstanding Series AA Equipment Notes, Series A Equipment Notes and, if any Series B Equipment Notes are issued, Series B Equipment Notes are scheduled to be made in specified amounts on June 15 and December 15 in each year, commencing on June 15, 2017, and ending on June 15, 2028 in the case of the Series AA Equipment Notes and Series A Equipment Notes and, if any Series B Equipment Notes are issued, on a date specified in any separate prospectus supplement offering Class B Certificates in the case of any Series B Equipment Notes.



If any Class B Certificates are issued, the Regular Distribution Date on which scheduled payments of interest and principal on such Class B Certificates will commence will be set forth in such Class B Certificates.

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**Table of Contents****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 AA Certificates and Class A Certificates is December 15, 2029.

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 \$550 million) or (iii) certain bankruptcy or insolvency events involving American. (Intercreditor Agreement, Section 1.01)

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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, 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 Deposits, and each Trustee, in the case of 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 Depository 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 below. Distributions in

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

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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 related 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))

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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, assuming that each Aircraft has been subjected to an Indenture on or prior to December 15, 2016 and all of the related Equipment Notes with respect to such Aircraft 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 AA                     |                      | Class A                      |                      |
|-------------------|------------------------------|----------------------|------------------------------|----------------------|
|                   | Scheduled Principal Payments | Expected Pool Factor | Scheduled Principal Payments | Expected Pool Factor |
| At Issuance       | \$ 0.00                      | 1.0000000            | \$ 0.00                      | 1.0000000            |
| December 15, 2016 | \$ 0.00                      | 1.0000000            | \$ 0.00                      | 1.0000000            |
| June 15, 2017     | \$ 14,751,360.00             | 0.9740000            | \$ 6,793,384.00              | 0.9740000            |
| December 15, 2017 | \$ 14,751,360.00             | 0.9480000            | \$ 6,793,384.00              | 0.9480000            |
| June 15, 2018     | \$ 14,751,360.00             | 0.9220000            | \$ 6,793,384.00              | 0.9220000            |
| December 15, 2018 | \$ 12,765,600.00             | 0.8995000            | \$ 5,878,890.00              | 0.8995000            |
| June 15, 2019     | \$ 12,765,600.00             | 0.8770000            | \$ 5,878,890.00              | 0.8770000            |
| December 15, 2019 | \$ 12,765,600.00             | 0.8545000            | \$ 5,878,890.00              | 0.8545000            |
| June 15, 2020     | \$ 12,765,600.00             | 0.8320000            | \$ 5,878,890.00              | 0.8320000            |
| December 15, 2020 | \$ 12,765,600.00             | 0.8095000            | \$ 5,878,890.00              | 0.8095000            |
| June 15, 2021     | \$ 12,765,600.00             | 0.7870000            | \$ 5,878,890.00              | 0.7870000            |
| December 15, 2021 | \$ 12,765,600.00             | 0.7645000            | \$ 5,878,890.00              | 0.7645000            |
| June 15, 2022     | \$ 12,765,600.00             | 0.7420000            | \$ 5,878,890.00              | 0.7420000            |
| December 15, 2022 | \$ 12,765,600.00             | 0.7195000            | \$ 5,878,890.00              | 0.7195000            |
| June 15, 2023     | \$ 12,765,600.00             | 0.6970000            | \$ 5,878,890.00              | 0.6970000            |
| December 15, 2023 | \$ 12,765,600.00             | 0.6745000            | \$ 5,878,890.00              | 0.6745000            |
| June 15, 2024     | \$ 12,765,600.00             | 0.6520000            | \$ 5,878,890.00              | 0.6520000            |
| December 15, 2024 | \$ 12,765,600.00             | 0.6295000            | \$ 5,878,890.00              | 0.6295000            |
| June 15, 2025     | \$ 12,765,600.00             | 0.6070000            | \$ 5,878,890.00              | 0.6070000            |
| December 15, 2025 | \$ 12,765,600.00             | 0.5845000            | \$ 5,878,890.00              | 0.5845000            |
| June 15, 2026     | \$ 12,765,600.00             | 0.5620000            | \$ 5,878,890.00              | 0.5620000            |
| December 15, 2026 | \$ 12,765,600.00             | 0.5395000            | \$ 5,878,890.00              | 0.5395000            |
| June 15, 2027     | \$ 12,765,600.00             | 0.5170000            | \$ 5,878,890.00              | 0.5170000            |
| December 15, 2027 | \$ 12,765,600.00             | 0.4945000            | \$ 5,878,890.00              | 0.4945000            |
| June 15, 2028     | \$ 280,559,520.00            | 0.0000000            | \$ 129,204,938.00            | 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 and Reissuance 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

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Amortization Schedule for a Trust, notice thereof will be mailed to the 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 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))

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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 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

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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 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)

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**Table of Contents****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 relevant Trustees and each other Certificateholder of the same class:

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 (if any) (other than American or any of its affiliates) will have the right (the *Class B Buyout Right*) regardless of the exercise of purchase rights by any Class A Certificateholder to purchase all, but not less than all, of the Class AA Certificates and 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; and

so long as no Class B Certificateholder (if any Class B Certificates have been issued) shall have elected to exercise its Class B Buyout Right and given notice of such election and 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 A Certificateholder (other than American or any of its affiliates) will have the right (the *Class A Buyout Right*) to purchase all, but not less than all, of the Class AA 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 A Buyout Right shall terminate upon notification of an election to exercise a Class B Buyout Right or an Additional Holder Buyout Right, but shall be revived if the exercise of such Class B Buyout Right or Additional Holder Buyout Right, as applicable, is not consummated on the purchase date proposed therefor. (Trust Supplements, Section 6.01)

If any class of Additional Certificates is 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 A Certificateholder, any Class B Certificateholder (if any Class B Certificates have been issued) or any holder of a more senior class of Additional Certificates to purchase all but not less than all of the Class AA Certificates, Class A Certificates and, if any Class B Certificates have been issued, Class B Certificates and, if applicable, any other class of Additional Certificates ranking senior in right of payment to any such class of Additional Certificates. If Reissued Certificates are issued, holders of such Reissued Certificates will have the same right (subject to the same terms and conditions) to purchase Certificates as the holders of the Certificates that such Reissued Certificates refinanced or otherwise replaced. See Possible Issuance of Additional Certificates and Refinancing and Reissuance 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.

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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 American 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;

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;

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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 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

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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 (and if such Replacement Facility is to be comprised of more than one facility, to incorporate appropriate mechanics for multiple liquidity facilities for a single pass through trust), all as provided in the Intercreditor 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;

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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, to provide for the issuance of any Additional Certificates, including Class B Certificates issued after the Issuance Date, or any Reissued 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 Reissued 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 and Reissuance 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 Class B Certificates or any Additional Certificates or any Parent Guarantee, to the extent applicable to such Certificateholders or modifying the rights of such

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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 Class B Certificates or 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 Receipholders) 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 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))

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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 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.

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**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 15, 2016 (or later under certain circumstances) 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 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 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 (*provided that, if any such Equipment Note is issued on or after any date scheduled for a principal payment in the applicable amortization table included in Appendix V, the original principal amount of such Equipment Note will be reduced by the aggregate principal amount scheduled for payment on or prior to such issuance date and the principal amortization schedule for such Equipment Note will commence on the first scheduled principal payment date in such schedule occurring after the issuance of such Equipment Note*);

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 June 15 and December 15;

(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

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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.

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 A Equipment Notes or, if any Series B Equipment Notes have been issued, Series B Equipment Notes (or any Additional Equipment Notes) and issuance of Reissued 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 Reissued Equipment Notes or Additional Equipment Notes, as applicable, or to provide for any credit support for any pass through certificates relating to any such Reissued 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

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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 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 AA Certificates, 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

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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 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.

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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, 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 depositary with respect

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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, 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)

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**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 of the Class AA Trust and the Class A 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 (each of which, in the case of the Class AA Depository, shall be a fiduciary account) 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 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 to but excluding the date 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 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. Moreover, because the New Delivery Aircraft will be newly manufactured, their delivery as scheduled is subject to



delays in the manufacturing process and to the applicable manufacturer's right to postpone deliveries under its agreement with American. See Description of the Aircraft and Appraisals

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Deliveries of Aircraft. 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 December 31, 2016 (*provided that*, if a labor strike occurs at Airbus or Boeing prior to such date, such date will be extended by the number of days that such strike continued in effect, but not more than 60 days and excluding any period of a strike at Airbus or Boeing after all Aircraft of such manufacturer shall have been financed pursuant to this offering (December 31, 2016 or such extended date, 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 and the applicable Class, then American must, within 30 days of the occurrence of such event, replace the Depository with respect to such Class with a new depository bank meeting the requirements set forth below (the *Replacement Depository*) unless American shall have received a written confirmation from each Rating Agency to the

effect that such downgrade of the Depositary will not result in a downgrade, withdrawal, suspension or reduction of the rating of each Class of Certificates rated by such Rating Agency below the current rating for such Certificates. (Note Purchase Agreement, Section 5(a))

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*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 Moody's Investors Service, a division of Moody's Corp. ( *Moody's* and, together with Standard & Poor's, the *Rating Agencies* ), the long-term senior unsecured debt rating of such entity. (Intercreditor Agreement, Section 1.01)

*Short-Term Rating* means, for any entity, (a) in the case of Moody's, the short-term senior unsecured debt rating of such entity, and (b) in the case of S&P, the short-term issuer credit rating of such entity.

*Depository Threshold Rating* means: (a) for the Class AA Trust, a Long-Term Rating of (i) A-, if the applicable Deposits are held in fiduciary accounts by a national bank exercising trust powers, or (ii) AA, if the applicable Deposits are not held in fiduciary accounts by a national bank exercising trust powers, in each case, determined by Standard & Poor's and a Short-Term Rating of P-1 as determined by Moody's and (b) for the Class A Trust, a Long-Term Rating of A- as determined by Standard & Poor's and a Short-Term Rating of P-1 as determined by Moody's.

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 Depositary be responsible or liable for special, indirect, punitive, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of

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profit, whether or not foreseeable) suffered by the Escrow Agent of each Trust or any of the Receipholders 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 17)

**Depositary**

Citibank, N.A. ( *Citibank* ) will act as the depositary (the *Depositary* ). The Depositary s address under each Deposit Agreement is 480 Washington Blvd., 18<sup>th</sup> Floor, Jersey City, NJ 07310, Attention: Agency & Trust Payment Group.

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**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. If Class B Certificates are issued after the Issuance Date and prior to the Delivery Period Termination Date, a different escrow agent may be selected for the Class B Trust.

**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.

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

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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 A Equipment Notes, Series B Equipment Notes (if any Series B Equipment Notes have been issued) or any Additional Equipment Notes are to be refinanced or have matured and are paid in full and new equipment notes with the same series designation as that of the redeemed or matured and fully paid Equipment Notes are to be issued, to give effect to such issuance of Additional Equipment Notes or refinancing or reissuance of Series A Equipment Notes, Series B Equipment Notes (if any Series B Equipment Notes have been issued) 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

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)

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**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.

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**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 AA Trust and Class A 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 AA Trust and Class A 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 AA Trust or Class A 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 AA Trust and Class A Trust may be replaced by one or more other entities with respect to either of such Trusts under certain circumstances. Therefore, the Liquidity Provider for each Trust may differ.

If Class B Certificates are issued, such Class B Certificates may have the benefit of a separate liquidity facility and, if so, the terms of such liquidity facility will be described in a separate prospectus supplement for such Class B Certificates.

**Drawings**

The aggregate amount available under the Liquidity Facility for each applicable Trust at December 15, 2016 (the first Regular Distribution Date that occurs after all Aircraft are expected to have been financed pursuant to this offering), 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 AA     | \$                      |
| Class A      | \$                      |

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 (subject to the reinstatement of the obligations of any applicable Liquidity Provider if any such Liquidity Provider has at least the applicable minimum Long-Term Rating specified for each Rating Agency in the definition of Liquidity Threshold Rating

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at any time after the occurrence of a Downgrade Event and so notifies the Subordination Agent), 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.

*Maximum Commitment* means for the Liquidity Facility for the Class AA Trust and the Class A Trust initially \$ \_\_\_\_\_, 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 default is cured before the end of the grace period, if any, set forth in the related Indenture. (Intercreditor Agreement, Section 1.01)

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**Table of Contents****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. If at any time after the occurrence of a Downgrade Event with respect to a Liquidity Provider, such Liquidity Provider has at least the applicable minimum Long-Term Rating specified for each Rating Agency in the definition of Liquidity Threshold Rating and so notifies the Subordination Agent, amounts on deposit in the Cash Collateral Account that have not been applied to the payment of interest will be reimbursed to such Liquidity Provider and any applied amount of any related Downgrade Drawing shall be converted to an Interest Drawing and the obligations of such Liquidity Provider under the related Liquidity Facility shall be reinstated to the extent of such amounts which have been reimbursed to such Liquidity Provider. 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, Sections 2.02(b) and 2.06(d); Intercreditor Agreement, Sections 3.05(c) and (f))

*Liquidity Threshold Rating* means: (i) for the Class AA Trust, a Long-Term Rating of AA- as determined by Standard & Poor's and a Long-Term Rating of Baa2 as determined by Moody's and (ii) for the Class A Trust, a Long-Term Rating of BBB as determined by Standard & Poor's and a Long-Term Rating of Baa2 as determined by Moody's. (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 an agreement (or agreements) in such other form (which may include a letter of credit, surety bond, financial insurance policy or guaranty, or any combination thereof), 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; *provided* that, without limiting the foregoing, in



the case of the Liquidity Facility with respect to the Class AA Trust, following a Downgrade Event by Standard & Poor's, a Replacement Facility may consist of a combination of (i) an irrevocable revolving credit agreement in substantially the form of the Liquidity Facility with respect to

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the Class AA Trust issued by a person having the minimum Long-Term Rating of BBB+ issued by Standard & Poor's (which may be the initial Liquidity Provider with respect to the Class AA Trust so long as it has such a rating) and (ii) a second irrevocable revolving credit agreement issued by a person (other than the person that issues the revolving credit agreement described in clause (i)) having the minimum Long-Term Rating of BBB+ issued by Standard & Poor's, which second irrevocable revolving credit agreement shall provide that the Subordination Agent may request Drawings thereunder on the same terms as under the agreement described in clause (i), if Drawings are not timely honored under such agreement. (Intercreditor Agreement, Section 1.01) The provider or providers 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; *provided* that, in the event that a Liquidity Provider is replaced by two providers of a Replacement Facility, priority distribution rights and rights as a Controlling Party may not be allocated equally as between such providers. (Intercreditor Agreement, Section 3.05(e))

The Liquidity Facility for each of the Class AA Trust and Class A 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 15th 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(e)(i)) 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. (Intercreditor Agreement, Section 3.05(e)(ii)) 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 as long as the Downgrade Drawing has not been reimbursed in full to such Liquidity Provider. (Intercreditor Agreement, Section 3.05(c)(iii)) If any Replacement Facility is provided at any time after a Downgrade Drawing, a Non-Extension Drawing or a 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))

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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 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(f), 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, Sections 2.02(a) and 2.02(f))

**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, Sections 2.05 and 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; *provided* that, if Libor determined as provided above with respect to any interest period would be less than 0.0% per annum, then Libor for such interest period shall be deemed to be 0.0% per annum. (Liquidity Facilities, Section 1.01)

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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 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 a 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.

In addition, if at any time after the Subordination Agent has made a Downgrade Drawing, the applicable Liquidity Provider has at least the applicable minimum Long-Term Rating for each Rating Agency specified for such Rating Agency in the definition of *Liquidity Threshold Rating* and so notifies the Subordination Agent, the Subordination Agent will withdraw the amount of such Downgrade Drawing that has not been applied as described above and reimburse such amount to such Liquidity Provider and the obligations of the applicable Liquidity Provider with respect to the related Liquidity Facility will be reinstated to the extent of such amount which has been reimbursed to such Liquidity Provider.

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 of 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 of Drawings Interest Drawings and Final Drawings*, the Base Rate) plus a specified margin and (iii) in the case of a Non-Extension Drawing, 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 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.

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**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 \$550 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 the Class AA Trust and the Class A Trust will be KfW IPEX-Bank GmbH.

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**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 AA Certificates, the Class AA Trustee;

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

if Final Distributions have been paid in full to the holders of the Class AA Certificates, the Class A Certificates and the Class B Certificates if any Class B Certificates have been issued, but, if any Additional Certificates have been issued, not to the holders of the most senior class of Additional Certificates, the trustee for the Additional Trust related to such most senior class of Additional Certificates; 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))

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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 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 \$550 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 related 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 (including the Class B Trustee, if Class B Certificates have been issued and are then outstanding) (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)(ii))

*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 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)

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*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 AA Equipment Notes, Series A Equipment Notes and Series B Equipment Notes (if Series B Equipment Notes have been issued) issued under such Indenture and the denominator of which is the then outstanding aggregate principal amount of all Series AA Equipment Notes, Series A Equipment Notes and Series B Equipment Notes (if Series B Equipment Notes have been issued), (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 AA Equipment Notes, Series A Equipment Notes or Series B Equipment Notes (if Series B Equipment Notes have been issued), 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 AA Equipment Notes, Series A Equipment Notes and Series B Equipment Notes (if Series B Equipment Notes have been issued) 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 AA Equipment Notes, Series A Equipment Notes and Series B Equipment Notes (if Series B Equipment Notes have been issued) 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 AA Equipment Notes, Series A Equipment Notes and Series B Equipment Notes (if Series B Equipment Notes have been issued) (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 and Reissuance 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)(i))

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 (including the Class B Trustee, if Class B Certificates are then outstanding) and each Liquidity Provider that has not made a Final Drawing notice of the material economic terms and conditions of such restructuring proposal whereupon the Subordination Agent acting on behalf of each Trustee (including the Class B Trustee, if Class B

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Certificates are then outstanding) 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 (and, if then outstanding, holders of Class B Certificates). 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 (including the Class B Trustee, if Class B Certificates are then outstanding) 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, if then outstanding, holders of Class B Certificates) 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 (and, if then outstanding, holders of Class B Certificates) 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))



*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)

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**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 AA Trustee (a) to the extent required to pay accrued and unpaid interest at the Stated Interest Rate on the Pool Balance of the Class AA 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 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 AA Equipment Notes held in the Class AA 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 A Trustee (a) to the extent required to pay unpaid Class A Adjusted Interest on the Class A Certificates (excluding interest, if any, payable with respect to the Deposits relating to such class of

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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 A 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;

if any Class B Certificates have been issued, 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 AA Trustee to the extent required to pay Expected Distributions on the Class AA Certificates;

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 (other than Class A 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 A 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 A Equipment Notes held in the Class A 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;

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

if any Class B Certificates have been issued, 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

if any Class B Certificates have been issued, 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 one or more classes of Additional Certificates are issued, the priority of distributions in the Intercreditor Agreement may be revised such that certain obligations relating to interest on such classes of Additional Certificates may rank ahead of certain obligations with respect to the Certificates. See Possible Issuance of Additional Certificates and Refinancing and Reissuance 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 AA Equipment Notes, Series A Equipment Notes and, if any Series B Equipment Notes have been issued, 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 AA Equipment Notes, Series A Equipment Notes and, if any Series B Equipment Notes have been issued, Series B Equipment Notes outstanding as of such Special Distribution Date immediately before

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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 and Reissuance 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)

*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 A 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 A 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 A Pool Balance on such Distribution Date and (y) the sum of interest for each Series A 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 A Equipment Note), determined at the Stated Interest Rate for the Class A 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 A Equipment Note or Aircraft, as the case may be, on the principal amount of such Series A Equipment Note calculated pursuant to clause (B)(i), (ii), (iii) or (iv), as applicable, of the definition of Eligible A Pool Balance. (Intercreditor Agreement, Section 1.01)

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*Class B Adjusted Interest* means, if any Class B Certificates have been issued, 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 A Pool Balance* means, as of any date of determination, the excess of (A) the Pool Balance of the Class A 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 A Certificates) (after giving effect to payments made on such date of determination) over (B) the sum of, with respect to each Series A 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 A 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 A Equipment Note, (ii) if there has previously been an Event of Loss with respect to the applicable Aircraft to which such Series A Equipment Note relates, the outstanding principal amount of such Series A Equipment Note that remains unpaid as of such date of determination subsequent to the scheduled date of mandatory redemption of such Series A 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 A Equipment Note, (iii) if such Series A 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 A Equipment Note over (y) the purchase price received with respect to such sale of such Series A 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 A Equipment Note, the outstanding principal amount of such Series A Equipment Note; *provided, however*, that if more than one of the clauses (i), (ii), (iii) and (iv) is applicable to any one Series A Equipment Note, only the amount determined pursuant to the clause that first became applicable shall be counted with respect to such Series A Equipment Note. (Intercreditor Agreement, Section 1.01)

*Eligible B Pool Balance* means, if any Class B Certificates have been issued, 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 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



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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 AA Trust, the Class A Trust or, if Class B Certificates are outstanding, 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, Sections 3.05(b) and 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, (i) reduce the amount of principal, Make-Whole Amount or interest payable by American under any Equipment Note, (ii) change the date on which any principal, Make-Whole Amount or interest on any Equipment Note is due or payable, or (iii) create any lien with respect to the Collateral subject to any Indenture prior to or *pari passu* with the lien thereon under such Indenture except such as are permitted by such Indenture. In addition, see the last paragraph under *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))

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**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 A Pool Balance, the Eligible B Pool Balance (if any Class B Certificates have been issued) and the 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;

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))

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**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 2016-2 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))

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

The Trusts are expected to hold the Equipment Notes issued for, and secured by, each of (a) eleven Airbus A321-231S aircraft either delivered new to American from November 2015 to December 2015 or newly manufactured and scheduled for delivery to American from May 2016 to August 2016, (b) seven Boeing 737-823 aircraft either delivered new to American in December 2015 or newly manufactured and scheduled for delivery to American from May 2016 to August 2016, (c) two Boeing 777-323ER aircraft delivered new to American in February 2016 and March 2016 and (d) two Boeing 787-8 aircraft newly manufactured and scheduled for delivery to American in May 2016. Each Owned Aircraft is owned and is being operated by American. American expects that each New Delivery Aircraft will be owned and operated by American. 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 Boeing and is not recognized by the FAA. See Description of the Aircraft and the Appraisals The Appraisals for a description of (a) the eleven Airbus A321-231S aircraft to be financed pursuant to this offering, (b) the seven Boeing 737-823 aircraft to be financed pursuant to this offering, (c) the two Boeing 777-323ER aircraft to be financed pursuant to this offering and (d) the two Boeing 787-8 aircraft to be financed pursuant to this offering.

The Airbus A321-231S aircraft is a narrow-body commercial jet aircraft. Current seating capacity in American's two-class configuration for the A321-231S aircraft is 181 seats. The Airbus A321-231S aircraft is powered by two V2533-A5 model commercial jet engines manufactured by IAE International Aero Engines AG.

The Boeing 737-823 aircraft is a narrow-body commercial jet aircraft. Current seating capacity in American's two-class configuration for the 737-823 aircraft is between 150 and 160 seats. The Boeing 737-823 aircraft is powered by two CFM56-7B model commercial jet engines manufactured by CFM International.

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 Boeing 777-323ER aircraft is powered by two GE90-115 model commercial jet engines manufactured by General Electric. The Boeing 777-323ER is approved for ETOPs.

The Boeing 787-8 aircraft is a wide-body commercial jet aircraft. Current seating capacity in American's two-class configuration for the 787-8 aircraft is 226 seats. The Boeing 787-8 aircraft is powered by two GENx-1B70 model commercial jet engines manufactured by General Electric. The Boeing 787-8 is approved for ETOPs.

**Table of Contents****The Appraisals**

The table below sets forth the appraised values of the Aircraft to be financed, as determined by AISI, BK and mba, independent aircraft appraisal and consulting firms, and certain additional information regarding such Aircraft. Under the Note Purchase Agreement, the following 22 Aircraft will be financed: (a) the eleven Airbus A321-231S aircraft listed below, (b) the seven Boeing 737-823 aircraft listed below, (c) the two Boeing 777-323ER aircraft listed below and (d) the two Boeing 787-8 aircraft listed below.

| Aircraft Type       | Actual or Expected Registration Number(1) | Actual or Expected Manufacturer's Serial Number(1) | Actual or Scheduled Month of Delivery(1) | Appraiser's Valuations  |                         |                         | Appraised Value(2)      |
|---------------------|---|--|--|-------------------------|-------------------------|-------------------------|-------------------------|
|                     |   |  |  | AISI                    | BK                      | mba                     |                         |
| Airbus A321-231S    | N151AN                                    | 6840   | November 2015                            | \$ 51,400,000           | \$ 54,050,000           | \$ 53,900,000           | \$ 53,116,000           |
| Airbus A321-231S    | N153AN                                    | 6908   | December 2015                            | \$ 51,680,000           | \$ 53,700,000           | \$ 54,180,000           | \$ 53,186,000           |
| Airbus A321-231S    | N162AA                                    | 6621   | May 2016                                 | \$ 55,170,000           | \$ 54,800,000           | \$ 54,650,000           | \$ 54,800,000           |
| Airbus A321-231S    | N163AA                                    | 6866   | May 2016                                 | \$ 55,170,000           | \$ 54,800,000           | \$ 54,650,000           | \$ 54,800,000           |
| Airbus A321-231S    | N164NN                                    | 6909   | June 2016                                | \$ 55,260,000           | \$ 54,800,000           | \$ 54,690,000           | \$ 54,800,000           |
| Airbus A321-231S    | N165NN                                    | 6956   | June 2016                                | \$ 55,260,000           | \$ 54,800,000           | \$ 54,690,000           | \$ 54,800,000           |
| Airbus A321-231S    | N988AL                                    | 7154   | June 2016                                | \$ 55,260,000           | \$ 54,800,000           | \$ 54,690,000           | \$ 54,800,000           |
| Airbus A321-231S    | N166NN                                    | 6973   | July 2016                                | \$ 55,350,000           | \$ 55,950,000           | \$ 54,740,000           | \$ 55,346,000           |
| Airbus A321-231S    | N167AN                                    | 7013   | July 2016                                | \$ 55,350,000           | \$ 55,950,000           | \$ 54,740,000           | \$ 55,346,000           |
| Airbus A321-231S    | N986AN                                    | 7046   | August 2016                              | \$ 55,440,000           | \$ 55,950,000           | \$ 54,780,000           | \$ 55,390,000           |
| Airbus A321-231S    | N987AM                                    | 7079   | August 2016                              | \$ 55,440,000           | \$ 55,950,000           | \$ 54,780,000           | \$ 55,390,000           |
| Boeing 737-823      | N983NN                                    | 33337  | December 2015                            | \$ 46,730,000           | \$ 46,800,000           | \$ 47,090,000           | \$ 46,800,000           |
| Boeing 737-823      | N991NN                                    | 31241  | May 2016                                 | \$ 50,220,000           | \$ 47,500,000           | \$ 47,470,000           | \$ 47,500,000           |
| Boeing 737-823      | N992NN                                    | 33340  | June 2016                                | \$ 50,300,000           | \$ 47,500,000           | \$ 47,510,000           | \$ 47,510,000           |
| Boeing 737-823      | N993NN                                    | 31244  | June 2016                                | \$ 50,300,000           | \$ 47,500,000           | \$ 47,510,000           | \$ 47,510,000           |
| Boeing 737-823      | N994NN                                    | 33248  | July 2016                                | \$ 50,380,000           | \$ 48,150,000           | \$ 47,550,000           | \$ 48,150,000           |
| Boeing 737-823      | N995NN                                    | 31245  | July 2016                                | \$ 50,380,000           | \$ 48,150,000           | \$ 47,550,000           | \$ 48,150,000           |
| Boeing 737-823      | N996NN                                    | 31248  | August 2016                              | \$ 50,470,000           | \$ 48,150,000           | \$ 47,590,000           | \$ 48,150,000           |
| Boeing 777-323ER(3) | N735AT                                    | 32439  | February 2016                            | \$ 149,990,000          | \$ 165,150,000          | \$ 161,320,000          | \$ 158,820,000          |
| Boeing 777-323ER(3) | N736AT                                    | 33538  | March 2016                               | \$ 150,320,000          | \$ 165,300,000          | \$ 161,460,000          | \$ 159,026,000          |
| Boeing 787-8(3)     | N815AA                                    | 40633  | May 2016                                 | \$ 122,290,000          | \$ 117,000,000          | \$ 120,200,000          | \$ 119,830,000          |
| Boeing 787-8(3)     | N816AA                                    | 40634  | May 2016                                 | \$ 122,290,000          | \$ 117,000,000          | \$ 120,200,000          | \$ 119,830,000          |
| <b>Total:</b>       |   |  |  | <b>\$ 1,494,450,000</b> | <b>\$ 1,503,750,000</b> | <b>\$ 1,495,940,000</b> | <b>\$ 1,493,053,000</b> |

(1) The indicated registration number, manufacturer's serial number and scheduled delivery month for each New Delivery Aircraft reflect our current expectations, although these may differ for the actual aircraft delivered under the applicable aircraft purchase agreement between American and the applicable aircraft manufacturer and financed under this offering. The delivery deadline for purposes of financing a New Delivery Aircraft pursuant to this offering is December 15, 2016 (or later under certain circumstances). The actual delivery date of any New



Delivery Aircraft may differ from its currently scheduled delivery month and is subject to delay or acceleration. See Deliveries of Aircraft. In addition, American has certain rights to finance a Substitute Aircraft in lieu of any New Delivery Aircraft if the delivery of such New Delivery Aircraft is delayed for more than 30 days after the last day of the month scheduled for delivery. See Substitute Aircraft.

- (2) The appraised value of each Aircraft set forth above is the lesser of the average and median appraised value of each such Aircraft. In the case of the Aircraft owned by American as of the respective dates of the appraisals, such appraisals indicate the appraised base value of each Aircraft, adjusted for the maintenance status of such Aircraft at or around the time of such appraisals by one of the Appraisers, and in the case of the Aircraft not yet delivered to American as of the respective dates of the appraisals, such appraisals indicate the appraised base value projected as of the scheduled delivery month for such Aircraft at the time of the related appraisal. 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.
- (3) This aircraft is approved for ETOPs.

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

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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 (i) each Aircraft not yet delivered to American as of the respective dates of the appraisals based on appraised base value projected as of the scheduled delivery month for such Aircraft at the time of the related appraisal and (ii) each Aircraft owned by American as of the respective dates of the appraisals based on appraised base value adjusted for the maintenance status of such Aircraft at or about the time of the appraisals. As part of this process, all three Appraisers performed desk-top appraisals without any physical inspection of the Aircraft. The AISI appraisal is dated April 10, 2016, the BK appraisal is dated April 26, 2016 and the mba appraisal is dated April 26, 2016. 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. For Aircraft owned by American on the date of the Appraisals, AISI was the only Appraiser to adjust the value of such Aircraft for the maintenance status of such Aircraft. 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, and the appraisals of the Aircraft that had not been delivered to American prior to the date of such appraisals are estimates of values as of the future delivery date. An appraisal should not be relied upon as a measure of realizable value. The proceeds realized upon the exercise of remedies with respect to any Aircraft, including a sale of such Aircraft, may be less than its appraised value. The value of an Aircraft if remedies are exercised under the 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.

### **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* ).

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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.

The New Delivery Aircraft are scheduled for delivery under aircraft purchase agreements between American and, as applicable, Airbus or Boeing, during the period from May 2016 to August 2016. See the table under The Appraisals for the currently scheduled month of delivery of each New Delivery Aircraft. Under each such aircraft purchase agreement, delivery of an aircraft may be delayed due to excusable delay, which includes, among other things, acts of God, war, government acts, fires or floods, strikes or labor troubles causing cessation, slowdown or interruption of work, and certain other causes beyond the applicable manufacturer's control. American cannot predict whether or not delivery of any of the New Delivery Aircraft will be postponed beyond the currently scheduled delivery month.

**Substitute Aircraft**

If the delivery date for any New Delivery Aircraft is delayed more than 30 days beyond the last day of the month scheduled for delivery, American may substitute therefor an aircraft not included in the New Delivery Aircraft meeting the following conditions (each, a *Substitute Aircraft*):

a Substitute Aircraft must be of the same model as the New Delivery Aircraft being replaced; and

American must obtain written confirmation from each Rating Agency with respect to each class of Certificates then rated by such Rating Agency that substituting such Substitute Aircraft for the replaced New Delivery Aircraft will not result in a withdrawal, suspension or downgrading of the ratings of such Certificates. (Note Purchase Agreement, Section 1(h))

If delivery of any New Delivery Aircraft is delayed beyond the Delivery Period Termination Date, and American does not exercise its right to replace such New Delivery Aircraft with a Substitute Aircraft, there will be unused Deposits that will be distributed to Certificateholders together with accrued and unpaid interest thereon but without any premium. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits.

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**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 (or if any Series B Equipment Notes are issued, three) series with respect to each Aircraft, the *Series AA Equipment Notes* and the *Series A Equipment Notes* (the Series AA Equipment Notes and the Series A Equipment Notes, collectively, the *Equipment Notes*). American may elect to issue an additional series of equipment notes with respect to each Aircraft at any time on or after the Issuance Date (the *Series B Equipment Notes*) which will be funded from sources other than this offering and will be subordinated in right of payment to the Equipment Notes and may also elect to issue one or more series of Additional Equipment Notes with respect to an Aircraft at any time (including the issuance of Additional Equipment Notes of the same series designation as previously issued Additional Equipment Notes that have been paid in full), which will be funded from sources other than this offering. See *Possible Issuance of Additional Certificates and Refinancing and Reissuance 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.

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**Subordination**

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

the indebtedness evidenced by the Series A 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 AA Equipment Notes issued under such Indenture;

if American issues any Series B Equipment Notes under an Indenture, 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 AA Equipment Notes and the Series A Equipment Notes issued under such Indenture;

if American issues any Additional Equipment Notes under an Indenture, (i) the indebtedness evidenced by the series of Additional Equipment Notes ranked most senior in priority of payment among all series of 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 most senior Additional Equipment Notes), subordinate and subject in right of payment to the Series AA Equipment Notes, the Series A Equipment Notes and the Series B Equipment Notes (if any Series B Equipment Notes are issued) issued under such Indenture and (ii) the indebtedness evidenced by any series of Additional Equipment Notes (other than the series of Additional Equipment Notes ranked most senior in priority of payment among all series of 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 AA Equipment Notes, the Series A Equipment Notes, the Series B Equipment Notes (if any Series B Equipment Notes are issued) and each series of Additional Equipment Notes that rank senior in priority of payment to such series of Additional Equipment Notes issued under such Indenture (see Possible Issuance of Additional Certificates and Refinancing and Reissuance of Certificates ); and

the indebtedness evidenced by the Series AA Equipment Notes, the Series A Equipment Notes, the Series B Equipment Notes (if any Series B Equipment Notes are issued) 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;

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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 AA Equipment Notes under such Indenture; third, the Series A Equipment Notes under such Indenture; fourth, the Series B Equipment Notes under such Indenture; and, if applicable, fifth, 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 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) in the following order of priority: first, to Series AA Equipment Notes, 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)

If any Series B Equipment Notes are issued, the date on which payments of scheduled interest and principal on such Series B Equipment Notes will commence will be set forth in such Series B Equipment Notes.

### **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 June 15 and December 15 of each year, commencing on the later of December 15, 2016 or 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)

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Scheduled principal payments on the issued and outstanding Series AA Equipment Notes, Series A Equipment Notes and, if any Series B Equipment Notes are issued, Series B Equipment Notes will be made on June 15 and December 15 in certain years, commencing on June 15, 2017 and ending on June 15, 2028, in the case of the Series AA Equipment Notes and the Series A Equipment Notes, and, if any Series B Equipment Notes are issued, on a date specified in a separate prospectus supplement offering Class B Certificates in the case of any Series B Equipment Notes. The original principal amount and principal amortization schedule for the Series AA Equipment Notes and Series A Equipment Notes issued with respect to each Aircraft will be as set forth in the table for that Aircraft included in Appendix V. 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)

**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 A Equipment Notes, Series B Equipment Notes (if any) or any series of Additional Equipment Notes issued with respect to all Aircraft in connection with a refinancing of such series. See Possible Issuance of Additional Certificates and Refinancing and Reissuance 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

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plus % in the case of the Series AA Equipment Notes and % in the case of the Series A Equipment Notes, 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 *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.

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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;

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 AA Equipment Notes and Series A Equipment Notes to be issued in respect of each Aircraft as of (i) December 15, 2016, assuming such Aircraft has been subjected to the related Indenture and each Trust has purchased the applicable Equipment Notes as of December 15, 2016 (the first Regular Distribution Date that occurs after all Aircraft are expected to have been

financed pursuant to this offering) and (ii) each Regular Distribution Date thereafter.

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 A Equipment Notes, the outstanding balance of the Series AA Equipment Notes assumed to be issued and outstanding under the relevant Indenture, determined, in each case, 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.

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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 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;

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

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 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

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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)

*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.

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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 facility, incorporate appropriate mechanics for multiple liquidity facilities for the applicable Trust; (xiii) give effect to the replacement of the Depository with a Replacement Depository 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 original issuance under all Indentures of Additional Equipment Notes of one or more series or the issuance under all Indentures of new Series A Equipment Notes, new Series B Equipment Notes (if Series B Equipment Notes have been issued) or new Additional Equipment Notes of any one or more series in connection with a refinancing or reissuance, and for the issuance of pass through certificates by any pass through trust that acquires any such Additional Equipment Notes, new Series A Equipment Notes, new Series B Equipment Notes (if Series B Equipment Notes have been issued) 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 A Equipment Notes, Series B Equipment Notes (if Series B Equipment Notes have been issued) 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 (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 facility, to incorporate appropriate mechanics for multiple liquidity facilities for a single pass through trust)); *provided* that such Series A Equipment Notes, 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 and Reissuance 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

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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 any 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 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

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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))

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

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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 United States 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 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 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. See **Risk Factors** Risks Relating to the Certificates and the Offering Repossession of Aircraft may be difficult, time-consuming and expensive.

**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

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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 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 \$7,000,000 (in the case of an Airbus A321-231S), \$6,000,000 (in the case of a Boeing 737-823),

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\$20,000,000 (in the case of a Boeing 777-323ER) and \$20,000,000 (in the case of a Boeing 787-8), 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) aircraft liability 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 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

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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 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

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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)

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**Table of Contents****POSSIBLE ISSUANCE OF ADDITIONAL CERTIFICATES AND REFINANCING AND REISSUANCE  
OF CERTIFICATES****Issuance of Additional Certificates**

American may elect to issue one or more 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 the Series AA Equipment Notes, the Series A Equipment Notes and the Series B Equipment Notes (if any Series B Equipment Notes are issued) issued under such Indenture and may also be subordinated to other Additional Equipment Notes that rank senior in right of payment to such Additional Equipment Notes. American will fund the sale of any Additional Equipment Notes through the sale of pass through certificates (the *Additional Certificates* ) issued by a related 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 AA Certificates, the Class A Certificates, the Class B Certificates, if applicable, and, if applicable, any other Additional Certificates that rank senior in right of payment to such Additional 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 each issued class of Additional Certificates (calculated in a manner substantially similar to the calculation of Class A Adjusted Interest (if Class B Certificates have not been issued) or Class B Adjusted Interest (if Class B Certificates have been issued), but with respect to the applicable class of Additional Certificates) after Class A Adjusted Interest (if Class B Certificates have not been issued) or Class B Adjusted Interest (if Class B Certificates have been issued) but before Expected Distributions on the Class AA 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 and, if such issuance occurs before the Delivery Period Termination Date, any amendment to the Note Purchase Agreement, the Deposit Agreements and the Escrow Agreements in connection with, and to give effect to, 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))

If Additional Certificates are issued prior to the Delivery Period Termination Date, (a) the net proceeds thereof will be held in escrow and placed in deposit on behalf of the escrow agent with a depository, all on terms and conditions and under documentation substantially similar to the Deposit Agreements and Escrow Agreements applicable to the net proceeds of the Class AA Certificates, the Class A Certificates and the Class B Certificates (if issued) and (b) the Additional Equipment Notes will be issued and purchased by the Subordination Agent on behalf of the trustee of the related Additional Trust on terms and conditions, and under documentation, substantially similar to the Note Purchase Agreement and Participation Agreement applicable to the purchase of the Series AA Equipment Notes, the Series A Equipment Notes and the Series B Equipment Notes (if issued).

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American may elect to (a) redeem all (but not less than all) of the Series A Equipment Notes or the Series B Equipment Notes (if any) (or any series of Additional Equipment Notes) then outstanding and issue, with respect to all of the Aircraft, new Equipment Notes with the same series designation as, but with terms that may be the same as or different from, those of the redeemed Equipment Notes or (b) reissue Series A Equipment Notes or Series B Equipment Notes (if issued) (or any series of Additional Equipment Notes) with respect to all of the Aircraft after such series has matured and been paid in full, with terms that may be the same as or different from those of the repaid Equipment Notes (any such new Equipment Notes issued in connection with any such redemption or reissuance, the *Reissued Equipment Notes* ) in respect of all (but not less than all) of the Aircraft after the Delivery Period Termination Date. In either such case, American will fund the sale of any such series of Reissued Equipment Notes through the sale of pass through certificates (the *Reissued Certificates* ) issued by a single pass through trust (each, a *Reissuance Trust* ). If American elects to refinance any series of Equipment Notes, it will be required to pay any applicable Make-Whole Amount in connection with the redemption of such series of Equipment Notes. See Description of the Equipment Notes Redemption.

The trustee of any Reissuance 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 Reissued Certificates to the Administration Expenses, the Liquidity Obligations, the Class AA Certificates and each other class of Certificates that ranks senior in right of payment to such Reissued Certificates in the same manner that the corresponding class of refinanced or reissued Certificates was subordinated. Any such issuance of Reissued Equipment Notes and Reissued Certificates, and any such amendment of the Intercreditor Agreement (and any amendment of an Indenture in connection with such refinancing or reissuance), 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 Reissued 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**

Reissued Certificates in respect of refinanced or reissued Class A Certificates or Class B Certificates (if any Class B Certificates are issued) may have the benefit of credit support similar to the Liquidity Facility for the Class A Trust or the Class B Trust (if any Class B Trust has the benefit of a Liquidity Facility), as applicable, 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 Reissued Certificates in respect of refinanced or reissued 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 AA Certificates, the Class A Certificates, the Class B Certificates (if any Class B Certificates are issued) and any Additional Certificates that rank senior in right of payment to the applicable Additional Certificates or Reissued 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))

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**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 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.

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**Table of Contents****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 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;

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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 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. To the extent it represents an accrual on the associated Deposit, any such 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 and FATCA 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;

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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 Depositary, 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 Depositary, 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 and FATCA 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 to 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 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 provisions of U.S. federal income tax law known as FATCA generally impose 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.

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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, 2019.

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 have entered, and additional non-U.S. governments may enter, into intergovernmental agreements 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.

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**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.

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**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 or similar exemption under Similar Law 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 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

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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 Plan purchasing the Certificates should also ensure that any statutory or administrative exemption from the prohibited transaction rules (or any similar exemption under Similar Law) on which such Plan relies with respect to its purchase or holding of the Certificates also applies to such 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 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 or similar exemptions under Similar Law, and (b) directed the Trustees to invest**

**in the assets held in the Trusts pursuant to the terms and conditions described herein.**

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**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.**

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**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*), each Underwriter named below has severally agreed with American to purchase from the Class AA Trustee and Class A Trustee the following aggregate face amounts of the Class AA Certificates and Class A Certificates, respectively:

| <b>Underwriter</b>                    | <b>Face Amount of<br/>Class AA<br/>Certificates</b> | <b>Face Amount of<br/>Class A<br/>Certificates</b> |
|---------------------------------------|---|--|
| Credit Suisse Securities (USA) LLC    | \$  | \$   |
| Deutsche Bank Securities Inc.         |   |  |
| Citigroup Global Markets Inc.         |   |  |
| Goldman, Sachs & Co.                  |   |  |
| Morgan Stanley & Co. LLC              |   |  |
| Merrill Lynch, Pierce, Fenner & Smith |   |  |
|                                       |   |  |
| Incorporated                          |   |  |
| Barclays Capital Inc.                 |   |  |
| J.P. Morgan Securities LLC            |   |  |
| BNP Paribas Securities Corp           |   |  |
| Credit Agricole Securities (USA) Inc. |   |  |
| U.S. Bancorp Investments, Inc.        |   |  |
|                                       |   |  |
| Total                                 | \$ 567,360,000                                      | \$ 261,284,000                                     |

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 Class AA Certificates and Class A 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 the Certificates may be terminated. The Class AA Certificates and Class A Certificates are offered subject to receipt and acceptance by the Underwriters and subject to the Underwriters' right to reject any order in whole or in part.

The aggregate proceeds from the sale of the Class AA Certificates and the Class A Certificates will be \$828,644,000. 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 Class AA Certificates and Class A 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<br/>Members</b> | <b>Discount to<br/>Brokers/Dealers</b> |
|----------------------------------|--|--|
| Class AA                         | %  | %                                      |
| Class A                          | %  | %                                      |

The Class AA Certificates and the Class A Certificates are each a new issue of securities with no established trading market. Neither American nor any Trust intends to apply for listing of the Class AA Certificates and the Class A Certificates on any securities exchange. American expects the same will be true for any issuance of Class B Certificates.

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American has been advised by one or more of the Underwriters that they presently intend to make a market in the Class AA Certificates and the Class A Certificates, as permitted by applicable laws and regulations. No Underwriter is obligated, however, to make a market in the Class AA Certificates and the Class A Certificates, and any such market-making may be discontinued at 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 Class AA Certificates and the Class A 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. Certain of the underwriters and their affiliates are lenders to American and routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such lending exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. In addition, an affiliate of Citigroup Global Markets Inc. is acting as the Depository. 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 AA Certificates and the Class A 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 business day following the date hereof (this settlement cycle being referred to as T+ ). 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 AA Certificates and the Class A 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 AA Certificates and the Class A 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.

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.

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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.

### **Canada (Ontario, Quebec, Alberta or British Columbia only)**

#### ***Notice to Canadian Residents***

##### ***Resale Restrictions***

The distribution of the Certificates in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the the Certificates in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

##### ***Representations of Canadian Purchasers***

By purchasing the Certificates in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

the purchaser is entitled under applicable provincial securities laws to purchase the Certificates without the benefit of a prospectus qualified under those securities laws as it is an accredited investor

as defined under National Instrument 45-106 *Prospectus Exemptions*,

the purchaser is a permitted client as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*,

where required by law, the purchaser is purchasing as principal and not as agent, and

the purchaser has reviewed the text above under resale restrictions.

*Conflicts of Interest*

Canadian purchasers are hereby notified that the Underwriters are relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105 *Underwriting Conflicts* from having to provide certain conflict of interest disclosure in this document.

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### *Statutory Rights of Action*

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the prospectus supplement (including any amendment thereto) such as this document contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

### *Enforcement of Legal Rights*

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

### *Taxation and Eligibility for Investment*

Canadian purchasers of the Certificates should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Certificates in their particular circumstances and about the eligibility of the Certificates for investment by the purchaser under relevant Canadian legislation.

## **European Economic Area**

This prospectus supplement has been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (as defined below) (each, a *Relevant Member State*) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of Certificates which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for us 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, in each case, in relation to such offer. Neither we nor the Underwriters have authorized, nor do we or they authorize, the making of any offer of Certificates in circumstances in which an obligation arises for us or the Underwriters to publish a prospectus for such offer. In relation to each Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer of Certificates to the public described in this prospectus supplement may not be made in that Relevant Member State other than:

- (1) to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- (2) 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 us for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive, *provided* that no such offer of Certificates shall require us or any of the Underwriters 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 purposes of this provision, the expression an offer of Certificates to the public in any Relevant Member State means the communication in any form and by any 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 for the

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Certificates, as the expression may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and 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. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the Certificates have not authorized and do not authorize the making of any offer of Certificates through any financial intermediary on their behalf, other than offers made by the Underwriters with a view to the final placement of the Certificates as contemplated in this prospectus supplement. Accordingly, no purchaser of the Certificates, other than the Underwriters, is authorized to make any further offer of the Certificates on behalf of the sellers or the Underwriters.

## **United Kingdom**

This prospectus supplement is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the *Order* ) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a relevant person ). This prospectus supplement and its contents should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom who is not a relevant person should not act or rely on this document or any of its contents.

## **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

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(where the trustee is not an accredited investor) whose sole 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* ). The Certificates have not been offered or sold and will not be offered or sold, 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.

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**VALIDITY OF THE CERTIFICATES**

The validity of the Certificates are 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.

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**EXPERTS**

The consolidated financial statements of American as of and for the years ended December 31, 2015 and 2014 appearing in American's Annual Report on Form 10-K for the year ended December 31, 2015, and the effectiveness of American's internal control over financial reporting as of December 31, 2015, have been audited by KPMG LLP, independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference, in reliance upon such report given on the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of American for the year ended December 31, 2013 appearing in American's Annual Report on Form 10-K for the year ended December 31, 2015, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference, in reliance upon such report given on the authority of said firm as experts in accounting and auditing.

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.

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**WHERE YOU CAN FIND MORE INFORMATION**

The SEC's rules allow us to incorporate by reference information into this prospectus supplement, 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 supplement, 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 supplement to the extent that a statement contained in this prospectus supplement 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 supplement and the termination of the offering of the securities described in this prospectus supplement. 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 supplement incorporates 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, 2015, filed with the SEC on February 24, 2016;

American's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 filed with the SEC on April 22, 2016; and

American's Current Reports on Form 8-K filed with the SEC on January 4, 2016, January 13, 2016, January 21, 2016 and April 29, 2016.

You may request a free copy of any of the documents incorporated by reference in this prospectus supplement (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 supplement.

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**APPENDIX II APPRAISAL LETTERS**

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**Mr. Greg Bristol**

**American Airlines, Inc.**

**Senior Manager Treasury**

**4333 Amon Carter Blvd.**

**Fort Worth, TX 76155**

**Sight Unseen Half Life, Full Life, and Maintenance Condition Adjusted**

**Base Value Opinion**

**22 American Airlines Aircraft Portfolio**

**AISI File No.: A6S025BVO-04**

**Report Date: 10 April 2016**

**Values as of: 10 April 2016**

**Main Office: 1409 Peachtree Street, Suite 200, Atlanta, Georgia 30309**

**TEL: 404 870-AISI (2474) E-MAIL: mail@AISIAero www.aisi.aero**

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10 April 2016

Mr. Greg Bristol

American Airlines, Inc.

Senior Manager Treasury

4333 Amon Carter Blvd.

Fort Worth, TX 76155

Subject: AISI Report No. A6S025BVO-04: AISI Sight Unseen Half Life, Full Life, and Maintenance Condition Adjusted Base Value Opinion for 22 Selected American Airlines Delivered and Future Delivery Aircraft Portfolio

Ref: (a) Email messages American Airlines to AISI; 24 March 19 April 2016  
(b) American Airlines technical data

Dear Mr. Bristol:

Aircraft Information Services, Inc. (AIS) has been requested to offer our opinion of the 10 April 2016 sight unseen half life, full life, and maintenance condition adjusted base values for a portfolio of 22 selected American Airlines delivered and future delivery aircraft as identified and defined in Table I and reference (a) and (b) 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, 30 January 2013 definitions of the International Society of Transport Aircraft Trading (ISTAT). AISI is a member of ISTAT and employs one ISTAT Certified Senior Appraiser and two ISTAT Certified Appraisers.

AISI defines 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**



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10 April 2016

AISI File No. A6S025BVO-04

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An average aircraft is an operable airworthy aircraft in average physical condition and with average accumulated flight hours and cycles, with clear title and standard unrestricted certificate of airworthiness, and registered in an authority which does not represent a penalty to aircraft value or liquidity, with no damage history and with inventory configuration and level of modification which is normal for its intended use and age.

Note that a stored aircraft is not an average aircraft. AISI assumes average condition unless otherwise specified in this report.

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

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

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 and is 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 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.

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AISI defines 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 .

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) and (b) 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 10 April 2016 based on a daily utilization factor calculated for each aircraft. All maintenance work that 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 10 April 2016 sight unseen half life, full life, and maintenance condition adjusted base values in April 2016 U.S. Dollars are as follows in Table I subject to the assumptions, definitions, and disclaimers herein.



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10 April 2016

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**TABLE I**

AISI File A6S025BVO-04

Report Dated: 10 April 2016

Values as of: 10 April 2016

| No | Type***   | Reg #  | MSN   | DOM    | Engine      | MTOW    | Half Life     | Adjusted      | Full Life     |
|----|-----------|--------|-------|--------|-------------|---------|---------------|---------------|---------------|
|    |           |        |       |        |             |         | Base Value    | Base Value    | Base Value    |
|    |           |        |       |        |             |         | Apr-16        | Apr-16        | Apr-16        |
|    |           |        |       |        |             |         | \$MUS Dollars | \$MUS Dollars | \$MUS Dollars |
| 1  | A321-200S | N151AN | 6840  | Nov-15 | V2533-A5 S1 | 206,100 | 45.55         | 51.40         | 52.71         |
| 2  | A321-200S | N153AN | 6908  | Dec-15 | V2533-A5 S1 | 206,100 | 45.55         | 51.68         | 52.71         |
| 3  | A321-200S | N162AA | 6621  | May-16 | V2533-A5 S1 | 206,100 | 46.19         | na**          | 55.17*        |
| 4  | A321-200S | N163AA | 6866  | May-16 | V2533-A5 S1 | 206,100 | 46.19         | na**          | 55.17*        |
| 5  | A321-200S | N164NN | 6909  | Jun-16 | V2533-A5 S1 | 206,100 | 46.27         | na**          | 55.26*        |
| 6  | A321-200S | N165NN | 6956  | Jun-16 | V2533-A5 S1 | 206,100 | 46.27         | na**          | 55.26*        |
| 7  | A321-200S | N988AL | 7154  | Jun-16 | V2533-A5 S1 | 206,100 | 46.27         | na**          | 55.26*        |
| 8  | A321-200S | N166NN | 6973  | Jul-16 | V2533-A5 S1 | 206,100 | 46.34         | na**          | 55.35*        |
| 9  | A321-200S | N167AN | 7013  | Jul-16 | V2533-A5 S1 | 206,100 | 46.34         | na**          | 55.35*        |
| 10 | A321-200S | N986AN | 7046  | Aug-16 | V2533-A5 S1 | 206,100 | 46.42         | na**          | 55.44*        |
| 11 | A321-200S | N987AM | 7079  | Aug-16 | V2533-A5 S1 | 206,100 | 46.42         | na**          | 55.44*        |
| 12 | 737-800   | N983NN | 33337 | Dec-15 | CFM56-7B26E | 158,500 | 40.20         | 46.73         | 47.31         |



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|               |           |        |       |        |             |         |                 |               |                 |
|---------------|-----------|--------|-------|--------|-------------|---------|-----------------|---------------|-----------------|
| 13            | 737-800   | N991NN | 31241 | May-16 | CFM56-7B26E | 158,500 | 41.38           | na**          | 50.22*          |
| 14            | 737-800   | N993NN | 31244 | Jun-16 | CFM56-7B26E | 158,500 | 41.45           | na**          | 50.30*          |
| 15            | 737-800   | N992NN | 33340 | Jun-16 | CFM56-7B26E | 158,500 | 41.45           | na**          | 50.30*          |
| 16            | 737-800   | N995NN | 31245 | Jul-16 | CFM56-7B26E | 158,500 | 41.52           | na**          | 50.38*          |
| 17            | 737-800   | N994NN | 33248 | Jul-16 | CFM56-7B26E | 158,500 | 41.52           | na**          | 50.38*          |
| 18            | 737-800   | N996NN | 31248 | Aug-16 | CFM56-7B26E | 158,500 | 41.59           | na**          | 50.47*          |
| 19            | 777-300ER | N735AT | 32439 | Feb-16 | GE90-115BL  | 700,000 | 126.75          | 149.99        | 151.92          |
| 20            | 777-300ER | N736AT | 33538 | Mar-16 | GE90-115BL  | 700,000 | 126.96          | 150.32        | 152.17          |
| 21            | 787-8     | N815AA | 40633 | May-16 | GE90-115BL  | 502,500 | 104.37          | na**          | 122.29*         |
| 22            | 787-8     | N816AA | 40634 | May-16 | GE90-115BL  | 502,500 | 104.37          | na**          | 122.29*         |
| <b>TOTALS</b> |           |        |       |        |             |         | <b>1,259.37</b> | <b>450.12</b> | <b>1,501.15</b> |

\* Note These future delivery aircraft values are new values in future delivery date U.S. Dollars

\*\* Note These future delivery aircraft have not been delivered as of the date of this report, and thus have no utilization

\*\*\* Note S denotes Sharklets on A321-200S

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10 April 2016

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Unless otherwise agreed by Aircraft Information Services, Inc. (AIS) in writing, this report shall be for the authorized use of the client/addressee. This report is offered as a fair and unbiased assessment of the subject aircraft. AIS 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. AIS certifies that this report has been independently prepared and it reflects AIS'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. AIS 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

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

April 26, 2016

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 five aircraft (Aircraft) in the American Airlines fleet and 17 yet-to-be delivered aircraft (together, the Aircraft). The Aircraft include 11 A321-200S, seven 737-800s, two 787-8s and two 777-300ERs. 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, registration, engine model and maximum takeoff weight. We did not make maintenance adjustments to the 17 yet-to-be delivered aircraft as they are new enough not to accumulate significant maintenance time.

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 the yet-to-be-delivered aircraft, and for some of the in-service 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

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American Airlines, Inc.

April 26, 2016

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environment with a reasonable balance of supply and demand, and assumes full consideration of its highest and best use. An aircraft's base value is founded in the historical trend of values and in the projection of future value trends and presumes an 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**

For a newly delivered aircraft one can argue that, almost by definition, the base value is approximately equal to the actual selling price. Without the existence of "white tails" or finished aircraft for which there is no buyer, the very existence of a buyer and seller at the agreed price suggests the market is in balance and the purchase price is the base value.

For the new or yet-to-be delivered aircraft we do not know the prices of the aircraft. We do know the average list prices which are as follows:

|           |               |
|-----------|---------------|
| A321-200S | \$113.70 Mil. |
| 737-800   | \$96.00 Mil.  |
| 777-300ER | \$339.60 Mil. |
| 787-8     | \$224.60 Mil. |

We know that nobody pays list price. Discounts of at least 15 percent are almost certain and discounts of 35 to 50 percent often are given, especially to airlines that placed large orders. Because of appraisals we have conducted, we are sometimes aware of new prices and occasionally our clients may share a new price if we can assure them that it will be kept confidential.

As the values were requested in half-life condition, and the aircraft are too new to have reached half time, the values are artificially reduced so that the adjusted values will not exceed the new value.

Based on this we concluded the half-time base value for each of these models is as follows:

|           |                             |
|-----------|-----------------------------|
| A321-200S | \$45.9 Mil. - \$48.55 Mil.  |
| 737-800   | \$40.85 Mil. - \$41.25 Mil. |
| 777-300ER | \$151.3 Mil.                |
| 787-8     | \$103.65 Mil.               |

These half-time values are then adjusted to reflect the current maintenance status on the airframe and engines.



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American Airlines, Inc.

April 26, 2016

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**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 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.

David Griffin  
Assistant Vice President

DG/kf

Attachment

John F. Keitz  
President  
ISTAT Senior Certified Appraiser  
And Appraiser Fellow

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Figure 1

**AMERICAN AIRLINES, INC.****2016-2 EETC****PORTFOLIO**

| <b>ITEM</b> | <b>ACFT<br/>TYPE</b> | <b>REGISTRATION</b> | <b>SERIAL<br/>NUMBER</b> | <b>DOM</b> | <b>ENGINE</b> | <b>MTOW<br/>( LBS )</b> | <b>FT BV<br/>( \$ MIL )</b> |
|-------------|----------------------|---------------------|--------------------------|------------|---------------|-------------------------|-----------------------------|
| 1           | A321-200S            | N151AN              | 6840                     | 11/12/2015 | V2533-A5      | 206,100                 | 54.05                       |
| 2           | A321-200S            | N153AN              | 6908                     | 12/17/2015 | V2533-A5      | 206,100                 | 53.70                       |
| 3           | A321-200S            | N162AA              | 6621                     | 5/15/2016  | V2533-A5      | 206,100                 | 54.80                       |
| 4           | A321-200S            | N163AA              | 6866                     | 5/15/2016  | V2533-A5      | 206,100                 | 54.80                       |
| 5           | A321-200S            | N164NN              | 6909                     | 6/15/2016  | V2533-A5      | 206,100                 | 54.80                       |
| 6           | A321-200S            | N165NN              | 6956                     | 6/15/2016  | V2533-A5      | 206,100                 | 54.80                       |
| 7           | A321-200S            | N988AL              | 7154                     | 6/15/2016  | V2533-A5      | 206,100                 | 54.80                       |
| 8           | A321-200S            | N166NN              | 6973                     | 7/15/2016  | V2533-A5      | 206,100                 | 55.95                       |
| 9           | A321-200S            | N167AN              | 7013                     | 7/15/2016  | V2533-A5      | 206,100                 | 55.95                       |
| 10          | A321-200S            | N986AN              | 7046                     | 8/15/2016  | V2533-A5      | 206,100                 | 55.95                       |
| 11          | A321-200S            | N987AM              | 7079                     | 8/15/2016  | V2533-A5      | 206,100                 | 55.95                       |
| 12          | 737-800              | N983NN              | 33337                    | 12/10/2015 | CFM56-7B      | 158,500                 | 46.80                       |
| 13          | 737-800              | N991NN              | 31241                    | 5/15/2016  | CFM56-7B      | 158,500                 | 47.50                       |
| 14          | 737-800              | N993NN              | 31244                    | 6/15/2016  | CFM56-7B      | 158,500                 | 47.50                       |
| 15          | 737-800              | N992NN              | 33340                    | 6/30/2016  | CFM56-7B      | 158,500                 | 47.50                       |
| 16          | 737-800              | N994NN              | 33248                    | 7/15/2016  | CFM56-7B      | 158,500                 | 48.15                       |
| 17          | 737-800              | N995NN              | 31245                    | 7/31/2016  | CFM56-7B      | 158,500                 | 48.15                       |
| 18          | 737-800              | N996NN              | 31248                    | 8/15/2016  | CFM56-7B      | 158,500                 | 48.15                       |
| 19          | 777-300ER            | N735AT              | 32439                    | 2/8/2016   | GE90-115      | 700,000                 | 165.15                      |
| 20          | 777-300ER            | N736AT              | 33538                    | 3/1/2016   | GE90-115      | 700,000                 | 165.30                      |
| 21          | 787-8                | N815AA              | 40633                    | 5/15/2016  | GEEx-1B70     | 502,500                 | 117.00                      |
| 22          | 787-8                | N816AA              | 40634                    | 5/15/2016  | GEEx-1B70     | 502,500                 | 117.00                      |

Note: S denotes sharklets; the 737-800 aircraft have winglets.

Also note that for the nearly new aircraft and the yet to be delivered aircraft, the value is artificially reduced to half-time so that the adjusted value does not exceed the new price.

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**aviation consulting**

**Desktop Appraisal of:**

Twenty-Two (22) Various Aircraft

**Client:**

American Airlines, Inc.

**Date:**

April 26, 2016

**HQ Washington D.C.**

2101 Wilson Boulevard

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**I. Introduction and Executive Summary**

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| I.   | Introduction and Executive Summary | Page 1  |
| II.  | Definitions                        | Page 2  |
| III. | Current Market Conditions          | Page 3  |
| IV.  | Valuation                          | Page 35 |
| V.   | Covenants                          | Page 38 |

**Morten Beyer & Agnew ( mba )** has been retained by American Airlines, Inc. (the Client ) to provide a Desktop Appraisal to determine the Current Base Values ( CBV ) of twenty-two (22) various aircraft, as of April 2016. 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 Future Aircraft Values ( FAV ) publication *redbook Jet Transport PLUS, January 2016*.

Based on the information set forth in this report, it is our opinion that the total Current Base Value of the aircraft in this portfolio are as follows and as set forth in Section IV.

**Current Base Value (US\$)**

|                                       |                        |
|---------------------------------------|------------------------|
| <b>Twenty-Two (22) Aircraft Total</b> | <b>\$1,495,940,000</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.

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**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 that 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 ISTAT. mba employs four ISTAT Certified Appraisers, one of the largest certified staff in the industry. mba's clients include most of the world's major airlines, lessors, financial institutions, and manufacturers and suppliers. mba maintains offices in North America, Europe, and Asia.

mba publishes the semiannual Future Aircraft Values (FAV) *redbook*, 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 an 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, Inc.

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**III. Current Market Conditions**

***General Market Observation 1st Quarter 2016***

An essential consideration in any appraisal is market condition at the time the valuation is rendered. This section defines market conditions associated with this valuation. The first part of the section provides general market commentary, highlighting major factors currently influencing aircraft values. The second part of the section details mba's view of the current market situation for each aircraft type examined in this valuation.

Passenger demand and jet fuel prices are two of the most significant factors influencing values of commercial transport aircraft. Increases in passenger demand have a positive impact, while variations in fuel price have a different 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.

Over the years, passenger demand has been shown to have a strong correlation with Gross Domestic Product ( GDP ). As presented in the following chart, this correlation also extends to orders for new aircraft.

**Source: [iata.org](http://iata.org); [AerData](http://AerData); [worldbank.org](http://worldbank.org)**

American Airlines, Inc.

Job File #16036

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Underlying all of this is the historical and future predicted passenger growth of 5.0% per year by manufacturers and government agencies alike, which exceeds short-term World Bank global GDP predictions. Global GDP growth slowed to 2.5% in 2015, and is expected to recover at a slower pace than previously envisioned, with projected growth for 2016 at 2.8%. The World Bank put this down to the weak performance of major emerging markets, mostly BRICs nations, impacting the overall growth of the global economy.

The International Air Transport Association ( IATA ) reports that global passenger traffic, measured in revenue passenger kilometers ( RPK ) experienced year-on-year growth of 5.9% from Q4 2014 to Q4 2015. In addition, a year-on-year comparison of Q4 2015 illustrates a 5.6% increase in international RPKs worldwide, and an increase in domestic RPKs of 6.4% worldwide. International travel was relatively strong on average, however, towards the end of the fourth quarter, strikes resulting in temporary airline shutdowns in Germany and Russia negatively impacted international traffic growth for Europe and CIS countries, ultimately putting downward pressure on global passenger travel. Despite the tempering of global economic growth, air traffic managed to grow, likely due to lower air fares attracting more passengers. According to IATA 's November Market Analysis, the first 10 months of 2015 saw a 5.0% drop in average fares, which supported the increase in passengers of about 3.0%.

According to the IATA Air Freight Market Analysis in November of 2015, air freight volumes were 1.2% lower than the same point last year, however this was mostly down to an atypically strong November 2014. Freight Ton Kilometers ( FTK ) data from the last quarter of 2015 suggests that the earlier declines in air freight appear to now be bottoming out. This trend is consistent with trade volumes steadying and, even though the long term outlook for air freight is still somewhat fragile, an increase in Eurozone stability and low fuel price is having some impact.

At the end of Q4 2015, Airbus had booked 1,036 net orders, while Boeing booked 869 net orders. The large variance between the two manufactures is mainly attributed to Indigo 's order of 250 A320neo aircraft in August 2015 and Wizz Air 's order of 110 A321neo aircraft in September 2015. Throughout 2015, Airbus delivered 635 aircraft, while Boeing delivered 762 aircraft. The current order rate is approximately 86 aircraft and 72 aircraft per month for Airbus and Boeing, respectively, and steady delivery rates of approximately 53 aircraft and 64 aircraft per month for Airbus and Boeing, respectively. Boeing 's higher delivery rate can be attributed to the 787 ramping up to 12 aircraft per month in 2016 and the 777 maintaining its 8.3 per month rate. While Boeing will be slowing 777 production to 7 per month in 2017, and the 747 to 0.5 per month in 2016, the annual deliveries are expected to remain high as 787 and 737MAX production lines increase output.

Airbus ' A350 is still only producing an average of two aircraft per month, but is planning to increase to 5 per month in 2016, with a goal of ultimately producing 10 per month. In addition to the lower production rate for the A350 compared to the 787, Airbus is decreasing A330 production to six aircraft

American Airlines, Inc.

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per month in 2016. However, the A320 line will be increasing to 60 per month by mid-2019 compared to Boeing's 737 aimed at 57 per month by the same time. While Boeing is likely to remain the top manufacturer in terms of deliveries, Airbus will lessen the gap as production ramps up for new generation and re-engined aircraft.

Oil prices tumbled to approximately US\$48.00 per barrel by the end of January 2015 and despite an increase up to US\$65.00 in Q2 2015, prices fell again to US\$36.00 per barrel by the end of Q4 2015. The longer oil remains at the low price, the more questions arise about whether this price is sustainable. Oil-price.net offers the opinion that the supply-demand balance will favor a lower plateau due to continued production for the major oil supplies and a reduction in demand worldwide. However, OPEC believes oil prices will rise back up within the next two years as oil producers are forced to cut production.

**Source: Energy Information Agency, [www.eia.gov](http://www.eia.gov)**

American Airlines, Inc.

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After a stable market in the beginning of 2015, Q2 and Q3 proved comparatively unstable. China experienced the lowest GDP growth rate in Q3 2015 since 2009, despite the government's attempt to inject cash into the markets to stimulate the economy. Nearing the end of 2015, the World Trade Organization lowered its global trade growth forecast to 2.8% for 2015 compared to the 3.3% it originally forecasted. China's economy has created rifts in other global markets such as the mining and commodities in Australia and Brazil, both of which have been impacted by decreased demand from the Chinese market.

U.S. markets have also been affected by investors nervous over the Chinese economy and U.S. corporate earnings. In an effort to calm the market, the Federal Government went against predications and did not raise interest rates until December 2015. However, U.S. mortgage giant Fannie Mae previously speculated that the Federal Government would continue to raise interest rates three more times in 2016, but has since lowered predictions to two raises in 2016 due to a slowdown in the U.S. economy. While an economic slowdown could impact passenger traffic, the lower fuel prices have kept fares low and attractive. In addition, the low fuel prices have provided excess cash to the airlines allowing them to replace aging aircraft, lessening the likelihood of order cancellation or delays by U.S. operators.

Another significant occurrence in the wider global economy is the reauthorization of the U.S. Export- Import Bank ( Ex-Im Bank ). The bank suffered a temporary lapse in authority of over five months which raised concerns over the impact on Boeing's financial competitiveness compared to Airbus and the potential movement of manufacturing to outside the U.S. The five month legislative battle, delayed and allegedly lost orders for U.S. manufacturers. Despite reauthorization, Ex-Im Bank still cannot approve any transaction over US\$10 million due to the lack of the required number of directors on their board and the bank must wait for the U.S. Senate to appoint new directors before approving transaction of that size. Boeing is optimistic the funding issue will be resolved, however it is only forecasting 9.0% of deliveries in 2016 to receive backing from Ex-Im, potentially impacting future campaigns when up against competing Airbus aircraft.

In summary, China's recent economic woes have caused an overall slowdown in global economic growth, creating a state of ambiguity in the global market. With Asia being the fastest growing region in passenger traffic and aircraft orders, there is concern that orders could be pushed back or cancelled. However, persistently low oil prices have had a positive impact on the commercial aviation industry with passenger traffic up and airlines turning profits again, allowing investment in upgraded fleets and expansion.

American Airlines, Inc.

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### **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 a similar flight deck to the A319 and A320. The -200, which entered service in 1996, features higher thrust engines and greater fuel capacity as well as minor structural strengthening.

#### ***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 allowing for slightly increased passenger comfort and better cargo capacity in lower hold.

Sharklets can be installed or retrofitted on A320 family aircraft, providing benefits of between 1.0-2.0% in fuel burn efficiency, depending on sector length.

#### **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 only affect values of last off the line A321ceo aircraft.

#### **Negative**

Backlog going forward will favor A321neo, due to enter service in 2017.

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As of January 2016, there are 1,109 active A321-200 passenger-configured aircraft with 95 operators.

| <i>Fleet Status</i>             | <b>A321-200</b> |
|---------------------------------|-----------------|
| Net Orders                      | 1,543           |
| Backlog                         | 415             |
| Delivered                       | 1,128           |
| Destroyed/Retired               | 5               |
| Not in Service/Parked           | 14              |
| Active Aircraft                 | 1,109           |
| Number of Operators             | 95              |
| Average Daily Utilization (Hrs) | 7.84            |
| Average Fleet Age (Yrs)         | 6.2             |
| Source: AerData January 2016    |                 |

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.

**Source: AerData January 2015**

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**Table of Contents*****Recent Developments***

In February 2016, Finnair announced plans to lease two more A321-200 aircraft from Singapore's BOC Aviation, with deliveries scheduled for the 2017-2018 winter season (ch-aviation.com).

In November 2015, Vietnamese carrier, Vietjet, placed a firm order with Airbus for the purchase of 30 more A321 aircraft, nine of which are for the A321ceo (airbus.com).

In November 2015, the Aeroflot Board of Directors approved the sale of six A321-200 aircraft to AviaAm Leasing AB (ch-aviation.com).

In November 2015, Wizz Air took delivery of its first A321-200 as part of an agreement with CDB Leasing, the leasing arm of the China Development Bank (ch-aviation.com).

***Demographics & Availability***

The A321-200 is powered by either two CFM International CFM56-5B or two International Aero Engines (IAE) V2500-A5 engines. Given that well over half of the fleet is operated with V2500-A5 engines, mba views the V2500-A5 as the baseline engine for the type. mba also distinguishes the higher thrust V2533- A5 variant as a boost in value for the type.

| <b>Airbus A321-200 Aircraft</b>     |                   |               |              |                |
|-------------------------------------|-------------------|---------------|--------------|----------------|
| <i>Current Fleet by Engine Type</i> |                   |               |              |                |
| <b>Engine</b>                       | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total %</b> |
| V2500-A5                            | 729               | 3             | 732          | 65.2%          |
| CFM56-5B                            | 380               | 11            | 391          | 34.8%          |
| <b>Grand Total</b>                  | <b>1,109</b>      | <b>14</b>     | <b>1,123</b> | <b>100.0%</b>  |

Source: AerData January 2016

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The largest active fleet percentage lies with American Airlines (including aircraft previously operated as US Airways) with 15.5% of the total current fleet. China Southern is the second largest operator with 7.0% of the total current fleet.

| <b>Airbus A321-100 Aircraft</b>  |                   |               |              |                |  |
|----------------------------------|-------------------|---------------|--------------|----------------|--|
| <i>Current Fleet by Operator</i> |                   |               |              |                |  |
| <b>Operator</b>                  | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total %</b> |  |
| Lufthansa                        | 20                |               | 20           | 27.4%          |  |
| Alitalia                         | 13                | 4             | 17           | 23.3%          |  |
| Swiss                            | 6                 |               | 6            | 8.2%           |  |
| Air France                       | 5                 |               | 5            | 6.8%           |  |
| Austrian Airlines                | 3                 |               | 3            | 4.1%           |  |
| Air Mediterranee                 | 3                 |               | 3            | 4.1%           |  |
| Asiana                           | 3                 |               | 3            | 4.1%           |  |
| Air Astana                       | 2                 |               | 2            | 2.7%           |  |
| Onur Air                         | 2                 |               | 2            | 2.7%           |  |
| Air Macau                        | 2                 |               | 2            | 2.7%           |  |
| TransAsia Airways                | 2                 |               | 2            | 2.7%           |  |
| Atlasglobal                      | 2                 |               | 2            | 2.7%           |  |
| Hawkeye Engine Services          |                   | 1             | 1            | 1.4%           |  |
| Werner Aero Services             |                   | 1             | 1            | 1.4%           |  |
| Hermes Aviation                  | 1                 |               | 1            | 1.4%           |  |
| Asian Wings Airlines             | 1                 |               | 1            | 1.4%           |  |
| Kahala Aviation                  |                   | 1             | 1            | 1.4%           |  |
| Aircraft Purchase Company        |                   | 1             | 1            | 1.4%           |  |
| <b>Grand total</b>               | <b>65</b>         | <b>8</b>      | <b>73</b>    | <b>100.0%</b>  |  |

Source: AerData January 2016

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Even with a North American carrier holding the largest A321-200 fleet, 37.0% of the fleet is concentrated in Asia and 32.5% in Europe. Combined, the two regions account for almost three quarters of the total current fleet.

| <b>Airbus A321-200 Aircraft</b> |                   |               |              |                |  |
|---------------------------------|-------------------|---------------|--------------|----------------|--|
| <i>Current Fleet by Region</i>  |                   |               |              |                |  |
| <b>Region</b>                   | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total %</b> |  |
| Asia                            | 407               | 8             | 415          | 37.0%          |  |
| Europe                          | 361               | 4             | 365          | 32.5%          |  |
| North America                   | 231               | 1             | 232          | 20.7%          |  |
| Middle East                     | 46                | 1             | 47           | 4.2%           |  |
| South America                   | 45                |               | 45           | 4.0%           |  |
| Africa                          | 7                 |               | 7            | 0.6%           |  |
| Australia and Pacific           | 6                 |               | 6            | 0.5%           |  |
| Central America and Caribbean   | 5                 |               | 5            | 0.4%           |  |
| Undisclosed                     | 1                 |               | 1            | 0.1%           |  |
| <b>Grand Total</b>              | <b>1109</b>       | <b>14</b>     | <b>1123</b>  | <b>100.0%</b>  |  |

Source: AerData January 2016

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According to Airfax, as of March 2016, there are six A321-200 aircraft available for sale or lease. Availability for the type has decreased as demand rises after a spike of availability in August 2015.

**Source: Airfax March 2015    March 2016**

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***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 on 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 Value *redbook* publication or its web based valuation service.

**Source: mba FAV Jet Transport PLUS, 1<sup>st</sup> Half 2016**

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***Outlook***

The short- to mid-term outlook for the A321-200 is positive for 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, currently 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 A321-200 aircraft manufactured will suffer the most from a value perspective. The A321neo has been very popular with operators and consists of 811 orders or 21.4% of the neo backlog, with the A320neo being the most popular of the family as of June 2015. The last off the line value impact 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 the ceo to neo production line, therefore the last off the line aircraft values may not be as heavily impacted. However, in March 2014, Airbus announced they were planning a production hike of A320 family aircraft. 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 A320ceo, 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 mba is of the opinion that this will continue into the future.

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### **Boeing 737-800 Current Market**

The 737-800 entered service with Hapag-Lloyd Flug (TUifly) in 1998. It is a stretched version of the 737-700 and a replacement for the 737-400 Classic. Many carriers in the United States also utilized the aircraft to replace Boeing 727-200s, as well as MD-80 and MD-90 aircraft.

#### ***Overview***

##### **Positive**

Most popular member of highly successful 737NG family.

Large operator base is geographically diverse, by number and type of operators.

Very low percentage of existing fleet currently parked.

Sole source engines ease remarketing to secondary operators.

##### **Neutral**

Introduction of 737MAX variant delays clean sheet replacement, but will likely affect values of only the youngest 737-800 aircraft produced.

May have a popular freighter conversion program in the long-term, based on successful conversions of predecessor 737-300 and -400 aircraft; however, the competing A320 may provide better freighter platform and will almost certainly beat 737-800 to market with conversion options.

##### **Negative**

Backlog going forward likely to fade in favor of 737MAX, due to enter service in 2017.

Lease rates have been under pressure recently, particularly for younger vintages, as major lessors are providing inventory at low lease rental factors in order to place their aircraft. However, 737-800 lease rates appear to be holding up slightly better than those of competing A320-200.

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As of January 2016, there were 3,825 active passenger-configured 737-800 aircraft in service with 185 operators.

| <i>Fleet Status</i>             | <i>737-800</i> |
|---------------------------------|----------------|
| Net Orders                      | 4,996          |
| Backlog                         | 1,115          |
| Delivered                       | 3,881          |
| Destroyed/Retired               | 17             |
| Not in Service/Parked           | 39             |
| Active Aircraft                 | 3,825          |
| Number of Operators             | 185            |
| Average Daily Utilization (Hrs) | 10.3           |
| Average Fleet Age (Yrs)         | 6.8            |
| Source: AerData January 2016    |                |

The 737-800 fleet has grown rapidly over the past ten years, with the number of active aircraft more than quadrupling during the period. The 737-800 has also had an extremely low percentage of the existing fleet reported as parked during the same period, with the percentage of fleet parked peaking at 2.2% in 2009. The chart below depicts 737-800 fleet development by year, as of January of each year.

**Source: AerData 2016**

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***Recent Developments***

In February 2016, Boeing announced it will be launching a passenger to freighter conversion program for the 737-800 in a bid to compete with other third party conversion programs such as AEI (mronetwork.com).

In January 2016, Japan Transocean Air (JTA) took delivery of its first of twelve B737-800s on order from Boeing (ch-aviation.com).

In January 2016, Southwest Airlines acquired thirty-three more B737-800s following the placement of an order in December last year. In addition to the order, Southwest Airlines has also converted its remaining twenty-five B737-700 options to -800s (ch-aviation.com).

In December 2015, UK Leisure Airline, Jet2.com, finalized an order today for three Next Generation 737-800s (boeing.com).

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**Table of Contents****Demographics & Availability**

European carrier, Ryanair, operates the largest fleet of 737-800s with 8.3% of the current total fleet. American Airlines is the second largest operator of the type with 6.8% of the total fleet.

**Boeing 737-800 Passenger-Configured Aircraft**

*Current Fleet by Operator*

| <b>Operator</b>        | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>% of Fleet</b> |
|------------------------|-------------------|---------------|--------------|-------------------|
| Ryanair                | 321               | 1             | 322          | 8.3%              |
| American Airlines      | 264               |               | 264          | 6.8%              |
| United Airlines        | 129               |               | 129          | 3.3%              |
| China Southern         | 124               |               | 124          | 3.2%              |
| Air China              | 116               |               | 116          | 3.0%              |
| Hainan Airlines        | 114               |               | 114          | 3.0%              |
| Southwest Airlines     | 104               |               | 104          | 2.7%              |
| Xiamen Airlines        | 104               |               | 104          | 2.7%              |
| Gol Transportes Aereos | 104               |               | 104          | 2.7%              |
| Norwegian Air Shuttle  | 92                | 1             | 93           | 2.4%              |
| Shandong Airlines      | 85                |               | 85           | 2.2%              |
| Shenzhen Airlines      | 81                |               | 81           | 2.1%              |
| Garuda Indonesia       | 79                |               | 79           | 2.0%              |
| Delta                  | 73                |               | 73           | 1.9%              |
| All Others             | 2035              | 37            | 1934         | 50.1%             |
| <b>Grand Total</b>     | <b>3825</b>       | <b>39</b>     | <b>3864</b>  | <b>100.0%</b>     |

Source: AerData January 2016

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Asia is the most popular region with over one-third of the current fleet, followed closely by Europe with 26.3% of the fleet.

**Boeing 737-800 Passenger-Configured Aircraft**

*Current Fleet by Region*

| <b>Region</b>                 | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>% of Fleet</b> |
|-------------------------------|-------------------|---------------|--------------|-------------------|
| Asia                          | 1471              | 12            | 1483         | 38.4%             |
| Europe                        | 993               | 22            | 1015         | 26.3%             |
| North America                 | 728               | 2             | 730          | 18.9%             |
| Australia and Pacific         | 158               | 2             | 160          | 4.1%              |
| Africa                        | 144               | 1             | 145          | 3.8%              |
| South America                 | 128               |               | 128          | 3.3%              |
| Central America and Caribbean | 107               |               | 107          | 2.8%              |
| Middle East                   | 95                |               | 95           | 2.5%              |
| Undisclosed                   | 1                 |               | 1            | 0.0%              |
| <b>Grand Total</b>            | <b>3825</b>       | <b>39</b>     | <b>3864</b>  | <b>100.0%</b>     |

Source: AerData January 2016

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According to Airfax, as of March 2016, there are 17 Boeing 737-800 available for sale or lease, amounting to less than 0.5% of the total current fleet.

**Source: Airfax March 2015    March 2016**

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***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 Value *redbook* publication or its web based valuation service.

**Source: mba FAV Jet Transport PLUS, 1st Half 2016**

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***Outlook***

The short- to mid-term outlook for the 737-800 is quite favorable prior to the 737MAX variants entering service. The aircraft seems to be well positioned in terms of passenger capacity vis-à-vis the current demand in the narrowbody sector, particularly when compared to smaller aircraft, such as the 737-700 and A319, which have not been as successful of late. The order book for the 737-800 remains robust, at over 1,100 units, even though many new orders being placed now favor the 737MAX variant. The long- term outlook will be shaped by the presumed success of the 737MAX. While not a true clean-sheet replacement, the modified variant represents a break in production and the last 737-800s manufactured will suffer the most from a value perspective. However, no technical obsolescence is expected for the foreseeable future as a result of the 737MAX entering service. An unknown variable at this time is the future of the 737-800 as a freighter. Boeing 737-300 and 737-400 aircraft have long been successfully converted as freighters. The values of 737-800s are currently too high to support freighter conversion. Though the aircraft from a technical perspective would likely make a good narrowbody freighter, there is plenty of much cheaper aircraft from the 737 Classic fleet, and among current production aircraft, the A320-200 will likely beat the 737-800 to the freighter conversion market, which may also reduce freighter conversion prospects for the 737-800. While the A320-200 will surely be remain a successful competitor to the 737-800, the narrowbody market has been able to handily accommodate very large fleets of both types and it is mba s expectation that this will continue into the future.

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### **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, the aircraft is capable of transporting 63 additional passengers in a typical three class configuration, or 110 additional passengers in a single class, than its 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 time.

#### ***Overview***

##### **Positive**

Healthy geographic distribution, particularly among Asia and the Middle East.

Sole-source engine which aids in remarketing and shares commonality with the 777-200LR.

Most popular widebody aircraft in terms of 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.

##### **Negative**

Backlog from 2018-2020 is in question, as the aircraft only has deliveries to 2018 at the moment. Even assuming a reduced production rate 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 it delivers the promised range and fuel burn per passenger.

The 777X, which was announced in November 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.

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As of January 2016, there were 611 active 777-300ER passenger-configured aircraft with 39 operators.

| <i>Fleet Status</i>             | <i>777-300ER</i> |
|---------------------------------|------------------|
| Net Orders                      | 790              |
| Backlog                         | 176              |
| Delivered                       | 614              |
| Destroyed/Retired               | 0                |
| Not in Service/Parked           | 3                |
| Active Aircraft                 | 611              |
| Number of Operators             | 39               |
| Average Daily Utilization (Hrs) | 12.4             |
| Average Fleet Age (Yrs)         | 4.8              |
| Source: AerData January 2016    |                  |

***Recent Developments***

In January 2016, Air China announced an order for six additional 777-300ER (Extended Range) jetliners (boeing.com).

In November 2015, EVA Airways finalized a historic order for up to 26 aircraft, including two 777-300ER (Extended Range) jetliners. The order, valued at more than US\$8 billion at current list prices, marks the largest single commercial airplane purchase in Taiwan aviation (boeing.com).

At the end of September 2015, Cathay Pacific Airways celebrated the delivery of the airline's 70th 777 aircraft – also the last and 53rd 777-300ER of its confirmed orders – making Cathay Asia the largest operator of the 777 fleet (boeing.com).

In September 2015, Emirates celebrated the simultaneous delivery of three 777, two 777-300ER, and one 777 Freighter – marking the entry of the 150th 777 to their fleet (boeing.com).

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**Table of Contents****Demographics & Availability**

Emirates is the largest operator with 18.2% of the current fleet. The next largest operator is Cathay, currently with 8.6% of the type.

**Boeing 777-300ER Passenger-Configured Aircraft**

*Current Fleet by Operator*

| <b>Operator</b>            | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total % of Fleet</b> |
|----------------------------|-------------------|---------------|--------------|-------------------------|
| Emirates                   | 112               |               | 112          | 18.2%                   |
| Cathay Pacific Airways     | 53                |               | 53           | 8.6%                    |
| Air France                 | 40                |               | 40           | 6.5%                    |
| Qatar Airways              | 30                |               | 30           | 4.9%                    |
| Singapore Airlines         | 27                |               | 27           | 4.4%                    |
| Etihad Airways             | 24                |               | 24           | 3.9%                    |
| Turkish Airlines           | 23                |               | 23           | 3.7%                    |
| Eva Air                    | 22                |               | 22           | 3.6%                    |
| All Nippon Airways         | 22                |               | 22           | 3.6%                    |
| Air China                  | 20                |               | 20           | 3.3%                    |
| Saudi Arabian              | 19                |               | 19           | 3.1%                    |
| Korean Air                 | 18                |               | 18           | 2.9%                    |
| American Airlines          | 18                |               | 18           | 2.9%                    |
| Air Canada                 | 17                |               | 17           | 2.8%                    |
| Thai Airways International | 14                |               | 14           | 2.3%                    |
| All Others                 | 152               | 3             | 155          | 25.2%                   |
| <b>Grand Total</b>         | <b>611</b>        | <b>3</b>      | <b>614</b>   | <b>100.0%</b>           |

Source: AerData January  
2016

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Despite Emirates' stronghold of the 777-300ER by operator, Asia holds the greatest percentage of the 777-300ER fleet, with approximately 41.0% based in the region. The Middle East is the second largest region with approximately 30.5% of the current fleet.

| <b>Boeing 777-300ER Passenger-Configured Aircraft</b> |                   |               |              |                         |  |
|---|-------------------|---------------|--------------|-------------------------|--|
| <i>Current Fleet by Region</i>                        |                   |               |              |                         |  |
| <b>Region</b>   | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total % of Fleet</b> |  |
| Asia  | 252               |               | 252          | 41.0%                   |  |
| Middle East   | 187               |               | 187          | 30.5%                   |  |
| Europe  | 98                |               | 98           | 16.0%                   |  |
| North America   | 36                |               | 36           | 5.9%                    |  |
| Africa  | 16                | 3             | 19           | 3.1%                    |  |
| Australia and Pacific                                 | 12                |               | 12           | 2.0%                    |  |
| South America   | 10                |               | 10           | 1.6%                    |  |
| <b>Grand Total</b>                                    | <b>611</b>        | <b>3</b>      | <b>614</b>   | <b>100.0%</b>           |  |

Source: AerData January 2016

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According to Airfax, as of March 2016, there are two 777-300ER aircraft advertised as available for sale or lease. Due to the high demand for the aircraft, there have been no 777-300ER aircraft listed as available in Airfax since August 2013 until February of this year. This could mark the start of the increase in the fleet's availability as the first few delivered models begin to come off lease.

**Source: Airfax March 2015    March 2016**

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***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 Value *redbook* publication or its web based valuation service.

**Source: mba FAV Jet Transport PLUS, 1st Half 2016**

***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 mount for the type. As more aircraft are delivered, the geographic and operator distribution of the type will widen even further, thus supporting the secondary market. Due to the success of the current program, Boeing officially launched the 777X in November 2013. Though the 777X is not anticipated to enter service until 2020, the announcement is keeping values for the 777-300ER 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 2018 and 2020 to keep the production line open. Should this occur, 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.

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### **Boeing 787-8 Current Market**

The 787-8 was originally scheduled to perform its first flight in the second half of 2007, but was delayed until late 2009. After many well publicized delays, the aircraft was certified by both the U.S. Federal Aviation Administration ( FAA ) and the European Aviation Safety Agency ( EASA ) in August 2011, with the first aircraft being delivered to All Nippon Airways ( ANA ) in September of the same year. On January 17, 2013, a year and a half after the first delivery, the FAA, and subsequently EASA, issued an emergency Airworthiness Directive which grounded all 787-8 aircraft due to a battery issue experienced during both ANA and Japan Airlines flights. By the end of April 2013, the FAA and EASA cleared the 787-8 to fly again with a number of successful battery tests.

### ***Overview***

#### **Positive**

Aircraft has become popular, receiving positive feedback from both current operators and passengers.

Production is now taking place in two facilities, increasing the output in order to meet demand.

Will accelerate the replacement of 767 aircraft in the market.

Large backlog and order book.

Offers leading technology, including a single composite material fuselage and wings, health- monitoring systems allowing the airplane to self-monitor and report maintenance requirements to ground crew, and new GE and Rolls-Royce fuel efficient engines.

Composite fuselage is expected to mitigate the maintenance costs and corrosion issues over the life-span of the aircraft.

#### **Neutral**

Engine choice positive for initial sales campaigns, but can limit remarketing opportunities downstream; this effect is mitigated by the sheer number of aircraft in fleet.

#### **Negative**

Great deal of work being performed on early production models (all aircraft built prior to line number 66 require re-work). Delays and specification issues have plagued the program.

Demand for the 787-8 has decreased as more operators move towards the 787-9.

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As of January 2016, there were 289 active passenger-configured 787-8 aircraft with 36 operators.

| <i>Fleet Status</i>             | <i>787-8</i> |
|---------------------------------|--------------|
| Net Orders                      | 459          |
| Backlog                         | 167          |
| Delivered                       | 292          |
| Destroyed/Retired               | 3            |
| Not in Service/Parked           | 0            |
| Active Aircraft                 | 289          |
| Number of Operators             | 36           |
| Average Daily Utilization (Hrs) | 9.2          |
| Average Fleet Age (Yrs)         | 2.0          |
| Source: AerData January 2016    |              |

***Recent Developments***

In October 2015, Oman Air celebrated the delivery of the airline's first Boeing 787 Dreamliner. This was part of the airline's order for six 787-8 aircraft (boeing.com).

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**Table of Contents*****Demographics & Availability***

ANA is the largest operator of 787-8 with 12.1% of the total passenger fleet. Qatar Airways is the second largest operator with 8.7% of the total fleet.

| <b>Boeing 787-8 Passenger-Configured Aircraft</b> |                   |               |              |                |
|---|-------------------|---------------|--------------|----------------|
| <i>Current Fleet by Operator</i>                  |                   |               |              |                |
| <b>Operator</b>                                   | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total %</b> |
| All Nippon Airways                                | 35                |               | 35           | 12.1%          |
| Qatar Airways                                     | 25                |               | 25           | 8.7%           |
| Japan Airlines                                    | 22                |               | 22           | 7.6%           |
| Air India   | 21                |               | 21           | 7.3%           |
| American Airlines                                 | 13                |               | 13           | 4.5%           |
| Ethiopian Airlines                                | 13                |               | 13           | 4.5%           |
| United Airlines                                   | 12                |               | 12           | 4.2%           |
| Jetstar Airways                                   | 11                |               | 11           | 3.8%           |
| LAN   | 10                |               | 10           | 3.5%           |
| China Southern                                    | 10                |               | 10           | 3.5%           |
| Hainan Airlines                                   | 10                |               | 10           | 3.5%           |
| Thomson Airways                                   | 9                 |               | 9            | 3.1%           |
| Kenya Airways                                     | 9                 |               | 9            | 3.1%           |
| Aeromexico  | 9                 |               | 9            | 3.1%           |
| Air Canada  | 8                 |               | 8            | 2.8%           |
| Norwegian Air Shuttle                             | 8                 |               | 8            | 2.8%           |
| British Airways                                   | 8                 |               | 8            | 2.8%           |
| All Others  | 56                |               | 56           | 19.4%          |
| <b>Grand total</b>                                | <b>289</b>        | <b>0</b>      | <b>289</b>   | <b>100.0%</b>  |

Source: AerData January 2016

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Asia has the largest percentage of the 787-8 fleet in the world, with 41.5% located in the region. Global distribution is expected to be more evenly spread as more 787 enter the market.

**Boeing 787-8 Passenger-Configured Aircraft**

*Current Fleet by World Region*

| <b>Region</b>                 | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total %</b> |
|-------------------------------|-------------------|---------------|--------------|----------------|
| Asia                          | 120               |               | 120          | 41.5%          |
| Middle East                   | 37                |               | 37           | 12.8%          |
| Europe                        | 36                |               | 36           | 12.5%          |
| North America                 | 33                |               | 33           | 11.4%          |
| Africa                        | 24                |               | 24           | 8.3%           |
| South America                 | 17                |               | 17           | 5.9%           |
| Australia and Pacific         | 11                |               | 11           | 3.8%           |
| Central America and Caribbean | 10                |               | 10           | 3.5%           |
| Undisclosed                   | 1                 |               | 1            | 0.3%           |
| <b>Grand Total</b>            | <b>289</b>        | <b>0</b>      | <b>289</b>   | <b>100.0%</b>  |

Source: AerData January 2016

Boeing offers two engine types for 787 family aircraft. Of the current operating 787-8 fleet, the GENx-1B engines have proven to be the most popular with 68.2% of the fleet operating the type, while Rolls-Royce has captured the remaining 31.8% of the current operating fleet. mba expects the GE engines to remain the popular engine choice; however, mba assigns no value difference between the two engine types at this time.

**Boeing 787-8 Passenger-Configured Aircraft**

*Current Fleet by Engine Type*

| <b>Engine Type</b> | <b>In Service</b> | <b>Parked</b> | <b>Total</b> | <b>Total %</b> |
|--------------------|-------------------|---------------|--------------|----------------|
| GENx-1B            | 197               |               | 197          | 68.2%          |
| Trent 1000         | 92                |               | 92           | 31.8%          |
| <b>Total</b>       | <b>289</b>        | <b>0</b>      | <b>289</b>   | <b>100.0%</b>  |

Source: AerData January 2016

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According to Airfax, as of March 2016, there are no 787-8 aircraft available for sale or lease.

**Source: Airfax March 2015    March 2016**

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***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 Value *redbook* publication or its web based valuation service.

**Source: mba FAV Jet Transport PLUS, 1<sup>st</sup> Half 2016**

***Outlook***

The newness of the 787-8 aircraft has affected the reliability and economic benefits alleged by Boeing as the aircraft went through upgrades and changes to meet operator's expectations. Values of the first built models remain under scrutiny as significant changes in the aircraft have increased the aircraft's current value. The production rate of the 787 family is currently ten aircraft per month, increased from seven per month in December 2013, and will take a number of years before the market is saturated enough to level the price impact. Values of aircraft off the production line, line number 66, are expected to remain stable in the short- to medium-term. The aircraft experienced cancellations during and after the grounding in 2013, but the value of the aircraft is not anticipated to be heavily impacted by the disruption to service or the modification to the lithium-ion battery.

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**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, mba 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;
10. In the case of the Base, no accounting is made for lease revenues, obligations or terms of ownership unless otherwise specified; and
11. Aircraft that are less than two (2) years old have inherent maintenance included, and are therefore not maintenance adjusted.

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| Aircraft Portfolio |               |               |              |                  |            |             |                   |
|--------------------|---------------|---------------|--------------|------------------|------------|-------------|-------------------|
| No.                | Aircraft Type | Serial Number | Registration | Manufacture Date | MTOW (lbs) | Engine Type | Operator          |
| 1                  | A321-200      | 6840          | N151AN       | Nov-15           | 206,100    | V2533-A5    | American Airlines |
| 2                  | A321-200      | 6908          | N153AN       | Dec-15           | 206,100    | V2533-A5    | American Airlines |
| 3                  | A321-200      | 6621          | N162AA       | May-16           | 206,100    | V2533-A5    | American Airlines |
| 4                  | A321-200      | 6866          | N163AA       | May-16           | 206,100    | V2533-A5    | American Airlines |
| 5                  | A321-200      | 6909          | N164NN       | Jun-16           | 206,100    | V2533-A5    | American Airlines |
| 6                  | A321-200      | 6956          | N165NN       | Jun-16           | 206,100    | V2533-A5    | American Airlines |
| 7                  | A321-200      | 7154          | N988AL       | Jun-16           | 206,100    | V2533-A5    | American Airlines |
| 8                  | A321-200      | 6973          | N166NN       | Jul-16           | 206,100    | V2533-A5    | American Airlines |
| 9                  | A321-200      | 7013          | N167AN       | Jul-16           | 206,100    | V2533-A5    | American Airlines |
| 10                 | A321-200      | 7046          | N986AN       | Aug-16           | 206,100    | V2533-A5    | American Airlines |
| 11                 | A321-200      | 7079          | N987AM       | Aug-16           | 206,100    | V2533-A5    | American Airlines |
| 12                 | 737-800       | 33337         | N983NN       | Dec-15           | 158,500    | CFM56-7B    | American Airlines |
| 13                 | 737-800       | 31241         | N991NN       | May-16           | 158,500    | CFM56-7B    | American Airlines |
| 14                 | 737-800       | 31244         | N993NN       | Jun-16           | 158,500    | CFM56-7B    | American Airlines |
| 15                 | 737-800       | 33340         | N992NN       | Jun-16           | 158,500    | CFM56-7B    | American Airlines |
| 16                 | 737-800       | 33248         | N994NN       | Jul-16           | 158,500    | CFM56-7B    | American Airlines |
| 17                 | 737-800       | 31245         | N995NN       | Jul-16           | 158,500    | CFM56-7B    | American Airlines |
| 18                 | 737-800       | 31248         | N996NN       | Aug-16           | 158,500    | CFM56-7B    | American Airlines |
| 19                 | 777-300ER     | 32439         | N735AT       | Feb-16           | 700,000    | GE90-115    | American Airlines |
| 20                 | 777-300ER     | 33538         | N736AT       | Mar-16           | 700,000    | GE90-115    | American Airlines |
| 21                 | 787-8         | 40633         | N815AA       | May-16           | 502,500    | GE90-115    | American Airlines |
| 22                 | 787-8         | 40634         | N816AA       | May-16           | 502,500    | GE90-115    | American Airlines |

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| Portfolio Valuation |               |               |                   |                  |                           |               |                   |
|---------------------|---------------|---------------|-------------------|------------------|---------------------------|---------------|-------------------|
| (US\$ Million)      |               |               |                   |                  |                           |               |                   |
| No.                 | Aircraft Type | Serial Number | BV w/<br>Newness  | MTOW<br>Adj.     | Winglet Adj. <sup>1</sup> | Engine Adj.   | HT CBV            |
| 1                   | A321-200      | 6840          | \$52.83           | \$0.47           | \$0.00                    | \$0.60        | \$53.90           |
| 2                   | A321-200      | 6908          | \$53.11           | \$0.47           | \$0.00                    | \$0.60        | \$54.18           |
| 3                   | A321-200      | 6621          | \$53.56           | \$0.49           | \$0.00                    | \$0.60        | \$54.65           |
| 4                   | A321-200      | 6866          | \$53.56           | \$0.49           | \$0.00                    | \$0.60        | \$54.65           |
| 5                   | A321-200      | 6909          | \$53.60           | \$0.49           | \$0.00                    | \$0.60        | \$54.69           |
| 6                   | A321-200      | 6956          | \$53.60           | \$0.49           | \$0.00                    | \$0.60        | \$54.69           |
| 7                   | A321-200      | 7154          | \$53.60           | \$0.49           | \$0.00                    | \$0.60        | \$54.69           |
| 8                   | A321-200      | 6973          | \$53.65           | \$0.49           | \$0.00                    | \$0.60        | \$54.74           |
| 9                   | A321-200      | 7013          | \$53.65           | \$0.49           | \$0.00                    | \$0.60        | \$54.74           |
| 10                  | A321-200      | 7046          | \$53.69           | \$0.49           | \$0.00                    | \$0.60        | \$54.78           |
| 11                  | A321-200      | 7079          | \$53.69           | \$0.49           | \$0.00                    | \$0.60        | \$54.78           |
| 12                  | 737-800       | 33337         | \$48.03           | (\$0.94)         | \$0.00                    | \$0.00        | \$47.09           |
| 13                  | 737-800       | 31241         | \$48.46           | (\$0.99)         | \$0.00                    | \$0.00        | \$47.47           |
| 14                  | 737-800       | 31244         | \$48.50           | (\$0.99)         | \$0.00                    | \$0.00        | \$47.51           |
| 15                  | 737-800       | 33340         | \$48.50           | (\$0.99)         | \$0.00                    | \$0.00        | \$47.51           |
| 16                  | 737-800       | 33248         | \$48.54           | (\$0.99)         | \$0.00                    | \$0.00        | \$47.55           |
| 17                  | 737-800       | 31245         | \$48.54           | (\$0.99)         | \$0.00                    | \$0.00        | \$47.55           |
| 18                  | 737-800       | 31248         | \$48.58           | (\$0.99)         | \$0.00                    | \$0.00        | \$47.59           |
| 19                  | 777-300ER     | 32439         | \$166.05          | (\$4.73)         | \$0.00                    | \$0.00        | \$161.32          |
| 20                  | 777-300ER     | 33538         | \$166.19          | (\$4.73)         | \$0.00                    | \$0.00        | \$161.46          |
| 21                  | 787-8         | 40633         | \$120.20          | \$0.00           | \$0.00                    | \$0.00        | \$120.20          |
| 22                  | 787-8         | 40634         | \$120.20          | \$0.00           | \$0.00                    | \$0.00        | \$120.20          |
| <b>Total</b>        |               |               | <b>\$1,500.33</b> | <b>(\$10.99)</b> | <b>\$0.00</b>             | <b>\$6.60</b> | <b>\$1,495.94</b> |

<sup>1</sup> Sharklets are standard on A321-200 aircraft of 2015 vintage or newer, and 737-800 aircraft of all vintages.

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**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                |
| Engine Adj. -   | Adjustment for Engine Type             |
| HT CBV -        | Half-Time Current Base Value           |

**V. Covenants**

This Report has been prepared for the exclusive use of American Airlines, Inc. and shall not be provided to other parties by mba without the express consent of American Airlines, Inc. mba certifies that this Report has been independently prepared and that it fully and accurately reflects mba's and the signatory's opinion as to 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 Aircraft 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 Subject Aircraft valued herein.

This Report represents the opinion of mba as to 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, Inc. 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:**

Kim Seward

Senior Analyst - Valuations

Morten Beyer & Agnew

April 26, 2016

**REVIEWED BY:**

Lindsey Webster

Manager - Valuations

Morten Beyer & Agnew

ISTAT Certified Appraiser

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**Table of Contents****APPENDIX III SUMMARY OF APPRAISED VALUES**

| Aircraft Type | Registration Number | Manufacturer's Serial Number | Delivery Month | Appraiser's Valuations | Appraiser's Valuations | Appraiser's Valuations |                |
|---------------|---------------------|------------------------------|----------------|------------------------|------------------------|------------------------|----------------|
|               |                     |                              |                | AISI                   | BK                     | MBA                    |                |
|               |                     |                              |                | Base Value             | Base Value             | Base Value             |                |
| Airbus        | A321-231S           | N151AN                       | 6840           | November 2015          | \$ 51,400,000*         | \$ 54,050,000          | \$ 53,900,000  |
| Airbus        | A321-231S           | N153AN                       | 6908           | December 2015          | \$ 51,680,000*         | \$ 53,700,000          | \$ 54,180,000  |
| Airbus        | A321-231S           | N162AA                       | 6621           | May 2016               | \$ 55,170,000          | \$ 54,800,000          | \$ 54,650,000  |
| Airbus        | A321-231S           | N163AA                       | 6866           | May 2016               | \$ 55,170,000          | \$ 54,800,000          | \$ 54,650,000  |
| Airbus        | A321-231S           | N164NN                       | 6909           | June 2016              | \$ 55,260,000          | \$ 54,800,000          | \$ 54,690,000  |
| Airbus        | A321-231S           | N165NN                       | 6956           | June 2016              | \$ 55,260,000          | \$ 54,800,000          | \$ 54,690,000  |
| Airbus        | A321-231S           | N988AL                       | 7154           | June 2016              | \$ 55,260,000          | \$ 54,800,000          | \$ 54,690,000  |
| Airbus        | A321-231S           | N166NN                       | 6973           | July 2016              | \$ 55,350,000          | \$ 55,950,000          | \$ 54,740,000  |
| Airbus        | A321-231S           | N167AN                       | 7013           | July 2016              | \$ 55,350,000          | \$ 55,950,000          | \$ 54,740,000  |
| Airbus        | A321-231S           | N986AN                       | 7046           | August 2016            | \$ 55,440,000          | \$ 55,950,000          | \$ 54,780,000  |
| Airbus        | A321-231S           | N987AM                       | 7079           | August 2016            | \$ 55,440,000          | \$ 55,950,000          | \$ 54,780,000  |
| Boeing        | 737-823             | N983NN                       | 33337          | December 2015          | \$ 46,730,000*         | \$ 46,800,000          | \$ 47,090,000  |
| Boeing        | 737-823             | N991NN                       | 31241          | May 2016               | \$ 50,220,000          | \$ 47,500,000          | \$ 47,470,000  |
| Boeing        | 737-823             | N992NN                       | 33340          | June 2016              | \$ 50,300,000          | \$ 47,500,000          | \$ 47,510,000  |
| Boeing        | 737-823             | N993NN                       | 31244          | June 2016              | \$ 50,300,000          | \$ 47,500,000          | \$ 47,510,000  |
| Boeing        | 737-823             | N994NN                       | 33248          | July 2016              | \$ 50,380,000          | \$ 48,150,000          | \$ 47,550,000  |
| Boeing        | 737-823             | N995NN                       | 31245          | July 2016              | \$ 50,380,000          | \$ 48,150,000          | \$ 47,550,000  |
| Boeing        | 737-823             | N996NN                       | 31248          | August 2016            | \$ 50,470,000          | \$ 48,150,000          | \$ 47,590,000  |
| Boeing        | 777-323ER           | N735AT                       | 32439          | February 2016          | \$ 149,990,000*        | \$ 165,150,000         | \$ 161,320,000 |



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|               |        |       |            |                         |                         |                         |
|---------------|--------|-------|------------|-------------------------|-------------------------|-------------------------|
| Boeing        |        |       |            |                         |                         |                         |
| 777-323ER     | N736AT | 33538 | March 2016 | \$ 150,320,000*         | \$ 165,300,000          | \$ 161,460,000          |
| Boeing 787-8  | N815AA | 40633 | May 2016   | \$ 122,290,000          | \$ 117,000,000          | \$ 120,200,000          |
| Boeing 787-8  | N816AA | 40634 | May 2016   | \$ 122,290,000          | \$ 117,000,000          | \$ 120,200,000          |
| <b>Total:</b> |        |       |            | <b>\$ 1,494,450,000</b> | <b>\$ 1,503,750,000</b> | <b>\$ 1,495,940,000</b> |

\* Base value adjusted for the maintenance status of such Aircraft at or around the time of the Appraisal.

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**APPENDIX IV LOAN TO VALUE RATIO TABLES**

The following tables set forth the loan to Aircraft value ratios for the Series AA Equipment Notes and Series A Equipment Notes issued in respect of each Aircraft that may be financed pursuant to this offering as of (i) December 15, 2016, assuming such Aircraft has been subjected to the related Indenture and each Trust has purchased the applicable Equipment Notes as of December 15, 2016 (the first Regular Distribution Date that occurs after all Aircraft are expected to have been financed pursuant to this offering) and (ii) each Regular Distribution Date thereafter.

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 A Equipment Notes, the outstanding balance of the Series AA 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****A. Airbus A321-231S**

N151AN

| <b>Date</b>       | <b>Assumed<br/>Aircraft Value</b> | <b>Series AA</b>               |            | <b>Series A</b>                |            |
|-------------------|-----------------------------------|--------------------------------|------------|--------------------------------|------------|
|                   |                                   | <b>Outstanding<br/>Balance</b> | <b>LTV</b> | <b>Outstanding<br/>Balance</b> | <b>LTV</b> |
| At Issuance       | \$ 53,116,666.67                  | \$ 20,184,000.00               | 38.0%      | \$ 9,296,000.00                | 55.5%      |
| December 15, 2016 | 52,307,783.42                     | 20,184,000.00                  | 38.6%      | 9,296,000.00                   | 56.4%      |
| June 15, 2017     | 51,498,900.17                     | 19,659,216.00                  | 38.2%      | 9,054,304.00                   | 55.8%      |
| December 15, 2017 | 50,690,016.92                     | 19,134,432.00                  | 37.7%      | 8,812,608.00                   | 55.1%      |
| June 15, 2018     | 49,881,133.67                     | 18,609,648.00                  | 37.3%      | 8,570,912.00                   | 54.5%      |
| December 15, 2018 | 49,072,250.43                     | 18,155,508.00                  | 37.0%      | 8,361,752.00                   | 54.0%      |
| June 15, 2019     | 48,263,367.18                     | 17,701,368.00                  | 36.7%      | 8,152,592.00                   | 53.6%      |
| December 15, 2019 | 47,454,483.93                     | 17,247,228.00                  | 36.3%      | 7,943,432.00                   | 53.1%      |
| June 15, 2020     | 46,645,600.68                     | 16,793,088.00                  | 36.0%      | 7,734,272.00                   | 52.6%      |
| December 15, 2020 | 45,836,717.43                     | 16,338,948.00                  | 35.6%      | 7,525,112.00                   | 52.1%      |
| June 15, 2021     | 45,027,834.18                     | 15,884,808.00                  | 35.3%      | 7,315,952.00                   | 51.5%      |
| December 15, 2021 | 44,218,950.93                     | 15,430,668.00                  | 34.9%      | 7,106,792.00                   | 51.0%      |
| June 15, 2022     | 43,410,067.68                     | 14,976,528.00                  | 34.5%      | 6,897,632.00                   | 50.4%      |
| December 15, 2022 | 42,601,184.44                     | 14,522,388.00                  | 34.1%      | 6,688,472.00                   | 49.8%      |
| June 15, 2023     | 41,792,301.19                     | 14,068,248.00                  | 33.7%      | 6,479,312.00                   | 49.2%      |
| December 15, 2023 | 40,983,417.94                     | 13,614,108.00                  | 33.2%      | 6,270,152.00                   | 48.5%      |
| June 15, 2024     | 40,174,534.69                     | 13,159,968.00                  | 32.8%      | 6,060,992.00                   | 47.8%      |
| December 15, 2024 | 39,365,651.44                     | 12,705,828.00                  | 32.3%      | 5,851,832.00                   | 47.1%      |
| June 15, 2025     | 38,556,768.19                     | 12,251,688.00                  | 31.8%      | 5,642,672.00                   | 46.4%      |
| December 15, 2025 | 37,747,884.94                     | 11,797,548.00                  | 31.3%      | 5,433,512.00                   | 45.6%      |
| June 15, 2026     | 36,939,001.69                     | 11,343,408.00                  | 30.7%      | 5,224,352.00                   | 44.9%      |
| December 15, 2026 | 36,130,118.45                     | 10,889,268.00                  | 30.1%      | 5,015,192.00                   | 44.0%      |
| June 15, 2027     | 35,321,235.20                     | 10,435,128.00                  | 29.5%      | 4,806,032.00                   | 43.2%      |
| December 15, 2027 | 34,512,351.95                     | 9,980,988.00                   | 28.9%      | 4,596,872.00                   | 42.2%      |
| June 15, 2028     | 33,703,468.70                     | 0.00                           | 0.0%       | 0.00                           | 0.0%       |

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## N153AN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 53,186,666.67          | \$ 20,211,000.00       | 38.0% | \$ 9,308,000.00        | 55.5% |
| December 15, 2016 | 52,376,717.43             | 20,211,000.00          | 38.6% | 9,308,000.00           | 56.4% |
| June 15, 2017     | 51,566,768.19             | 19,685,514.00          | 38.2% | 9,065,992.00           | 55.8% |
| December 15, 2017 | 50,756,818.95             | 19,160,028.00          | 37.7% | 8,823,984.00           | 55.1% |
| June 15, 2018     | 49,946,869.72             | 18,634,542.00          | 37.3% | 8,581,976.00           | 54.5% |
| December 15, 2018 | 49,136,920.48             | 18,179,794.50          | 37.0% | 8,372,546.00           | 54.0% |
| June 15, 2019     | 48,326,971.24             | 17,725,047.00          | 36.7% | 8,163,116.00           | 53.6% |
| December 15, 2019 | 47,517,022.00             | 17,270,299.50          | 36.3% | 7,953,686.00           | 53.1% |
| June 15, 2020     | 46,707,072.76             | 16,815,552.00          | 36.0% | 7,744,256.00           | 52.6% |
| December 15, 2020 | 45,897,123.52             | 16,360,804.50          | 35.6% | 7,534,826.00           | 52.1% |
| June 15, 2021     | 45,087,174.28             | 15,906,057.00          | 35.3% | 7,325,396.00           | 51.5% |
| December 15, 2021 | 44,277,225.05             | 15,451,309.50          | 34.9% | 7,115,966.00           | 51.0% |
| June 15, 2022     | 43,467,275.81             | 14,996,562.00          | 34.5% | 6,906,536.00           | 50.4% |
| December 15, 2022 | 42,657,326.57             | 14,541,814.50          | 34.1% | 6,697,106.00           | 49.8% |
| June 15, 2023     | 41,847,377.33             | 14,087,067.00          | 33.7% | 6,487,676.00           | 49.2% |
| December 15, 2023 | 41,037,428.09             | 13,632,319.50          | 33.2% | 6,278,246.00           | 48.5% |
| June 15, 2024     | 40,227,478.85             | 13,177,572.00          | 32.8% | 6,068,816.00           | 47.8% |
| December 15, 2024 | 39,417,529.61             | 12,722,824.50          | 32.3% | 5,859,386.00           | 47.1% |
| June 15, 2025     | 38,607,580.37             | 12,268,077.00          | 31.8% | 5,649,956.00           | 46.4% |
| December 15, 2025 | 37,797,631.14             | 11,813,329.50          | 31.3% | 5,440,526.00           | 45.6% |
| June 15, 2026     | 36,987,681.90             | 11,358,582.00          | 30.7% | 5,231,096.00           | 44.9% |
| December 15, 2026 | 36,177,732.66             | 10,903,834.50          | 30.1% | 5,021,666.00           | 44.0% |
| June 15, 2027     | 35,367,783.42             | 10,449,087.00          | 29.5% | 4,812,236.00           | 43.2% |
| December 15, 2027 | 34,557,834.18             | 9,994,339.50           | 28.9% | 4,602,806.00           | 42.2% |
| June 15, 2028     | 33,747,884.94             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N162AA

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 54,800,000.00          | \$ 20,824,000.00       | 38.0% | \$ 9,590,000.00        | 55.5% |
| December 15, 2016 | 53,978,000.00             | 20,824,000.00          | 38.6% | 9,590,000.00           | 56.3% |
| June 15, 2017     | 53,156,000.00             | 20,282,576.00          | 38.2% | 9,340,660.00           | 55.7% |
| December 15, 2017 | 52,334,000.00             | 19,741,152.00          | 37.7% | 9,091,320.00           | 55.1% |
| June 15, 2018     | 51,512,000.00             | 19,199,728.00          | 37.3% | 8,841,980.00           | 54.4% |
| December 15, 2018 | 50,690,000.00             | 18,731,188.00          | 37.0% | 8,626,205.00           | 54.0% |
| June 15, 2019     | 49,868,000.00             | 18,262,648.00          | 36.6% | 8,410,430.00           | 53.5% |
| December 15, 2019 | 49,046,000.00             | 17,794,108.00          | 36.3% | 8,194,655.00           | 53.0% |
| June 15, 2020     | 48,224,000.00             | 17,325,568.00          | 35.9% | 7,978,880.00           | 52.5% |
| December 15, 2020 | 47,402,000.00             | 16,857,028.00          | 35.6% | 7,763,105.00           | 51.9% |
| June 15, 2021     | 46,580,000.00             | 16,388,488.00          | 35.2% | 7,547,330.00           | 51.4% |
| December 15, 2021 | 45,758,000.00             | 15,919,948.00          | 34.8% | 7,331,555.00           | 50.8% |
| June 15, 2022     | 44,936,000.00             | 15,451,408.00          | 34.4% | 7,115,780.00           | 50.2% |
| December 15, 2022 | 44,114,000.00             | 14,982,868.00          | 34.0% | 6,900,005.00           | 49.6% |
| June 15, 2023     | 43,292,000.00             | 14,514,328.00          | 33.5% | 6,684,230.00           | 49.0% |
| December 15, 2023 | 42,470,000.00             | 14,045,788.00          | 33.1% | 6,468,455.00           | 48.3% |
| June 15, 2024     | 41,648,000.00             | 13,577,248.00          | 32.6% | 6,252,680.00           | 47.6% |
| December 15, 2024 | 40,826,000.00             | 13,108,708.00          | 32.1% | 6,036,905.00           | 46.9% |
| June 15, 2025     | 40,004,000.00             | 12,640,168.00          | 31.6% | 5,821,130.00           | 46.1% |
| December 15, 2025 | 39,182,000.00             | 12,171,628.00          | 31.1% | 5,605,355.00           | 45.4% |
| June 15, 2026     | 38,360,000.00             | 11,703,088.00          | 30.5% | 5,389,580.00           | 44.6% |
| December 15, 2026 | 37,538,000.00             | 11,234,548.00          | 29.9% | 5,173,805.00           | 43.7% |
| June 15, 2027     | 36,716,000.00             | 10,766,008.00          | 29.3% | 4,958,030.00           | 42.8% |
| December 15, 2027 | 35,894,000.00             | 10,297,468.00          | 28.7% | 4,742,255.00           | 41.9% |
| June 15, 2028     | 35,072,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N163AA

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 54,800,000.00          | \$ 20,824,000.00       | 38.0% | \$ 9,590,000.00        | 55.5% |
| December 15, 2016 | 53,978,000.00             | 20,824,000.00          | 38.6% | 9,590,000.00           | 56.3% |
| June 15, 2017     | 53,156,000.00             | 20,282,576.00          | 38.2% | 9,340,660.00           | 55.7% |
| December 15, 2017 | 52,334,000.00             | 19,741,152.00          | 37.7% | 9,091,320.00           | 55.1% |
| June 15, 2018     | 51,512,000.00             | 19,199,728.00          | 37.3% | 8,841,980.00           | 54.4% |
| December 15, 2018 | 50,690,000.00             | 18,731,188.00          | 37.0% | 8,626,205.00           | 54.0% |
| June 15, 2019     | 49,868,000.00             | 18,262,648.00          | 36.6% | 8,410,430.00           | 53.5% |
| December 15, 2019 | 49,046,000.00             | 17,794,108.00          | 36.3% | 8,194,655.00           | 53.0% |
| June 15, 2020     | 48,224,000.00             | 17,325,568.00          | 35.9% | 7,978,880.00           | 52.5% |
| December 15, 2020 | 47,402,000.00             | 16,857,028.00          | 35.6% | 7,763,105.00           | 51.9% |
| June 15, 2021     | 46,580,000.00             | 16,388,488.00          | 35.2% | 7,547,330.00           | 51.4% |
| December 15, 2021 | 45,758,000.00             | 15,919,948.00          | 34.8% | 7,331,555.00           | 50.8% |
| June 15, 2022     | 44,936,000.00             | 15,451,408.00          | 34.4% | 7,115,780.00           | 50.2% |
| December 15, 2022 | 44,114,000.00             | 14,982,868.00          | 34.0% | 6,900,005.00           | 49.6% |
| June 15, 2023     | 43,292,000.00             | 14,514,328.00          | 33.5% | 6,684,230.00           | 49.0% |
| December 15, 2023 | 42,470,000.00             | 14,045,788.00          | 33.1% | 6,468,455.00           | 48.3% |
| June 15, 2024     | 41,648,000.00             | 13,577,248.00          | 32.6% | 6,252,680.00           | 47.6% |
| December 15, 2024 | 40,826,000.00             | 13,108,708.00          | 32.1% | 6,036,905.00           | 46.9% |
| June 15, 2025     | 40,004,000.00             | 12,640,168.00          | 31.6% | 5,821,130.00           | 46.1% |
| December 15, 2025 | 39,182,000.00             | 12,171,628.00          | 31.1% | 5,605,355.00           | 45.4% |
| June 15, 2026     | 38,360,000.00             | 11,703,088.00          | 30.5% | 5,389,580.00           | 44.6% |
| December 15, 2026 | 37,538,000.00             | 11,234,548.00          | 29.9% | 5,173,805.00           | 43.7% |
| June 15, 2027     | 36,716,000.00             | 10,766,008.00          | 29.3% | 4,958,030.00           | 42.8% |
| December 15, 2027 | 35,894,000.00             | 10,297,468.00          | 28.7% | 4,742,255.00           | 41.9% |
| June 15, 2028     | 35,072,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N164NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 54,800,000.00          | \$ 20,824,000.00       | 38.0% | \$ 9,590,000.00        | 55.5% |
| December 15, 2016 | 53,978,000.00             | 20,824,000.00          | 38.6% | 9,590,000.00           | 56.3% |
| June 15, 2017     | 53,156,000.00             | 20,282,576.00          | 38.2% | 9,340,660.00           | 55.7% |
| December 15, 2017 | 52,334,000.00             | 19,741,152.00          | 37.7% | 9,091,320.00           | 55.1% |
| June 15, 2018     | 51,512,000.00             | 19,199,728.00          | 37.3% | 8,841,980.00           | 54.4% |
| December 15, 2018 | 50,690,000.00             | 18,731,188.00          | 37.0% | 8,626,205.00           | 54.0% |
| June 15, 2019     | 49,868,000.00             | 18,262,648.00          | 36.6% | 8,410,430.00           | 53.5% |
| December 15, 2019 | 49,046,000.00             | 17,794,108.00          | 36.3% | 8,194,655.00           | 53.0% |
| June 15, 2020     | 48,224,000.00             | 17,325,568.00          | 35.9% | 7,978,880.00           | 52.5% |
| December 15, 2020 | 47,402,000.00             | 16,857,028.00          | 35.6% | 7,763,105.00           | 51.9% |
| June 15, 2021     | 46,580,000.00             | 16,388,488.00          | 35.2% | 7,547,330.00           | 51.4% |
| December 15, 2021 | 45,758,000.00             | 15,919,948.00          | 34.8% | 7,331,555.00           | 50.8% |
| June 15, 2022     | 44,936,000.00             | 15,451,408.00          | 34.4% | 7,115,780.00           | 50.2% |
| December 15, 2022 | 44,114,000.00             | 14,982,868.00          | 34.0% | 6,900,005.00           | 49.6% |
| June 15, 2023     | 43,292,000.00             | 14,514,328.00          | 33.5% | 6,684,230.00           | 49.0% |
| December 15, 2023 | 42,470,000.00             | 14,045,788.00          | 33.1% | 6,468,455.00           | 48.3% |
| June 15, 2024     | 41,648,000.00             | 13,577,248.00          | 32.6% | 6,252,680.00           | 47.6% |
| December 15, 2024 | 40,826,000.00             | 13,108,708.00          | 32.1% | 6,036,905.00           | 46.9% |
| June 15, 2025     | 40,004,000.00             | 12,640,168.00          | 31.6% | 5,821,130.00           | 46.1% |
| December 15, 2025 | 39,182,000.00             | 12,171,628.00          | 31.1% | 5,605,355.00           | 45.4% |
| June 15, 2026     | 38,360,000.00             | 11,703,088.00          | 30.5% | 5,389,580.00           | 44.6% |
| December 15, 2026 | 37,538,000.00             | 11,234,548.00          | 29.9% | 5,173,805.00           | 43.7% |
| June 15, 2027     | 36,716,000.00             | 10,766,008.00          | 29.3% | 4,958,030.00           | 42.8% |
| December 15, 2027 | 35,894,000.00             | 10,297,468.00          | 28.7% | 4,742,255.00           | 41.9% |
| June 15, 2028     | 35,072,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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N165NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 54,800,000.00          | \$ 20,824,000.00       | 38.0% | \$ 9,590,000.00        | 55.5% |
| December 15, 2016 | 53,978,000.00             | 20,824,000.00          | 38.6% | 9,590,000.00           | 56.3% |
| June 15, 2017     | 53,156,000.00             | 20,282,576.00          | 38.2% | 9,340,660.00           | 55.7% |
| December 15, 2017 | 52,334,000.00             | 19,741,152.00          | 37.7% | 9,091,320.00           | 55.1% |
| June 15, 2018     | 51,512,000.00             | 19,199,728.00          | 37.3% | 8,841,980.00           | 54.4% |
| December 15, 2018 | 50,690,000.00             | 18,731,188.00          | 37.0% | 8,626,205.00           | 54.0% |
| June 15, 2019     | 49,868,000.00             | 18,262,648.00          | 36.6% | 8,410,430.00           | 53.5% |
| December 15, 2019 | 49,046,000.00             | 17,794,108.00          | 36.3% | 8,194,655.00           | 53.0% |
| June 15, 2020     | 48,224,000.00             | 17,325,568.00          | 35.9% | 7,978,880.00           | 52.5% |
| December 15, 2020 | 47,402,000.00             | 16,857,028.00          | 35.6% | 7,763,105.00           | 51.9% |
| June 15, 2021     | 46,580,000.00             | 16,388,488.00          | 35.2% | 7,547,330.00           | 51.4% |
| December 15, 2021 | 45,758,000.00             | 15,919,948.00          | 34.8% | 7,331,555.00           | 50.8% |
| June 15, 2022     | 44,936,000.00             | 15,451,408.00          | 34.4% | 7,115,780.00           | 50.2% |
| December 15, 2022 | 44,114,000.00             | 14,982,868.00          | 34.0% | 6,900,005.00           | 49.6% |
| June 15, 2023     | 43,292,000.00             | 14,514,328.00          | 33.5% | 6,684,230.00           | 49.0% |
| December 15, 2023 | 42,470,000.00             | 14,045,788.00          | 33.1% | 6,468,455.00           | 48.3% |
| June 15, 2024     | 41,648,000.00             | 13,577,248.00          | 32.6% | 6,252,680.00           | 47.6% |
| December 15, 2024 | 40,826,000.00             | 13,108,708.00          | 32.1% | 6,036,905.00           | 46.9% |
| June 15, 2025     | 40,004,000.00             | 12,640,168.00          | 31.6% | 5,821,130.00           | 46.1% |
| December 15, 2025 | 39,182,000.00             | 12,171,628.00          | 31.1% | 5,605,355.00           | 45.4% |
| June 15, 2026     | 38,360,000.00             | 11,703,088.00          | 30.5% | 5,389,580.00           | 44.6% |
| December 15, 2026 | 37,538,000.00             | 11,234,548.00          | 29.9% | 5,173,805.00           | 43.7% |
| June 15, 2027     | 36,716,000.00             | 10,766,008.00          | 29.3% | 4,958,030.00           | 42.8% |
| December 15, 2027 | 35,894,000.00             | 10,297,468.00          | 28.7% | 4,742,255.00           | 41.9% |
| June 15, 2028     | 35,072,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N988AL

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 54,800,000.00          | \$ 20,824,000.00       | 38.0% | \$ 9,590,000.00        | 55.5% |
| December 15, 2016 | 53,978,000.00             | 20,824,000.00          | 38.6% | 9,590,000.00           | 56.3% |
| June 15, 2017     | 53,156,000.00             | 20,282,576.00          | 38.2% | 9,340,660.00           | 55.7% |
| December 15, 2017 | 52,334,000.00             | 19,741,152.00          | 37.7% | 9,091,320.00           | 55.1% |
| June 15, 2018     | 51,512,000.00             | 19,199,728.00          | 37.3% | 8,841,980.00           | 54.4% |
| December 15, 2018 | 50,690,000.00             | 18,731,188.00          | 37.0% | 8,626,205.00           | 54.0% |
| June 15, 2019     | 49,868,000.00             | 18,262,648.00          | 36.6% | 8,410,430.00           | 53.5% |
| December 15, 2019 | 49,046,000.00             | 17,794,108.00          | 36.3% | 8,194,655.00           | 53.0% |
| June 15, 2020     | 48,224,000.00             | 17,325,568.00          | 35.9% | 7,978,880.00           | 52.5% |
| December 15, 2020 | 47,402,000.00             | 16,857,028.00          | 35.6% | 7,763,105.00           | 51.9% |
| June 15, 2021     | 46,580,000.00             | 16,388,488.00          | 35.2% | 7,547,330.00           | 51.4% |
| December 15, 2021 | 45,758,000.00             | 15,919,948.00          | 34.8% | 7,331,555.00           | 50.8% |
| June 15, 2022     | 44,936,000.00             | 15,451,408.00          | 34.4% | 7,115,780.00           | 50.2% |
| December 15, 2022 | 44,114,000.00             | 14,982,868.00          | 34.0% | 6,900,005.00           | 49.6% |
| June 15, 2023     | 43,292,000.00             | 14,514,328.00          | 33.5% | 6,684,230.00           | 49.0% |
| December 15, 2023 | 42,470,000.00             | 14,045,788.00          | 33.1% | 6,468,455.00           | 48.3% |
| June 15, 2024     | 41,648,000.00             | 13,577,248.00          | 32.6% | 6,252,680.00           | 47.6% |
| December 15, 2024 | 40,826,000.00             | 13,108,708.00          | 32.1% | 6,036,905.00           | 46.9% |
| June 15, 2025     | 40,004,000.00             | 12,640,168.00          | 31.6% | 5,821,130.00           | 46.1% |
| December 15, 2025 | 39,182,000.00             | 12,171,628.00          | 31.1% | 5,605,355.00           | 45.4% |
| June 15, 2026     | 38,360,000.00             | 11,703,088.00          | 30.5% | 5,389,580.00           | 44.6% |
| December 15, 2026 | 37,538,000.00             | 11,234,548.00          | 29.9% | 5,173,805.00           | 43.7% |
| June 15, 2027     | 36,716,000.00             | 10,766,008.00          | 29.3% | 4,958,030.00           | 42.8% |
| December 15, 2027 | 35,894,000.00             | 10,297,468.00          | 28.7% | 4,742,255.00           | 41.9% |
| June 15, 2028     | 35,072,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N166NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 55,346,666.67          | \$ 21,032,000.00       | 38.0% | \$ 9,685,000.00        | 55.5% |
| December 15, 2016 | 54,516,466.67             | 21,032,000.00          | 38.6% | 9,685,000.00           | 56.3% |
| June 15, 2017     | 53,686,266.67             | 20,485,168.00          | 38.2% | 9,433,190.00           | 55.7% |
| December 15, 2017 | 52,856,066.67             | 19,938,336.00          | 37.7% | 9,181,380.00           | 55.1% |
| June 15, 2018     | 52,025,866.67             | 19,391,504.00          | 37.3% | 8,929,570.00           | 54.4% |
| December 15, 2018 | 51,195,666.67             | 18,918,284.00          | 37.0% | 8,711,657.50           | 54.0% |
| June 15, 2019     | 50,365,466.67             | 18,445,064.00          | 36.6% | 8,493,745.00           | 53.5% |
| December 15, 2019 | 49,535,266.67             | 17,971,844.00          | 36.3% | 8,275,832.50           | 53.0% |
| June 15, 2020     | 48,705,066.67             | 17,498,624.00          | 35.9% | 8,057,920.00           | 52.5% |
| December 15, 2020 | 47,874,866.67             | 17,025,404.00          | 35.6% | 7,840,007.50           | 51.9% |
| June 15, 2021     | 47,044,666.67             | 16,552,184.00          | 35.2% | 7,622,095.00           | 51.4% |
| December 15, 2021 | 46,214,466.67             | 16,078,964.00          | 34.8% | 7,404,182.50           | 50.8% |
| June 15, 2022     | 45,384,266.67             | 15,605,744.00          | 34.4% | 7,186,270.00           | 50.2% |
| December 15, 2022 | 44,554,066.67             | 15,132,524.00          | 34.0% | 6,968,357.50           | 49.6% |
| June 15, 2023     | 43,723,866.67             | 14,659,304.00          | 33.5% | 6,750,445.00           | 49.0% |
| December 15, 2023 | 42,893,666.67             | 14,186,084.00          | 33.1% | 6,532,532.50           | 48.3% |
| June 15, 2024     | 42,063,466.67             | 13,712,864.00          | 32.6% | 6,314,620.00           | 47.6% |
| December 15, 2024 | 41,233,266.67             | 13,239,644.00          | 32.1% | 6,096,707.50           | 46.9% |
| June 15, 2025     | 40,403,066.67             | 12,766,424.00          | 31.6% | 5,878,795.00           | 46.1% |
| December 15, 2025 | 39,572,866.67             | 12,293,204.00          | 31.1% | 5,660,882.50           | 45.4% |
| June 15, 2026     | 38,742,666.67             | 11,819,984.00          | 30.5% | 5,442,970.00           | 44.6% |
| December 15, 2026 | 37,912,466.67             | 11,346,764.00          | 29.9% | 5,225,057.50           | 43.7% |
| June 15, 2027     | 37,082,266.67             | 10,873,544.00          | 29.3% | 5,007,145.00           | 42.8% |
| December 15, 2027 | 36,252,066.67             | 10,400,324.00          | 28.7% | 4,789,232.50           | 41.9% |
| June 15, 2028     | 35,421,866.67             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N167AN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 55,346,666.67          | \$ 21,032,000.00       | 38.0% | \$ 9,685,000.00        | 55.5% |
| December 15, 2016 | 54,516,466.67             | 21,032,000.00          | 38.6% | 9,685,000.00           | 56.3% |
| June 15, 2017     | 53,686,266.67             | 20,485,168.00          | 38.2% | 9,433,190.00           | 55.7% |
| December 15, 2017 | 52,856,066.67             | 19,938,336.00          | 37.7% | 9,181,380.00           | 55.1% |
| June 15, 2018     | 52,025,866.67             | 19,391,504.00          | 37.3% | 8,929,570.00           | 54.4% |
| December 15, 2018 | 51,195,666.67             | 18,918,284.00          | 37.0% | 8,711,657.50           | 54.0% |
| June 15, 2019     | 50,365,466.67             | 18,445,064.00          | 36.6% | 8,493,745.00           | 53.5% |
| December 15, 2019 | 49,535,266.67             | 17,971,844.00          | 36.3% | 8,275,832.50           | 53.0% |
| June 15, 2020     | 48,705,066.67             | 17,498,624.00          | 35.9% | 8,057,920.00           | 52.5% |
| December 15, 2020 | 47,874,866.67             | 17,025,404.00          | 35.6% | 7,840,007.50           | 51.9% |
| June 15, 2021     | 47,044,666.67             | 16,552,184.00          | 35.2% | 7,622,095.00           | 51.4% |
| December 15, 2021 | 46,214,466.67             | 16,078,964.00          | 34.8% | 7,404,182.50           | 50.8% |
| June 15, 2022     | 45,384,266.67             | 15,605,744.00          | 34.4% | 7,186,270.00           | 50.2% |
| December 15, 2022 | 44,554,066.67             | 15,132,524.00          | 34.0% | 6,968,357.50           | 49.6% |
| June 15, 2023     | 43,723,866.67             | 14,659,304.00          | 33.5% | 6,750,445.00           | 49.0% |
| December 15, 2023 | 42,893,666.67             | 14,186,084.00          | 33.1% | 6,532,532.50           | 48.3% |
| June 15, 2024     | 42,063,466.67             | 13,712,864.00          | 32.6% | 6,314,620.00           | 47.6% |
| December 15, 2024 | 41,233,266.67             | 13,239,644.00          | 32.1% | 6,096,707.50           | 46.9% |
| June 15, 2025     | 40,403,066.67             | 12,766,424.00          | 31.6% | 5,878,795.00           | 46.1% |
| December 15, 2025 | 39,572,866.67             | 12,293,204.00          | 31.1% | 5,660,882.50           | 45.4% |
| June 15, 2026     | 38,742,666.67             | 11,819,984.00          | 30.5% | 5,442,970.00           | 44.6% |
| December 15, 2026 | 37,912,466.67             | 11,346,764.00          | 29.9% | 5,225,057.50           | 43.7% |
| June 15, 2027     | 37,082,266.67             | 10,873,544.00          | 29.3% | 5,007,145.00           | 42.8% |
| December 15, 2027 | 36,252,066.67             | 10,400,324.00          | 28.7% | 4,789,232.50           | 41.9% |
| June 15, 2028     | 35,421,866.67             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N986AN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 55,390,000.00          | \$ 21,048,000.00       | 38.0% | \$ 9,693,000.00        | 55.5% |
| December 15, 2016 | 54,559,150.00             | 21,048,000.00          | 38.6% | 9,693,000.00           | 56.3% |
| June 15, 2017     | 53,728,300.00             | 20,500,752.00          | 38.2% | 9,440,982.00           | 55.7% |
| December 15, 2017 | 52,897,450.00             | 19,953,504.00          | 37.7% | 9,188,964.00           | 55.1% |
| June 15, 2018     | 52,066,600.00             | 19,406,256.00          | 37.3% | 8,936,946.00           | 54.4% |
| December 15, 2018 | 51,235,750.00             | 18,932,676.00          | 37.0% | 8,718,853.50           | 54.0% |
| June 15, 2019     | 50,404,900.00             | 18,459,096.00          | 36.6% | 8,500,761.00           | 53.5% |
| December 15, 2019 | 49,574,050.00             | 17,985,516.00          | 36.3% | 8,282,668.50           | 53.0% |
| June 15, 2020     | 48,743,200.00             | 17,511,936.00          | 35.9% | 8,064,576.00           | 52.5% |
| December 15, 2020 | 47,912,350.00             | 17,038,356.00          | 35.6% | 7,846,483.50           | 51.9% |
| June 15, 2021     | 47,081,500.00             | 16,564,776.00          | 35.2% | 7,628,391.00           | 51.4% |
| December 15, 2021 | 46,250,650.00             | 16,091,196.00          | 34.8% | 7,410,298.50           | 50.8% |
| June 15, 2022     | 45,419,800.00             | 15,617,616.00          | 34.4% | 7,192,206.00           | 50.2% |
| December 15, 2022 | 44,588,950.00             | 15,144,036.00          | 34.0% | 6,974,113.50           | 49.6% |
| June 15, 2023     | 43,758,100.00             | 14,670,456.00          | 33.5% | 6,756,021.00           | 49.0% |
| December 15, 2023 | 42,927,250.00             | 14,196,876.00          | 33.1% | 6,537,928.50           | 48.3% |
| June 15, 2024     | 42,096,400.00             | 13,723,296.00          | 32.6% | 6,319,836.00           | 47.6% |
| December 15, 2024 | 41,265,550.00             | 13,249,716.00          | 32.1% | 6,101,743.50           | 46.9% |
| June 15, 2025     | 40,434,700.00             | 12,776,136.00          | 31.6% | 5,883,651.00           | 46.1% |
| December 15, 2025 | 39,603,850.00             | 12,302,556.00          | 31.1% | 5,665,558.50           | 45.4% |
| June 15, 2026     | 38,773,000.00             | 11,828,976.00          | 30.5% | 5,447,466.00           | 44.6% |
| December 15, 2026 | 37,942,150.00             | 11,355,396.00          | 29.9% | 5,229,373.50           | 43.7% |
| June 15, 2027     | 37,111,300.00             | 10,881,816.00          | 29.3% | 5,011,281.00           | 42.8% |
| December 15, 2027 | 36,280,450.00             | 10,408,236.00          | 28.7% | 4,793,188.50           | 41.9% |
| June 15, 2028     | 35,449,600.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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## N987AM

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 55,390,000.00          | \$ 21,048,000.00       | 38.0% | \$ 9,693,000.00        | 55.5% |
| December 15, 2016 | 54,559,150.00             | 21,048,000.00          | 38.6% | 9,693,000.00           | 56.3% |
| June 15, 2017     | 53,728,300.00             | 20,500,752.00          | 38.2% | 9,440,982.00           | 55.7% |
| December 15, 2017 | 52,897,450.00             | 19,953,504.00          | 37.7% | 9,188,964.00           | 55.1% |
| June 15, 2018     | 52,066,600.00             | 19,406,256.00          | 37.3% | 8,936,946.00           | 54.4% |
| December 15, 2018 | 51,235,750.00             | 18,932,676.00          | 37.0% | 8,718,853.50           | 54.0% |
| June 15, 2019     | 50,404,900.00             | 18,459,096.00          | 36.6% | 8,500,761.00           | 53.5% |
| December 15, 2019 | 49,574,050.00             | 17,985,516.00          | 36.3% | 8,282,668.50           | 53.0% |
| June 15, 2020     | 48,743,200.00             | 17,511,936.00          | 35.9% | 8,064,576.00           | 52.5% |
| December 15, 2020 | 47,912,350.00             | 17,038,356.00          | 35.6% | 7,846,483.50           | 51.9% |
| June 15, 2021     | 47,081,500.00             | 16,564,776.00          | 35.2% | 7,628,391.00           | 51.4% |
| December 15, 2021 | 46,250,650.00             | 16,091,196.00          | 34.8% | 7,410,298.50           | 50.8% |
| June 15, 2022     | 45,419,800.00             | 15,617,616.00          | 34.4% | 7,192,206.00           | 50.2% |
| December 15, 2022 | 44,588,950.00             | 15,144,036.00          | 34.0% | 6,974,113.50           | 49.6% |
| June 15, 2023     | 43,758,100.00             | 14,670,456.00          | 33.5% | 6,756,021.00           | 49.0% |
| December 15, 2023 | 42,927,250.00             | 14,196,876.00          | 33.1% | 6,537,928.50           | 48.3% |
| June 15, 2024     | 42,096,400.00             | 13,723,296.00          | 32.6% | 6,319,836.00           | 47.6% |
| December 15, 2024 | 41,265,550.00             | 13,249,716.00          | 32.1% | 6,101,743.50           | 46.9% |
| June 15, 2025     | 40,434,700.00             | 12,776,136.00          | 31.6% | 5,883,651.00           | 46.1% |
| December 15, 2025 | 39,603,850.00             | 12,302,556.00          | 31.1% | 5,665,558.50           | 45.4% |
| June 15, 2026     | 38,773,000.00             | 11,828,976.00          | 30.5% | 5,447,466.00           | 44.6% |
| December 15, 2026 | 37,942,150.00             | 11,355,396.00          | 29.9% | 5,229,373.50           | 43.7% |
| June 15, 2027     | 37,111,300.00             | 10,881,816.00          | 29.3% | 5,011,281.00           | 42.8% |
| December 15, 2027 | 36,280,450.00             | 10,408,236.00          | 28.7% | 4,793,188.50           | 41.9% |
| June 15, 2028     | 35,449,600.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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N983NN

| <b>Date</b>       | <b>Assumed<br/>Aircraft Value</b> | <b>Series AA</b>               |            | <b>Series A</b>                |            |
|-------------------|-----------------------------------|--------------------------------|------------|--------------------------------|------------|
|                   |                                   | <b>Outstanding<br/>Balance</b> | <b>LTV</b> | <b>Outstanding<br/>Balance</b> | <b>LTV</b> |
| At Issuance       | \$ 46,800,000.00                  | \$ 17,784,000.00               | 38.0%      | \$ 8,190,000.00                | 55.5%      |
| December 15, 2016 | 46,087,309.64                     | 17,784,000.00                  | 38.6%      | 8,190,000.00                   | 56.4%      |
| June 15, 2017     | 45,374,619.29                     | 17,321,616.00                  | 38.2%      | 7,977,060.00                   | 55.8%      |
| December 15, 2017 | 44,661,928.93                     | 16,859,232.00                  | 37.7%      | 7,764,120.00                   | 55.1%      |
| June 15, 2018     | 43,949,238.58                     | 16,396,848.00                  | 37.3%      | 7,551,180.00                   | 54.5%      |
| December 15, 2018 | 43,236,548.22                     | 15,996,708.00                  | 37.0%      | 7,366,905.00                   | 54.0%      |
| June 15, 2019     | 42,523,857.87                     | 15,596,568.00                  | 36.7%      | 7,182,630.00                   | 53.6%      |
| December 15, 2019 | 41,811,167.51                     | 15,196,428.00                  | 36.3%      | 6,998,355.00                   | 53.1%      |
| June 15, 2020     | 41,098,477.16                     | 14,796,288.00                  | 36.0%      | 6,814,080.00                   | 52.6%      |
| December 15, 2020 | 40,385,786.80                     | 14,396,148.00                  | 35.6%      | 6,629,805.00                   | 52.1%      |
| June 15, 2021     | 39,673,096.45                     | 13,996,008.00                  | 35.3%      | 6,445,530.00                   | 51.5%      |
| December 15, 2021 | 38,960,406.09                     | 13,595,868.00                  | 34.9%      | 6,261,255.00                   | 51.0%      |
| June 15, 2022     | 38,247,715.74                     | 13,195,728.00                  | 34.5%      | 6,076,980.00                   | 50.4%      |
| December 15, 2022 | 37,535,025.38                     | 12,795,588.00                  | 34.1%      | 5,892,705.00                   | 49.8%      |
| June 15, 2023     | 36,822,335.03                     | 12,395,448.00                  | 33.7%      | 5,708,430.00                   | 49.2%      |
| December 15, 2023 | 36,109,644.67                     | 11,995,308.00                  | 33.2%      | 5,524,155.00                   | 48.5%      |
| June 15, 2024     | 35,396,954.31                     | 11,595,168.00                  | 32.8%      | 5,339,880.00                   | 47.8%      |
| December 15, 2024 | 34,684,263.96                     | 11,195,028.00                  | 32.3%      | 5,155,605.00                   | 47.1%      |
| June 15, 2025     | 33,971,573.60                     | 10,794,888.00                  | 31.8%      | 4,971,330.00                   | 46.4%      |
| December 15, 2025 | 33,258,883.25                     | 10,394,748.00                  | 31.3%      | 4,787,055.00                   | 45.6%      |
| June 15, 2026     | 32,546,192.89                     | 9,994,608.00                   | 30.7%      | 4,602,780.00                   | 44.9%      |
| December 15, 2026 | 31,833,502.54                     | 9,594,468.00                   | 30.1%      | 4,418,505.00                   | 44.0%      |
| June 15, 2027     | 31,120,812.18                     | 9,194,328.00                   | 29.5%      | 4,234,230.00                   | 43.1%      |
| December 15, 2027 | 30,408,121.83                     | 8,794,188.00                   | 28.9%      | 4,049,955.00                   | 42.2%      |
| June 15, 2028     | 29,695,431.47                     | 0.00                           | 0.0%       | 0.00                           | 0.0%       |

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N991NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 47,500,000.00          | \$ 18,050,000.00       | 38.0% | \$ 8,313,000.00        | 55.5% |
| December 15, 2016 | 46,787,500.00             | 18,050,000.00          | 38.6% | 8,313,000.00           | 56.3% |
| June 15, 2017     | 46,075,000.00             | 17,580,700.00          | 38.2% | 8,096,862.00           | 55.7% |
| December 15, 2017 | 45,362,500.00             | 17,111,400.00          | 37.7% | 7,880,724.00           | 55.1% |
| June 15, 2018     | 44,650,000.00             | 16,642,100.00          | 37.3% | 7,664,586.00           | 54.4% |
| December 15, 2018 | 43,937,500.00             | 16,235,975.00          | 37.0% | 7,477,543.50           | 54.0% |
| June 15, 2019     | 43,225,000.00             | 15,829,850.00          | 36.6% | 7,290,501.00           | 53.5% |
| December 15, 2019 | 42,512,500.00             | 15,423,725.00          | 36.3% | 7,103,458.50           | 53.0% |
| June 15, 2020     | 41,800,000.00             | 15,017,600.00          | 35.9% | 6,916,416.00           | 52.5% |
| December 15, 2020 | 41,087,500.00             | 14,611,475.00          | 35.6% | 6,729,373.50           | 51.9% |
| June 15, 2021     | 40,375,000.00             | 14,205,350.00          | 35.2% | 6,542,331.00           | 51.4% |
| December 15, 2021 | 39,662,500.00             | 13,799,225.00          | 34.8% | 6,355,288.50           | 50.8% |
| June 15, 2022     | 38,950,000.00             | 13,393,100.00          | 34.4% | 6,168,246.00           | 50.2% |
| December 15, 2022 | 38,237,500.00             | 12,986,975.00          | 34.0% | 5,981,203.50           | 49.6% |
| June 15, 2023     | 37,525,000.00             | 12,580,850.00          | 33.5% | 5,794,161.00           | 49.0% |
| December 15, 2023 | 36,812,500.00             | 12,174,725.00          | 33.1% | 5,607,118.50           | 48.3% |
| June 15, 2024     | 36,100,000.00             | 11,768,600.00          | 32.6% | 5,420,076.00           | 47.6% |
| December 15, 2024 | 35,387,500.00             | 11,362,475.00          | 32.1% | 5,233,033.50           | 46.9% |
| June 15, 2025     | 34,675,000.00             | 10,956,350.00          | 31.6% | 5,045,991.00           | 46.1% |
| December 15, 2025 | 33,962,500.00             | 10,550,225.00          | 31.1% | 4,858,948.50           | 45.4% |
| June 15, 2026     | 33,250,000.00             | 10,144,100.00          | 30.5% | 4,671,906.00           | 44.6% |
| December 15, 2026 | 32,537,500.00             | 9,737,975.00           | 29.9% | 4,484,863.50           | 43.7% |
| June 15, 2027     | 31,825,000.00             | 9,331,850.00           | 29.3% | 4,297,821.00           | 42.8% |
| December 15, 2027 | 31,112,500.00             | 8,925,725.00           | 28.7% | 4,110,778.50           | 41.9% |
| June 15, 2028     | 30,400,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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N992NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 47,510,000.00          | \$ 18,054,000.00       | 38.0% | \$ 8,314,000.00        | 55.5% |
| December 15, 2016 | 46,797,350.00             | 18,054,000.00          | 38.6% | 8,314,000.00           | 56.3% |
| June 15, 2017     | 46,084,700.00             | 17,584,596.00          | 38.2% | 8,097,836.00           | 55.7% |
| December 15, 2017 | 45,372,050.00             | 17,115,192.00          | 37.7% | 7,881,672.00           | 55.1% |
| June 15, 2018     | 44,659,400.00             | 16,645,788.00          | 37.3% | 7,665,508.00           | 54.4% |
| December 15, 2018 | 43,946,750.00             | 16,239,573.00          | 37.0% | 7,478,443.00           | 54.0% |
| June 15, 2019     | 43,234,100.00             | 15,833,358.00          | 36.6% | 7,291,378.00           | 53.5% |
| December 15, 2019 | 42,521,450.00             | 15,427,143.00          | 36.3% | 7,104,313.00           | 53.0% |
| June 15, 2020     | 41,808,800.00             | 15,020,928.00          | 35.9% | 6,917,248.00           | 52.5% |
| December 15, 2020 | 41,096,150.00             | 14,614,713.00          | 35.6% | 6,730,183.00           | 51.9% |
| June 15, 2021     | 40,383,500.00             | 14,208,498.00          | 35.2% | 6,543,118.00           | 51.4% |
| December 15, 2021 | 39,670,850.00             | 13,802,283.00          | 34.8% | 6,356,053.00           | 50.8% |
| June 15, 2022     | 38,958,200.00             | 13,396,068.00          | 34.4% | 6,168,988.00           | 50.2% |
| December 15, 2022 | 38,245,550.00             | 12,989,853.00          | 34.0% | 5,981,923.00           | 49.6% |
| June 15, 2023     | 37,532,900.00             | 12,583,638.00          | 33.5% | 5,794,858.00           | 49.0% |
| December 15, 2023 | 36,820,250.00             | 12,177,423.00          | 33.1% | 5,607,793.00           | 48.3% |
| June 15, 2024     | 36,107,600.00             | 11,771,208.00          | 32.6% | 5,420,728.00           | 47.6% |
| December 15, 2024 | 35,394,950.00             | 11,364,993.00          | 32.1% | 5,233,663.00           | 46.9% |
| June 15, 2025     | 34,682,300.00             | 10,958,778.00          | 31.6% | 5,046,598.00           | 46.1% |
| December 15, 2025 | 33,969,650.00             | 10,552,563.00          | 31.1% | 4,859,533.00           | 45.4% |
| June 15, 2026     | 33,257,000.00             | 10,146,348.00          | 30.5% | 4,672,468.00           | 44.6% |
| December 15, 2026 | 32,544,350.00             | 9,740,133.00           | 29.9% | 4,485,403.00           | 43.7% |
| June 15, 2027     | 31,831,700.00             | 9,333,918.00           | 29.3% | 4,298,338.00           | 42.8% |
| December 15, 2027 | 31,119,050.00             | 8,927,703.00           | 28.7% | 4,111,273.00           | 41.9% |
| June 15, 2028     | 30,406,400.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 47,510,000.00          | \$ 18,054,000.00       | 38.0% | \$ 8,314,000.00        | 55.5% |
| December 15, 2016 | 46,797,350.00             | 18,054,000.00          | 38.6% | 8,314,000.00           | 56.3% |
| June 15, 2017     | 46,084,700.00             | 17,584,596.00          | 38.2% | 8,097,836.00           | 55.7% |
| December 15, 2017 | 45,372,050.00             | 17,115,192.00          | 37.7% | 7,881,672.00           | 55.1% |
| June 15, 2018     | 44,659,400.00             | 16,645,788.00          | 37.3% | 7,665,508.00           | 54.4% |
| December 15, 2018 | 43,946,750.00             | 16,239,573.00          | 37.0% | 7,478,443.00           | 54.0% |
| June 15, 2019     | 43,234,100.00             | 15,833,358.00          | 36.6% | 7,291,378.00           | 53.5% |
| December 15, 2019 | 42,521,450.00             | 15,427,143.00          | 36.3% | 7,104,313.00           | 53.0% |
| June 15, 2020     | 41,808,800.00             | 15,020,928.00          | 35.9% | 6,917,248.00           | 52.5% |
| December 15, 2020 | 41,096,150.00             | 14,614,713.00          | 35.6% | 6,730,183.00           | 51.9% |
| June 15, 2021     | 40,383,500.00             | 14,208,498.00          | 35.2% | 6,543,118.00           | 51.4% |
| December 15, 2021 | 39,670,850.00             | 13,802,283.00          | 34.8% | 6,356,053.00           | 50.8% |
| June 15, 2022     | 38,958,200.00             | 13,396,068.00          | 34.4% | 6,168,988.00           | 50.2% |
| December 15, 2022 | 38,245,550.00             | 12,989,853.00          | 34.0% | 5,981,923.00           | 49.6% |
| June 15, 2023     | 37,532,900.00             | 12,583,638.00          | 33.5% | 5,794,858.00           | 49.0% |
| December 15, 2023 | 36,820,250.00             | 12,177,423.00          | 33.1% | 5,607,793.00           | 48.3% |
| June 15, 2024     | 36,107,600.00             | 11,771,208.00          | 32.6% | 5,420,728.00           | 47.6% |
| December 15, 2024 | 35,394,950.00             | 11,364,993.00          | 32.1% | 5,233,663.00           | 46.9% |
| June 15, 2025     | 34,682,300.00             | 10,958,778.00          | 31.6% | 5,046,598.00           | 46.1% |
| December 15, 2025 | 33,969,650.00             | 10,552,563.00          | 31.1% | 4,859,533.00           | 45.4% |
| June 15, 2026     | 33,257,000.00             | 10,146,348.00          | 30.5% | 4,672,468.00           | 44.6% |
| December 15, 2026 | 32,544,350.00             | 9,740,133.00           | 29.9% | 4,485,403.00           | 43.7% |
| June 15, 2027     | 31,831,700.00             | 9,333,918.00           | 29.3% | 4,298,338.00           | 42.8% |
| December 15, 2027 | 31,119,050.00             | 8,927,703.00           | 28.7% | 4,111,273.00           | 41.9% |
| June 15, 2028     | 30,406,400.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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N994NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 48,150,000.00          | \$ 18,297,000.00       | 38.0% | \$ 8,426,000.00        | 55.5% |
| December 15, 2016 | 47,427,750.00             | 18,297,000.00          | 38.6% | 8,426,000.00           | 56.3% |
| June 15, 2017     | 46,705,500.00             | 17,821,278.00          | 38.2% | 8,206,924.00           | 55.7% |
| December 15, 2017 | 45,983,250.00             | 17,345,556.00          | 37.7% | 7,987,848.00           | 55.1% |
| June 15, 2018     | 45,261,000.00             | 16,869,834.00          | 37.3% | 7,768,772.00           | 54.4% |
| December 15, 2018 | 44,538,750.00             | 16,458,151.50          | 37.0% | 7,579,187.00           | 54.0% |
| June 15, 2019     | 43,816,500.00             | 16,046,469.00          | 36.6% | 7,389,602.00           | 53.5% |
| December 15, 2019 | 43,094,250.00             | 15,634,786.50          | 36.3% | 7,200,017.00           | 53.0% |
| June 15, 2020     | 42,372,000.00             | 15,223,104.00          | 35.9% | 7,010,432.00           | 52.5% |
| December 15, 2020 | 41,649,750.00             | 14,811,421.50          | 35.6% | 6,820,847.00           | 51.9% |
| June 15, 2021     | 40,927,500.00             | 14,399,739.00          | 35.2% | 6,631,262.00           | 51.4% |
| December 15, 2021 | 40,205,250.00             | 13,988,056.50          | 34.8% | 6,441,677.00           | 50.8% |
| June 15, 2022     | 39,483,000.00             | 13,576,374.00          | 34.4% | 6,252,092.00           | 50.2% |
| December 15, 2022 | 38,760,750.00             | 13,164,691.50          | 34.0% | 6,062,507.00           | 49.6% |
| June 15, 2023     | 38,038,500.00             | 12,753,009.00          | 33.5% | 5,872,922.00           | 49.0% |
| December 15, 2023 | 37,316,250.00             | 12,341,326.50          | 33.1% | 5,683,337.00           | 48.3% |
| June 15, 2024     | 36,594,000.00             | 11,929,644.00          | 32.6% | 5,493,752.00           | 47.6% |
| December 15, 2024 | 35,871,750.00             | 11,517,961.50          | 32.1% | 5,304,167.00           | 46.9% |
| June 15, 2025     | 35,149,500.00             | 11,106,279.00          | 31.6% | 5,114,582.00           | 46.1% |
| December 15, 2025 | 34,427,250.00             | 10,694,596.50          | 31.1% | 4,924,997.00           | 45.4% |
| June 15, 2026     | 33,705,000.00             | 10,282,914.00          | 30.5% | 4,735,412.00           | 44.6% |
| December 15, 2026 | 32,982,750.00             | 9,871,231.50           | 29.9% | 4,545,827.00           | 43.7% |
| June 15, 2027     | 32,260,500.00             | 9,459,549.00           | 29.3% | 4,356,242.00           | 42.8% |
| December 15, 2027 | 31,538,250.00             | 9,047,866.50           | 28.7% | 4,166,657.00           | 41.9% |
| June 15, 2028     | 30,816,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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N995NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 48,150,000.00          | \$ 18,297,000.00       | 38.0% | \$ 8,426,000.00        | 55.5% |
| December 15, 2016 | 47,427,750.00             | 18,297,000.00          | 38.6% | 8,426,000.00           | 56.3% |
| June 15, 2017     | 46,705,500.00             | 17,821,278.00          | 38.2% | 8,206,924.00           | 55.7% |
| December 15, 2017 | 45,983,250.00             | 17,345,556.00          | 37.7% | 7,987,848.00           | 55.1% |
| June 15, 2018     | 45,261,000.00             | 16,869,834.00          | 37.3% | 7,768,772.00           | 54.4% |
| December 15, 2018 | 44,538,750.00             | 16,458,151.50          | 37.0% | 7,579,187.00           | 54.0% |
| June 15, 2019     | 43,816,500.00             | 16,046,469.00          | 36.6% | 7,389,602.00           | 53.5% |
| December 15, 2019 | 43,094,250.00             | 15,634,786.50          | 36.3% | 7,200,017.00           | 53.0% |
| June 15, 2020     | 42,372,000.00             | 15,223,104.00          | 35.9% | 7,010,432.00           | 52.5% |
| December 15, 2020 | 41,649,750.00             | 14,811,421.50          | 35.6% | 6,820,847.00           | 51.9% |
| June 15, 2021     | 40,927,500.00             | 14,399,739.00          | 35.2% | 6,631,262.00           | 51.4% |
| December 15, 2021 | 40,205,250.00             | 13,988,056.50          | 34.8% | 6,441,677.00           | 50.8% |
| June 15, 2022     | 39,483,000.00             | 13,576,374.00          | 34.4% | 6,252,092.00           | 50.2% |
| December 15, 2022 | 38,760,750.00             | 13,164,691.50          | 34.0% | 6,062,507.00           | 49.6% |
| June 15, 2023     | 38,038,500.00             | 12,753,009.00          | 33.5% | 5,872,922.00           | 49.0% |
| December 15, 2023 | 37,316,250.00             | 12,341,326.50          | 33.1% | 5,683,337.00           | 48.3% |
| June 15, 2024     | 36,594,000.00             | 11,929,644.00          | 32.6% | 5,493,752.00           | 47.6% |
| December 15, 2024 | 35,871,750.00             | 11,517,961.50          | 32.1% | 5,304,167.00           | 46.9% |
| June 15, 2025     | 35,149,500.00             | 11,106,279.00          | 31.6% | 5,114,582.00           | 46.1% |
| December 15, 2025 | 34,427,250.00             | 10,694,596.50          | 31.1% | 4,924,997.00           | 45.4% |
| June 15, 2026     | 33,705,000.00             | 10,282,914.00          | 30.5% | 4,735,412.00           | 44.6% |
| December 15, 2026 | 32,982,750.00             | 9,871,231.50           | 29.9% | 4,545,827.00           | 43.7% |
| June 15, 2027     | 32,260,500.00             | 9,459,549.00           | 29.3% | 4,356,242.00           | 42.8% |
| December 15, 2027 | 31,538,250.00             | 9,047,866.50           | 28.7% | 4,166,657.00           | 41.9% |
| June 15, 2028     | 30,816,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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N996NN

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 48,150,000.00          | \$ 18,297,000.00       | 38.0% | \$ 8,426,000.00        | 55.5% |
| December 15, 2016 | 47,427,750.00             | 18,297,000.00          | 38.6% | 8,426,000.00           | 56.3% |
| June 15, 2017     | 46,705,500.00             | 17,821,278.00          | 38.2% | 8,206,924.00           | 55.7% |
| December 15, 2017 | 45,983,250.00             | 17,345,556.00          | 37.7% | 7,987,848.00           | 55.1% |
| June 15, 2018     | 45,261,000.00             | 16,869,834.00          | 37.3% | 7,768,772.00           | 54.4% |
| December 15, 2018 | 44,538,750.00             | 16,458,151.50          | 37.0% | 7,579,187.00           | 54.0% |
| June 15, 2019     | 43,816,500.00             | 16,046,469.00          | 36.6% | 7,389,602.00           | 53.5% |
| December 15, 2019 | 43,094,250.00             | 15,634,786.50          | 36.3% | 7,200,017.00           | 53.0% |
| June 15, 2020     | 42,372,000.00             | 15,223,104.00          | 35.9% | 7,010,432.00           | 52.5% |
| December 15, 2020 | 41,649,750.00             | 14,811,421.50          | 35.6% | 6,820,847.00           | 51.9% |
| June 15, 2021     | 40,927,500.00             | 14,399,739.00          | 35.2% | 6,631,262.00           | 51.4% |
| December 15, 2021 | 40,205,250.00             | 13,988,056.50          | 34.8% | 6,441,677.00           | 50.8% |
| June 15, 2022     | 39,483,000.00             | 13,576,374.00          | 34.4% | 6,252,092.00           | 50.2% |
| December 15, 2022 | 38,760,750.00             | 13,164,691.50          | 34.0% | 6,062,507.00           | 49.6% |
| June 15, 2023     | 38,038,500.00             | 12,753,009.00          | 33.5% | 5,872,922.00           | 49.0% |
| December 15, 2023 | 37,316,250.00             | 12,341,326.50          | 33.1% | 5,683,337.00           | 48.3% |
| June 15, 2024     | 36,594,000.00             | 11,929,644.00          | 32.6% | 5,493,752.00           | 47.6% |
| December 15, 2024 | 35,871,750.00             | 11,517,961.50          | 32.1% | 5,304,167.00           | 46.9% |
| June 15, 2025     | 35,149,500.00             | 11,106,279.00          | 31.6% | 5,114,582.00           | 46.1% |
| December 15, 2025 | 34,427,250.00             | 10,694,596.50          | 31.1% | 4,924,997.00           | 45.4% |
| June 15, 2026     | 33,705,000.00             | 10,282,914.00          | 30.5% | 4,735,412.00           | 44.6% |
| December 15, 2026 | 32,982,750.00             | 9,871,231.50           | 29.9% | 4,545,827.00           | 43.7% |
| June 15, 2027     | 32,260,500.00             | 9,459,549.00           | 29.3% | 4,356,242.00           | 42.8% |
| December 15, 2027 | 31,538,250.00             | 9,047,866.50           | 28.7% | 4,166,657.00           | 41.9% |
| June 15, 2028     | 30,816,000.00             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

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**Table of Contents****C. Boeing 777-323ER**

N735AT

| <b>Date</b>       | <b>Assumed<br/>Aircraft Value</b> | <b>Series AA</b>               |            | <b>Series A</b>                |            |
|-------------------|-----------------------------------|--------------------------------|------------|--------------------------------|------------|
|                   |                                   | <b>Outstanding<br/>Balance</b> | <b>LTV</b> | <b>Outstanding<br/>Balance</b> | <b>LTV</b> |
| At Issuance       | \$ 158,820,000.00                 | \$ 60,352,000.00               | 38.0%      | \$ 27,793,000.00               | 55.5%      |
| December 15, 2016 | 156,401,421.32                    | 60,352,000.00                  | 38.6%      | 27,793,000.00                  | 56.4%      |
| June 15, 2017     | 153,982,842.64                    | 58,782,848.00                  | 38.2%      | 27,070,382.00                  | 55.8%      |
| December 15, 2017 | 151,564,263.96                    | 57,213,696.00                  | 37.7%      | 26,347,764.00                  | 55.1%      |
| June 15, 2018     | 149,145,685.28                    | 55,644,544.00                  | 37.3%      | 25,625,146.00                  | 54.5%      |
| December 15, 2018 | 146,727,106.60                    | 54,286,624.00                  | 37.0%      | 24,999,803.50                  | 54.0%      |
| June 15, 2019     | 144,308,527.92                    | 52,928,704.00                  | 36.7%      | 24,374,461.00                  | 53.6%      |
| December 15, 2019 | 141,889,949.24                    | 51,570,784.00                  | 36.3%      | 23,749,118.50                  | 53.1%      |
| June 15, 2020     | 139,471,370.56                    | 50,212,864.00                  | 36.0%      | 23,123,776.00                  | 52.6%      |
| December 15, 2020 | 137,052,791.88                    | 48,854,944.00                  | 35.6%      | 22,498,433.50                  | 52.1%      |
| June 15, 2021     | 134,634,213.20                    | 47,497,024.00                  | 35.3%      | 21,873,091.00                  | 51.5%      |
| December 15, 2021 | 132,215,634.52                    | 46,139,104.00                  | 34.9%      | 21,247,748.50                  | 51.0%      |
| June 15, 2022     | 129,797,055.84                    | 44,781,184.00                  | 34.5%      | 20,622,406.00                  | 50.4%      |
| December 15, 2022 | 127,378,477.16                    | 43,423,264.00                  | 34.1%      | 19,997,063.50                  | 49.8%      |
| June 15, 2023     | 124,959,898.48                    | 42,065,344.00                  | 33.7%      | 19,371,721.00                  | 49.2%      |
| December 15, 2023 | 122,541,319.80                    | 40,707,424.00                  | 33.2%      | 18,746,378.50                  | 48.5%      |
| June 15, 2024     | 120,122,741.12                    | 39,349,504.00                  | 32.8%      | 18,121,036.00                  | 47.8%      |
| December 15, 2024 | 117,704,162.44                    | 37,991,584.00                  | 32.3%      | 17,495,693.50                  | 47.1%      |
| June 15, 2025     | 115,285,583.76                    | 36,633,664.00                  | 31.8%      | 16,870,351.00                  | 46.4%      |
| December 15, 2025 | 112,867,005.08                    | 35,275,744.00                  | 31.3%      | 16,245,008.50                  | 45.6%      |
| June 15, 2026     | 110,448,426.40                    | 33,917,824.00                  | 30.7%      | 15,619,666.00                  | 44.9%      |
| December 15, 2026 | 108,029,847.72                    | 32,559,904.00                  | 30.1%      | 14,994,323.50                  | 44.0%      |
| June 15, 2027     | 105,611,269.04                    | 31,201,984.00                  | 29.5%      | 14,368,981.00                  | 43.1%      |
| December 15, 2027 | 103,192,690.36                    | 29,844,064.00                  | 28.9%      | 13,743,638.50                  | 42.2%      |
| June 15, 2028     | 100,774,111.68                    | 0.00                           | 0.0%       | 0.00                           | 0.0%       |

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## N736AT

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 159,026,666.67         | \$ 60,430,000.00       | 38.0% | \$ 27,830,000.00       | 55.5% |
| December 15, 2016 | 154,255,866.67            | 60,430,000.00          | 39.2% | 27,830,000.00          | 57.2% |
| June 15, 2017     | 151,870,466.67            | 58,858,820.00          | 38.8% | 27,106,420.00          | 56.6% |
| December 15, 2017 | 149,485,066.67            | 57,287,640.00          | 38.3% | 26,382,840.00          | 56.0% |
| June 15, 2018     | 147,099,666.67            | 55,716,460.00          | 37.9% | 25,659,260.00          | 55.3% |
| December 15, 2018 | 144,714,266.67            | 54,356,785.00          | 37.6% | 25,033,085.00          | 54.9% |
| June 15, 2019     | 142,328,866.67            | 52,997,110.00          | 37.2% | 24,406,910.00          | 54.4% |
| December 15, 2019 | 139,943,466.67            | 51,637,435.00          | 36.9% | 23,780,735.00          | 53.9% |
| June 15, 2020     | 137,558,066.67            | 50,277,760.00          | 36.6% | 23,154,560.00          | 53.4% |
| December 15, 2020 | 135,172,666.67            | 48,918,085.00          | 36.2% | 22,528,385.00          | 52.9% |
| June 15, 2021     | 132,787,266.67            | 47,558,410.00          | 35.8% | 21,902,210.00          | 52.3% |
| December 15, 2021 | 130,401,866.67            | 46,198,735.00          | 35.4% | 21,276,035.00          | 51.7% |
| June 15, 2022     | 128,016,466.67            | 44,839,060.00          | 35.0% | 20,649,860.00          | 51.2% |
| December 15, 2022 | 125,631,066.67            | 43,479,385.00          | 34.6% | 20,023,685.00          | 50.5% |
| June 15, 2023     | 123,245,666.67            | 42,119,710.00          | 34.2% | 19,397,510.00          | 49.9% |
| December 15, 2023 | 120,860,266.67            | 40,760,035.00          | 33.7% | 18,771,335.00          | 49.3% |
| June 15, 2024     | 118,474,866.67            | 39,400,360.00          | 33.3% | 18,145,160.00          | 48.6% |
| December 15, 2024 | 116,089,466.67            | 38,040,685.00          | 32.8% | 17,518,985.00          | 47.9% |
| June 15, 2025     | 113,704,066.67            | 36,681,010.00          | 32.3% | 16,892,810.00          | 47.1% |
| December 15, 2025 | 111,318,666.67            | 35,321,335.00          | 31.7% | 16,266,635.00          | 46.3% |
| June 15, 2026     | 108,933,266.67            | 33,961,660.00          | 31.2% | 15,640,460.00          | 45.5% |
| December 15, 2026 | 106,547,866.67            | 32,601,985.00          | 30.6% | 15,014,285.00          | 44.7% |
| June 15, 2027     | 104,162,466.67            | 31,242,310.00          | 30.0% | 14,388,110.00          | 43.8% |
| December 15, 2027 | 101,777,066.67            | 29,882,635.00          | 29.4% | 13,761,935.00          | 42.9% |
| June 15, 2028     | 99,391,666.67             | 0.00                   | 0.0%  | 0.00                   | 0.0%  |

**Table of Contents****D. Boeing 787-8**

N815AA

| <b>Date</b>       | <b>Assumed<br/>Aircraft Value</b> | <b>Series AA</b>               |            | <b>Series A</b>                |            |
|-------------------|-----------------------------------|--------------------------------|------------|--------------------------------|------------|
|                   |                                   | <b>Outstanding<br/>Balance</b> | <b>LTV</b> | <b>Outstanding<br/>Balance</b> | <b>LTV</b> |
| At Issuance       | \$ 119,830,000.00                 | \$ 45,535,000.00               | 38.0%      | \$ 20,971,000.00               | 55.5%      |
| December 15, 2016 | 118,032,550.00                    | 45,535,000.00                  | 38.6%      | 20,971,000.00                  | 56.3%      |
| June 15, 2017     | 116,235,100.00                    | 44,351,090.00                  | 38.2%      | 20,425,754.00                  | 55.7%      |
| December 15, 2017 | 114,437,650.00                    | 43,167,180.00                  | 37.7%      | 19,880,508.00                  | 55.1%      |
| June 15, 2018     | 112,640,200.00                    | 41,983,270.00                  | 37.3%      | 19,335,262.00                  | 54.4%      |
| December 15, 2018 | 110,842,750.00                    | 40,958,732.50                  | 37.0%      | 18,863,414.50                  | 54.0%      |
| June 15, 2019     | 109,045,300.00                    | 39,934,195.00                  | 36.6%      | 18,391,567.00                  | 53.5%      |
| December 15, 2019 | 107,247,850.00                    | 38,909,657.50                  | 36.3%      | 17,919,719.50                  | 53.0%      |
| June 15, 2020     | 105,450,400.00                    | 37,885,120.00                  | 35.9%      | 17,447,872.00                  | 52.5%      |
| December 15, 2020 | 103,652,950.00                    | 36,860,582.50                  | 35.6%      | 16,976,024.50                  | 51.9%      |
| June 15, 2021     | 101,855,500.00                    | 35,836,045.00                  | 35.2%      | 16,504,177.00                  | 51.4%      |
| December 15, 2021 | 100,058,050.00                    | 34,811,507.50                  | 34.8%      | 16,032,329.50                  | 50.8%      |
| June 15, 2022     | 98,260,600.00                     | 33,786,970.00                  | 34.4%      | 15,560,482.00                  | 50.2%      |
| December 15, 2022 | 96,463,150.00                     | 32,762,432.50                  | 34.0%      | 15,088,634.50                  | 49.6%      |
| June 15, 2023     | 94,665,700.00                     | 31,737,895.00                  | 33.5%      | 14,616,787.00                  | 49.0%      |
| December 15, 2023 | 92,868,250.00                     | 30,713,357.50                  | 33.1%      | 14,144,939.50                  | 48.3%      |
| June 15, 2024     | 91,070,800.00                     | 29,688,820.00                  | 32.6%      | 13,673,092.00                  | 47.6%      |
| December 15, 2024 | 89,273,350.00                     | 28,664,282.50                  | 32.1%      | 13,201,244.50                  | 46.9%      |
| June 15, 2025     | 87,475,900.00                     | 27,639,745.00                  | 31.6%      | 12,729,397.00                  | 46.1%      |
| December 15, 2025 | 85,678,450.00                     | 26,615,207.50                  | 31.1%      | 12,257,549.50                  | 45.4%      |
| June 15, 2026     | 83,881,000.00                     | 25,590,670.00                  | 30.5%      | 11,785,702.00                  | 44.6%      |
| December 15, 2026 | 82,083,550.00                     | 24,566,132.50                  | 29.9%      | 11,313,854.50                  | 43.7%      |
| June 15, 2027     | 80,286,100.00                     | 23,541,595.00                  | 29.3%      | 10,842,007.00                  | 42.8%      |
| December 15, 2027 | 78,488,650.00                     | 22,517,057.50                  | 28.7%      | 10,370,159.50                  | 41.9%      |
| June 15, 2028     | 76,691,200.00                     | 0.00                           | 0.0%       | 0.00                           | 0.0%       |

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## N816AA

| Date              | Assumed<br>Aircraft Value | Series AA              |       | Series A               |       |
|-------------------|---------------------------|------------------------|-------|------------------------|-------|
|                   |                           | Outstanding<br>Balance | LTV   | Outstanding<br>Balance | LTV   |
| At Issuance       | \$ 119,830,000.00         | \$ 45,535,000.00       | 38.0% | \$ 20,971,000.00       | 55.5% |
| December 15, 2016 | 118,032,550.00            | 45,535,000.00          | 38.6% | 20,971,000.00          | 56.3% |
| June 15, 2017     | 116,235,100.00            | 44,351,090.00          | 38.2% | 20,425,754.00          | 55.7% |
| December 15, 2017 | 114,437,650.00            | 43,167,180.00          | 37.7% | 19,880,508.00          | 55.1% |
| June 15, 2018     | 112,640,200.00            | 41,983,270.00          | 37.3% | 19,335,262.00          | 54.4% |
| December 15, 2018 | 110,842,750.00            | 40,958,732.50          | 37.0% | 18,863,414.50          | 54.0% |
| June 15, 2019     | 109,045,300.00            | 39,934,195.00          | 36.6% | 18,391,567.00          | 53.5% |
| December 15, 2019 | 107,247,850.00            | 38,909,657.50          | 36.3% | 17,919,719.50          | 53.0% |
| June 15, 2020     | 105,450,400.00            | 37,885,120.00          | 35.9% | 17,447,872.00          | 52.5% |
| December 15, 2020 | 103,652,950.00            | 36,860,582.50          | 35.6% | 16,976,024.50          | 51.9% |
| June 15, 2021     | 101,855,500.00            | 35,836,045.00          | 35.2% | 16,504,177.00          | 51.4% |
| December 15, 2021 | 100,058,050.00            | 34,811,507.50          | 34.8% | 16,032,329.50          | 50.8% |
| June 15, 2022     | 98,260,600.00             | 33,786,970.00          | 34.4% | 15,560,482.00          | 50.2% |
| December 15, 2022 | 96,463,150.00             | 32,762,432.50          | 34.0% | 15,088,634.50          | 49.6% |
| June 15, 2023     | 94,665,700.00             | 31,737,895.00          | 33.5% | 14,616,787.00          | 49.0% |
| December 15, 2023 | 92,868,250.00             | 30,713,357.50          | 33.1% | 14,144,939.50          | 48.3% |
| June 15, 2024     | 91,070,800.00             | 29,688,820.00          | 32.6% | 13,673,092.00          | 47.6% |
| December 15, 2024 | 89,273,350.00             | 28,664,282.50          | 32.1% | 13,201,244.50          | 46.9% |
| June 15, 2025     | 87,475,900.00             | 27,639,745.00          | 31.6% | 12,729,397.00          | 46.1% |
| December 15, 2025 | 85,678,450.00             | 26,615,207.50          | 31.1% | 12,257,549.50          | 45.4% |
| June 15, 2026     | 83,881,000.00             | 25,590,670.00          | 30.5% | 11,785,702.00          | 44.6% |
| December 15, 2026 | 82,083,550.00             | 24,566,132.50          | 29.9% | 11,313,854.50          | 43.7% |
| June 15, 2027     | 80,286,100.00             | 23,541,595.00          | 29.3% | 10,842,007.00          | 42.8% |
| December 15, 2027 | 78,488,650.00             | 22,517,057.50          | 28.7% | 10,370,159.50          | 41.9% |
| June 15, 2028     | 76,691,200.00             | 0.00                   | 0.0%  | 0.00                   | 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.

**A. Airbus A321-231S**

N151AN

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 20,184,000.00                    | \$ 0.00                               | \$ 9,296,000.00                     |
| December 15, 2016 | 0.00                                  | 20,184,000.00                       | 0.00                                  | 9,296,000.00                        |
| June 15, 2017     | 524,784.00                            | 19,659,216.00                       | 241,696.00                            | 9,054,304.00                        |
| December 15, 2017 | 524,784.00                            | 19,134,432.00                       | 241,696.00                            | 8,812,608.00                        |
| June 15, 2018     | 524,784.00                            | 18,609,648.00                       | 241,696.00                            | 8,570,912.00                        |
| December 15, 2018 | 454,140.00                            | 18,155,508.00                       | 209,160.00                            | 8,361,752.00                        |
| June 15, 2019     | 454,140.00                            | 17,701,368.00                       | 209,160.00                            | 8,152,592.00                        |
| December 15, 2019 | 454,140.00                            | 17,247,228.00                       | 209,160.00                            | 7,943,432.00                        |
| June 15, 2020     | 454,140.00                            | 16,793,088.00                       | 209,160.00                            | 7,734,272.00                        |
| December 15, 2020 | 454,140.00                            | 16,338,948.00                       | 209,160.00                            | 7,525,112.00                        |
| June 15, 2021     | 454,140.00                            | 15,884,808.00                       | 209,160.00                            | 7,315,952.00                        |
| December 15, 2021 | 454,140.00                            | 15,430,668.00                       | 209,160.00                            | 7,106,792.00                        |
| June 15, 2022     | 454,140.00                            | 14,976,528.00                       | 209,160.00                            | 6,897,632.00                        |
| December 15, 2022 | 454,140.00                            | 14,522,388.00                       | 209,160.00                            | 6,688,472.00                        |
| June 15, 2023     | 454,140.00                            | 14,068,248.00                       | 209,160.00                            | 6,479,312.00                        |
| December 15, 2023 | 454,140.00                            | 13,614,108.00                       | 209,160.00                            | 6,270,152.00                        |
| June 15, 2024     | 454,140.00                            | 13,159,968.00                       | 209,160.00                            | 6,060,992.00                        |
| December 15, 2024 | 454,140.00                            | 12,705,828.00                       | 209,160.00                            | 5,851,832.00                        |
| June 15, 2025     | 454,140.00                            | 12,251,688.00                       | 209,160.00                            | 5,642,672.00                        |
| December 15, 2025 | 454,140.00                            | 11,797,548.00                       | 209,160.00                            | 5,433,512.00                        |
| June 15, 2026     | 454,140.00                            | 11,343,408.00                       | 209,160.00                            | 5,224,352.00                        |
| December 15, 2026 | 454,140.00                            | 10,889,268.00                       | 209,160.00                            | 5,015,192.00                        |
| June 15, 2027     | 454,140.00                            | 10,435,128.00                       | 209,160.00                            | 4,806,032.00                        |
| December 15, 2027 | 454,140.00                            | 9,980,988.00                        | 209,160.00                            | 4,596,872.00                        |
| June 15, 2028     | 9,980,988.00                          | 0.00                                | 4,596,872.00                          | 0.00                                |

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## N153AN

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 20,211,000.00                    | \$ 0.00                               | \$ 9,308,000.00                     |
| December 15, 2016 | 0.00                                  | 20,211,000.00                       | 0.00                                  | 9,308,000.00                        |
| June 15, 2017     | 525,486.00                            | 19,685,514.00                       | 242,008.00                            | 9,065,992.00                        |
| December 15, 2017 | 525,486.00                            | 19,160,028.00                       | 242,008.00                            | 8,823,984.00                        |
| June 15, 2018     | 525,486.00                            | 18,634,542.00                       | 242,008.00                            | 8,581,976.00                        |
| December 15, 2018 | 454,747.50                            | 18,179,794.50                       | 209,430.00                            | 8,372,546.00                        |
| June 15, 2019     | 454,747.50                            | 17,725,047.00                       | 209,430.00                            | 8,163,116.00                        |
| December 15, 2019 | 454,747.50                            | 17,270,299.50                       | 209,430.00                            | 7,953,686.00                        |
| June 15, 2020     | 454,747.50                            | 16,815,552.00                       | 209,430.00                            | 7,744,256.00                        |
| December 15, 2020 | 454,747.50                            | 16,360,804.50                       | 209,430.00                            | 7,534,826.00                        |
| June 15, 2021     | 454,747.50                            | 15,906,057.00                       | 209,430.00                            | 7,325,396.00                        |
| December 15, 2021 | 454,747.50                            | 15,451,309.50                       | 209,430.00                            | 7,115,966.00                        |
| June 15, 2022     | 454,747.50                            | 14,996,562.00                       | 209,430.00                            | 6,906,536.00                        |
| December 15, 2022 | 454,747.50                            | 14,541,814.50                       | 209,430.00                            | 6,697,106.00                        |
| June 15, 2023     | 454,747.50                            | 14,087,067.00                       | 209,430.00                            | 6,487,676.00                        |
| December 15, 2023 | 454,747.50                            | 13,632,319.50                       | 209,430.00                            | 6,278,246.00                        |
| June 15, 2024     | 454,747.50                            | 13,177,572.00                       | 209,430.00                            | 6,068,816.00                        |
| December 15, 2024 | 454,747.50                            | 12,722,824.50                       | 209,430.00                            | 5,859,386.00                        |
| June 15, 2025     | 454,747.50                            | 12,268,077.00                       | 209,430.00                            | 5,649,956.00                        |
| December 15, 2025 | 454,747.50                            | 11,813,329.50                       | 209,430.00                            | 5,440,526.00                        |
| June 15, 2026     | 454,747.50                            | 11,358,582.00                       | 209,430.00                            | 5,231,096.00                        |
| December 15, 2026 | 454,747.50                            | 10,903,834.50                       | 209,430.00                            | 5,021,666.00                        |
| June 15, 2027     | 454,747.50                            | 10,449,087.00                       | 209,430.00                            | 4,812,236.00                        |
| December 15, 2027 | 454,747.50                            | 9,994,339.50                        | 209,430.00                            | 4,602,806.00                        |
| June 15, 2028     | 9,994,339.50                          | 0.00                                | 4,602,806.00                          | 0.00                                |

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## N162AA

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 20,824,000.00                    | \$ 0.00                               | \$ 9,590,000.00                     |
| December 15, 2016 | 0.00                                  | 20,824,000.00                       | 0.00                                  | 9,590,000.00                        |
| June 15, 2017     | 541,424.00                            | 20,282,576.00                       | 249,340.00                            | 9,340,660.00                        |
| December 15, 2017 | 541,424.00                            | 19,741,152.00                       | 249,340.00                            | 9,091,320.00                        |
| June 15, 2018     | 541,424.00                            | 19,199,728.00                       | 249,340.00                            | 8,841,980.00                        |
| December 15, 2018 | 468,540.00                            | 18,731,188.00                       | 215,775.00                            | 8,626,205.00                        |
| June 15, 2019     | 468,540.00                            | 18,262,648.00                       | 215,775.00                            | 8,410,430.00                        |
| December 15, 2019 | 468,540.00                            | 17,794,108.00                       | 215,775.00                            | 8,194,655.00                        |
| June 15, 2020     | 468,540.00                            | 17,325,568.00                       | 215,775.00                            | 7,978,880.00                        |
| December 15, 2020 | 468,540.00                            | 16,857,028.00                       | 215,775.00                            | 7,763,105.00                        |
| June 15, 2021     | 468,540.00                            | 16,388,488.00                       | 215,775.00                            | 7,547,330.00                        |
| December 15, 2021 | 468,540.00                            | 15,919,948.00                       | 215,775.00                            | 7,331,555.00                        |
| June 15, 2022     | 468,540.00                            | 15,451,408.00                       | 215,775.00                            | 7,115,780.00                        |
| December 15, 2022 | 468,540.00                            | 14,982,868.00                       | 215,775.00                            | 6,900,005.00                        |
| June 15, 2023     | 468,540.00                            | 14,514,328.00                       | 215,775.00                            | 6,684,230.00                        |
| December 15, 2023 | 468,540.00                            | 14,045,788.00                       | 215,775.00                            | 6,468,455.00                        |
| June 15, 2024     | 468,540.00                            | 13,577,248.00                       | 215,775.00                            | 6,252,680.00                        |
| December 15, 2024 | 468,540.00                            | 13,108,708.00                       | 215,775.00                            | 6,036,905.00                        |
| June 15, 2025     | 468,540.00                            | 12,640,168.00                       | 215,775.00                            | 5,821,130.00                        |
| December 15, 2025 | 468,540.00                            | 12,171,628.00                       | 215,775.00                            | 5,605,355.00                        |
| June 15, 2026     | 468,540.00                            | 11,703,088.00                       | 215,775.00                            | 5,389,580.00                        |
| December 15, 2026 | 468,540.00                            | 11,234,548.00                       | 215,775.00                            | 5,173,805.00                        |
| June 15, 2027     | 468,540.00                            | 10,766,008.00                       | 215,775.00                            | 4,958,030.00                        |
| December 15, 2027 | 468,540.00                            | 10,297,468.00                       | 215,775.00                            | 4,742,255.00                        |
| June 15, 2028     | 10,297,468.00                         | 0.00                                | 4,742,255.00                          | 0.00                                |

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## N163AA

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 20,824,000.00                    | \$ 0.00                               | \$ 9,590,000.00                     |
| December 15, 2016 | 0.00                                  | 20,824,000.00                       | 0.00                                  | 9,590,000.00                        |
| June 15, 2017     | 541,424.00                            | 20,282,576.00                       | 249,340.00                            | 9,340,660.00                        |
| December 15, 2017 | 541,424.00                            | 19,741,152.00                       | 249,340.00                            | 9,091,320.00                        |
| June 15, 2018     | 541,424.00                            | 19,199,728.00                       | 249,340.00                            | 8,841,980.00                        |
| December 15, 2018 | 468,540.00                            | 18,731,188.00                       | 215,775.00                            | 8,626,205.00                        |
| June 15, 2019     | 468,540.00                            | 18,262,648.00                       | 215,775.00                            | 8,410,430.00                        |
| December 15, 2019 | 468,540.00                            | 17,794,108.00                       | 215,775.00                            | 8,194,655.00                        |
| June 15, 2020     | 468,540.00                            | 17,325,568.00                       | 215,775.00                            | 7,978,880.00                        |
| December 15, 2020 | 468,540.00                            | 16,857,028.00                       | 215,775.00                            | 7,763,105.00                        |
| June 15, 2021     | 468,540.00                            | 16,388,488.00                       | 215,775.00                            | 7,547,330.00                        |
| December 15, 2021 | 468,540.00                            | 15,919,948.00                       | 215,775.00                            | 7,331,555.00                        |
| June 15, 2022     | 468,540.00                            | 15,451,408.00                       | 215,775.00                            | 7,115,780.00                        |
| December 15, 2022 | 468,540.00                            | 14,982,868.00                       | 215,775.00                            | 6,900,005.00                        |
| June 15, 2023     | 468,540.00                            | 14,514,328.00                       | 215,775.00                            | 6,684,230.00                        |
| December 15, 2023 | 468,540.00                            | 14,045,788.00                       | 215,775.00                            | 6,468,455.00                        |
| June 15, 2024     | 468,540.00                            | 13,577,248.00                       | 215,775.00                            | 6,252,680.00                        |
| December 15, 2024 | 468,540.00                            | 13,108,708.00                       | 215,775.00                            | 6,036,905.00                        |
| June 15, 2025     | 468,540.00                            | 12,640,168.00                       | 215,775.00                            | 5,821,130.00                        |
| December 15, 2025 | 468,540.00                            | 12,171,628.00                       | 215,775.00                            | 5,605,355.00                        |
| June 15, 2026     | 468,540.00                            | 11,703,088.00                       | 215,775.00                            | 5,389,580.00                        |
| December 15, 2026 | 468,540.00                            | 11,234,548.00                       | 215,775.00                            | 5,173,805.00                        |
| June 15, 2027     | 468,540.00                            | 10,766,008.00                       | 215,775.00                            | 4,958,030.00                        |
| December 15, 2027 | 468,540.00                            | 10,297,468.00                       | 215,775.00                            | 4,742,255.00                        |
| June 15, 2028     | 10,297,468.00                         | 0.00                                | 4,742,255.00                          | 0.00                                |

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N164NN

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 20,824,000.00                    | \$ 0.00                               | \$ 9,590,000.00                     |
| December 15, 2016 | 0.00                                  | 20,824,000.00                       | 0.00                                  | 9,590,000.00                        |
| June 15, 2017     | 541,424.00                            | 20,282,576.00                       | 249,340.00                            | 9,340,660.00                        |
| December 15, 2017 | 541,424.00                            | 19,741,152.00                       | 249,340.00                            | 9,091,320.00                        |
| June 15, 2018     | 541,424.00                            | 19,199,728.00                       | 249,340.00                            | 8,841,980.00                        |
| December 15, 2018 | 468,540.00                            | 18,731,188.00                       | 215,775.00                            | 8,626,205.00                        |
| June 15, 2019     | 468,540.00                            | 18,262,648.00                       | 215,775.00                            | 8,410,430.00                        |
| December 15, 2019 | 468,540.00                            | 17,794,108.00                       | 215,775.00                            | 8,194,655.00                        |
| June 15, 2020     | 468,540.00                            | 17,325,568.00                       | 215,775.00                            | 7,978,880.00                        |
| December 15, 2020 | 468,540.00                            | 16,857,028.00                       | 215,775.00                            | 7,763,105.00                        |
| June 15, 2021     | 468,540.00                            | 16,388,488.00                       | 215,775.00                            | 7,547,330.00                        |
| December 15, 2021 | 468,540.00                            | 15,919,948.00                       | 215,775.00                            | 7,331,555.00                        |
| June 15, 2022     | 468,540.00                            | 15,451,408.00                       | 215,775.00                            | 7,115,780.00                        |
| December 15, 2022 | 468,540.00                            | 14,982,868.00                       | 215,775.00                            | 6,900,005.00                        |
| June 15, 2023     | 468,540.00                            | 14,514,328.00                       | 215,775.00                            | 6,684,230.00                        |
| December 15, 2023 | 468,540.00                            | 14,045,788.00                       | 215,775.00                            | 6,468,455.00                        |
| June 15, 2024     | 468,540.00                            | 13,577,248.00                       | 215,775.00                            | 6,252,680.00                        |
| December 15, 2024 | 468,540.00                            | 13,108,708.00                       | 215,775.00                            | 6,036,905.00                        |
| June 15, 2025     | 468,540.00                            | 12,640,168.00                       | 215,775.00                            | 5,821,130.00                        |
| December 15, 2025 | 468,540.00                            | 12,171,628.00                       | 215,775.00                            | 5,605,355.00                        |
| June 15, 2026     | 468,540.00                            | 11,703,088.00                       | 215,775.00                            | 5,389,580.00                        |
| December 15, 2026 | 468,540.00                            | 11,234,548.00                       | 215,775.00                            | 5,173,805.00                        |
| June 15, 2027     | 468,540.00                            | 10,766,008.00                       | 215,775.00                            | 4,958,030.00                        |
| December 15, 2027 | 468,540.00                            | 10,297,468.00                       | 215,775.00                            | 4,742,255.00                        |
| June 15, 2028     | 10,297,468.00                         | 0.00                                | 4,742,255.00                          | 0.00                                |

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## N165NN

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 20,824,000.00                    | \$ 0.00                               | \$ 9,590,000.00                     |
| December 15, 2016 | 0.00                                  | 20,824,000.00                       | 0.00                                  | 9,590,000.00                        |
| June 15, 2017     | 541,424.00                            | 20,282,576.00                       | 249,340.00                            | 9,340,660.00                        |
| December 15, 2017 | 541,424.00                            | 19,741,152.00                       | 249,340.00                            | 9,091,320.00                        |
| June 15, 2018     | 541,424.00                            | 19,199,728.00                       | 249,340.00                            | 8,841,980.00                        |
| December 15, 2018 | 468,540.00                            | 18,731,188.00                       | 215,775.00                            | 8,626,205.00                        |
| June 15, 2019     | 468,540.00                            | 18,262,648.00                       | 215,775.00                            | 8,410,430.00                        |
| December 15, 2019 | 468,540.00                            | 17,794,108.00                       | 215,775.00                            | 8,194,655.00                        |
| June 15, 2020     | 468,540.00                            | 17,325,568.00                       | 215,775.00                            | 7,978,880.00                        |
| December 15, 2020 | 468,540.00                            | 16,857,028.00                       | 215,775.00                            | 7,763,105.00                        |
| June 15, 2021     | 468,540.00                            | 16,388,488.00                       | 215,775.00                            | 7,547,330.00                        |
| December 15, 2021 | 468,540.00                            | 15,919,948.00                       | 215,775.00                            | 7,331,555.00                        |
| June 15, 2022     | 468,540.00                            | 15,451,408.00                       | 215,775.00                            | 7,115,780.00                        |
| December 15, 2022 | 468,540.00                            | 14,982,868.00                       | 215,775.00                            | 6,900,005.00                        |
| June 15, 2023     | 468,540.00                            | 14,514,328.00                       | 215,775.00                            | 6,684,230.00                        |
| December 15, 2023 | 468,540.00                            | 14,045,788.00                       | 215,775.00                            | 6,468,455.00                        |
| June 15, 2024     | 468,540.00                            | 13,577,248.00                       | 215,775.00                            | 6,252,680.00                        |
| December 15, 2024 | 468,540.00                            | 13,108,708.00                       | 215,775.00                            | 6,036,905.00                        |
| June 15, 2025     | 468,540.00                            | 12,640,168.00                       | 215,775.00                            | 5,821,130.00                        |
| December 15, 2025 | 468,540.00                            | 12,171,628.00                       | 215,775.00                            | 5,605,355.00                        |
| June 15, 2026     | 468,540.00                            | 11,703,088.00                       | 215,775.00                            | 5,389,580.00                        |
| December 15, 2026 | 468,540.00                            | 11,234,548.00                       | 215,775.00                            | 5,173,805.00                        |
| June 15, 2027     | 468,540.00                            | 10,766,008.00                       | 215,775.00                            | 4,958,030.00                        |
| December 15, 2027 | 468,540.00                            | 10,297,468.00                       | 215,775.00                            | 4,742,255.00                        |
| June 15, 2028     | 10,297,468.00                         | 0.00                                | 4,742,255.00                          | 0.00                                |

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## N988AL

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 20,824,000.00                    | \$ 0.00                               | \$ 9,590,000.00                     |
| December 15, 2016 | 0.00                                  | 20,824,000.00                       | 0.00                                  | 9,590,000.00                        |
| June 15, 2017     | 541,424.00                            | 20,282,576.00                       | 249,340.00                            | 9,340,660.00                        |
| December 15, 2017 | 541,424.00                            | 19,741,152.00                       | 249,340.00                            | 9,091,320.00                        |
| June 15, 2018     | 541,424.00                            | 19,199,728.00                       | 249,340.00                            | 8,841,980.00                        |
| December 15, 2018 | 468,540.00                            | 18,731,188.00                       | 215,775.00                            | 8,626,205.00                        |
| June 15, 2019     | 468,540.00                            | 18,262,648.00                       | 215,775.00                            | 8,410,430.00                        |
| December 15, 2019 | 468,540.00                            | 17,794,108.00                       | 215,775.00                            | 8,194,655.00                        |
| June 15, 2020     | 468,540.00                            | 17,325,568.00                       | 215,775.00                            | 7,978,880.00                        |
| December 15, 2020 | 468,540.00                            | 16,857,028.00                       | 215,775.00                            | 7,763,105.00                        |
| June 15, 2021     | 468,540.00                            | 16,388,488.00                       | 215,775.00                            | 7,547,330.00                        |
| December 15, 2021 | 468,540.00                            | 15,919,948.00                       | 215,775.00                            | 7,331,555.00                        |
| June 15, 2022     | 468,540.00                            | 15,451,408.00                       | 215,775.00                            | 7,115,780.00                        |
| December 15, 2022 | 468,540.00                            | 14,982,868.00                       | 215,775.00                            | 6,900,005.00                        |
| June 15, 2023     | 468,540.00                            | 14,514,328.00                       | 215,775.00                            | 6,684,230.00                        |
| December 15, 2023 | 468,540.00                            | 14,045,788.00                       | 215,775.00                            | 6,468,455.00                        |
| June 15, 2024     | 468,540.00                            | 13,577,248.00                       | 215,775.00                            | 6,252,680.00                        |
| December 15, 2024 | 468,540.00                            | 13,108,708.00                       | 215,775.00                            | 6,036,905.00                        |
| June 15, 2025     | 468,540.00                            | 12,640,168.00                       | 215,775.00                            | 5,821,130.00                        |
| December 15, 2025 | 468,540.00                            | 12,171,628.00                       | 215,775.00                            | 5,605,355.00                        |
| June 15, 2026     | 468,540.00                            | 11,703,088.00                       | 215,775.00                            | 5,389,580.00                        |
| December 15, 2026 | 468,540.00                            | 11,234,548.00                       | 215,775.00                            | 5,173,805.00                        |
| June 15, 2027     | 468,540.00                            | 10,766,008.00                       | 215,775.00                            | 4,958,030.00                        |
| December 15, 2027 | 468,540.00                            | 10,297,468.00                       | 215,775.00                            | 4,742,255.00                        |
| June 15, 2028     | 10,297,468.00                         | 0.00                                | 4,742,255.00                          | 0.00                                |

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## N166NN

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 21,032,000.00                    | \$ 0.00                               | \$ 9,685,000.00                     |
| December 15, 2016 | 0.00                                  | 21,032,000.00                       | 0.00                                  | 9,685,000.00                        |
| June 15, 2017     | 546,832.00                            | 20,485,168.00                       | 251,810.00                            | 9,433,190.00                        |
| December 15, 2017 | 546,832.00                            | 19,938,336.00                       | 251,810.00                            | 9,181,380.00                        |
| June 15, 2018     | 546,832.00                            | 19,391,504.00                       | 251,810.00                            | 8,929,570.00                        |
| December 15, 2018 | 473,220.00                            | 18,918,284.00                       | 217,912.50                            | 8,711,657.50                        |
| June 15, 2019     | 473,220.00                            | 18,445,064.00                       | 217,912.50                            | 8,493,745.00                        |
| December 15, 2019 | 473,220.00                            | 17,971,844.00                       | 217,912.50                            | 8,275,832.50                        |
| June 15, 2020     | 473,220.00                            | 17,498,624.00                       | 217,912.50                            | 8,057,920.00                        |
| December 15, 2020 | 473,220.00                            | 17,025,404.00                       | 217,912.50                            | 7,840,007.50                        |
| June 15, 2021     | 473,220.00                            | 16,552,184.00                       | 217,912.50                            | 7,622,095.00                        |
| December 15, 2021 | 473,220.00                            | 16,078,964.00                       | 217,912.50                            | 7,404,182.50                        |
| June 15, 2022     | 473,220.00                            | 15,605,744.00                       | 217,912.50                            | 7,186,270.00                        |
| December 15, 2022 | 473,220.00                            | 15,132,524.00                       | 217,912.50                            | 6,968,357.50                        |
| June 15, 2023     | 473,220.00                            | 14,659,304.00                       | 217,912.50                            | 6,750,445.00                        |
| December 15, 2023 | 473,220.00                            | 14,186,084.00                       | 217,912.50                            | 6,532,532.50                        |
| June 15, 2024     | 473,220.00                            | 13,712,864.00                       | 217,912.50                            | 6,314,620.00                        |
| December 15, 2024 | 473,220.00                            | 13,239,644.00                       | 217,912.50                            | 6,096,707.50                        |
| June 15, 2025     | 473,220.00                            | 12,766,424.00                       | 217,912.50                            | 5,878,795.00                        |
| December 15, 2025 | 473,220.00                            | 12,293,204.00                       | 217,912.50                            | 5,660,882.50                        |
| June 15, 2026     | 473,220.00                            | 11,819,984.00                       | 217,912.50                            | 5,442,970.00                        |
| December 15, 2026 | 473,220.00                            | 11,346,764.00                       | 217,912.50                            | 5,225,057.50                        |
| June 15, 2027     | 473,220.00                            | 10,873,544.00                       | 217,912.50                            | 5,007,145.00                        |
| December 15, 2027 | 473,220.00                            | 10,400,324.00                       | 217,912.50                            | 4,789,232.50                        |
| June 15, 2028     | 10,400,324.00                         | 0.00                                | 4,789,232.50                          | 0.00                                |



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## N167AN

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 21,032,000.00                    | \$ 0.00                               | \$ 9,685,000.00                     |
| December 15, 2016 | 0.00                                  | 21,032,000.00                       | 0.00                                  | 9,685,000.00                        |
| June 15, 2017     | 546,832.00                            | 20,485,168.00                       | 251,810.00                            | 9,433,190.00                        |
| December 15, 2017 | 546,832.00                            | 19,938,336.00                       | 251,810.00                            | 9,181,380.00                        |
| June 15, 2018     | 546,832.00                            | 19,391,504.00                       | 251,810.00                            | 8,929,570.00                        |
| December 15, 2018 | 473,220.00                            | 18,918,284.00                       | 217,912.50                            | 8,711,657.50                        |
| June 15, 2019     | 473,220.00                            | 18,445,064.00                       | 217,912.50                            | 8,493,745.00                        |
| December 15, 2019 | 473,220.00                            | 17,971,844.00                       | 217,912.50                            | 8,275,832.50                        |
| June 15, 2020     | 473,220.00                            | 17,498,624.00                       | 217,912.50                            | 8,057,920.00                        |
| December 15, 2020 | 473,220.00                            | 17,025,404.00                       | 217,912.50                            | 7,840,007.50                        |
| June 15, 2021     | 473,220.00                            | 16,552,184.00                       | 217,912.50                            | 7,622,095.00                        |
| December 15, 2021 | 473,220.00                            | 16,078,964.00                       | 217,912.50                            | 7,404,182.50                        |
| June 15, 2022     | 473,220.00                            | 15,605,744.00                       | 217,912.50                            | 7,186,270.00                        |
| December 15, 2022 | 473,220.00                            | 15,132,524.00                       | 217,912.50                            | 6,968,357.50                        |
| June 15, 2023     | 473,220.00                            | 14,659,304.00                       | 217,912.50                            | 6,750,445.00                        |
| December 15, 2023 | 473,220.00                            | 14,186,084.00                       | 217,912.50                            | 6,532,532.50                        |
| June 15, 2024     | 473,220.00                            | 13,712,864.00                       | 217,912.50                            | 6,314,620.00                        |
| December 15, 2024 | 473,220.00                            | 13,239,644.00                       | 217,912.50                            | 6,096,707.50                        |
| June 15, 2025     | 473,220.00                            | 12,766,424.00                       | 217,912.50                            | 5,878,795.00                        |
| December 15, 2025 | 473,220.00                            | 12,293,204.00                       | 217,912.50                            | 5,660,882.50                        |
| June 15, 2026     | 473,220.00                            | 11,819,984.00                       | 217,912.50                            | 5,442,970.00                        |
| December 15, 2026 | 473,220.00                            | 11,346,764.00                       | 217,912.50                            | 5,225,057.50                        |
| June 15, 2027     | 473,220.00                            | 10,873,544.00                       | 217,912.50                            | 5,007,145.00                        |
| December 15, 2027 | 473,220.00                            | 10,400,324.00                       | 217,912.50                            | 4,789,232.50                        |
| June 15, 2028     | 10,400,324.00                         | 0.00                                | 4,789,232.50                          | 0.00                                |

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## N986AN

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 21,048,000.00                    | \$ 0.00                               | \$ 9,693,000.00                     |
| December 15, 2016 | 0.00                                  | 21,048,000.00                       | 0.00                                  | 9,693,000.00                        |
| June 15, 2017     | 547,248.00                            | 20,500,752.00                       | 252,018.00                            | 9,440,982.00                        |
| December 15, 2017 | 547,248.00                            | 19,953,504.00                       | 252,018.00                            | 9,188,964.00                        |
| June 15, 2018     | 547,248.00                            | 19,406,256.00                       | 252,018.00                            | 8,936,946.00                        |
| December 15, 2018 | 473,580.00                            | 18,932,676.00                       | 218,092.50                            | 8,718,853.50                        |
| June 15, 2019     | 473,580.00                            | 18,459,096.00                       | 218,092.50                            | 8,500,761.00                        |
| December 15, 2019 | 473,580.00                            | 17,985,516.00                       | 218,092.50                            | 8,282,668.50                        |
| June 15, 2020     | 473,580.00                            | 17,511,936.00                       | 218,092.50                            | 8,064,576.00                        |
| December 15, 2020 | 473,580.00                            | 17,038,356.00                       | 218,092.50                            | 7,846,483.50                        |
| June 15, 2021     | 473,580.00                            | 16,564,776.00                       | 218,092.50                            | 7,628,391.00                        |
| December 15, 2021 | 473,580.00                            | 16,091,196.00                       | 218,092.50                            | 7,410,298.50                        |
| June 15, 2022     | 473,580.00                            | 15,617,616.00                       | 218,092.50                            | 7,192,206.00                        |
| December 15, 2022 | 473,580.00                            | 15,144,036.00                       | 218,092.50                            | 6,974,113.50                        |
| June 15, 2023     | 473,580.00                            | 14,670,456.00                       | 218,092.50                            | 6,756,021.00                        |
| December 15, 2023 | 473,580.00                            | 14,196,876.00                       | 218,092.50                            | 6,537,928.50                        |
| June 15, 2024     | 473,580.00                            | 13,723,296.00                       | 218,092.50                            | 6,319,836.00                        |
| December 15, 2024 | 473,580.00                            | 13,249,716.00                       | 218,092.50                            | 6,101,743.50                        |
| June 15, 2025     | 473,580.00                            | 12,776,136.00                       | 218,092.50                            | 5,883,651.00                        |
| December 15, 2025 | 473,580.00                            | 12,302,556.00                       | 218,092.50                            | 5,665,558.50                        |
| June 15, 2026     | 473,580.00                            | 11,828,976.00                       | 218,092.50                            | 5,447,466.00                        |
| December 15, 2026 | 473,580.00                            | 11,355,396.00                       | 218,092.50                            | 5,229,373.50                        |
| June 15, 2027     | 473,580.00                            | 10,881,816.00                       | 218,092.50                            | 5,011,281.00                        |
| December 15, 2027 | 473,580.00                            | 10,408,236.00                       | 218,092.50                            | 4,793,188.50                        |
| June 15, 2028     | 10,408,236.00                         | 0.00                                | 4,793,188.50                          | 0.00                                |

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## N987AM

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 21,048,000.00                    | \$ 0.00                               | \$ 9,693,000.00                     |
| December 15, 2016 | 0.00                                  | 21,048,000.00                       | 0.00                                  | 9,693,000.00                        |
| June 15, 2017     | 547,248.00                            | 20,500,752.00                       | 252,018.00                            | 9,440,982.00                        |
| December 15, 2017 | 547,248.00                            | 19,953,504.00                       | 252,018.00                            | 9,188,964.00                        |
| June 15, 2018     | 547,248.00                            | 19,406,256.00                       | 252,018.00                            | 8,936,946.00                        |
| December 15, 2018 | 473,580.00                            | 18,932,676.00                       | 218,092.50                            | 8,718,853.50                        |
| June 15, 2019     | 473,580.00                            | 18,459,096.00                       | 218,092.50                            | 8,500,761.00                        |
| December 15, 2019 | 473,580.00                            | 17,985,516.00                       | 218,092.50                            | 8,282,668.50                        |
| June 15, 2020     | 473,580.00                            | 17,511,936.00                       | 218,092.50                            | 8,064,576.00                        |
| December 15, 2020 | 473,580.00                            | 17,038,356.00                       | 218,092.50                            | 7,846,483.50                        |
| June 15, 2021     | 473,580.00                            | 16,564,776.00                       | 218,092.50                            | 7,628,391.00                        |
| December 15, 2021 | 473,580.00                            | 16,091,196.00                       | 218,092.50                            | 7,410,298.50                        |
| June 15, 2022     | 473,580.00                            | 15,617,616.00                       | 218,092.50                            | 7,192,206.00                        |
| December 15, 2022 | 473,580.00                            | 15,144,036.00                       | 218,092.50                            | 6,974,113.50                        |
| June 15, 2023     | 473,580.00                            | 14,670,456.00                       | 218,092.50                            | 6,756,021.00                        |
| December 15, 2023 | 473,580.00                            | 14,196,876.00                       | 218,092.50                            | 6,537,928.50                        |
| June 15, 2024     | 473,580.00                            | 13,723,296.00                       | 218,092.50                            | 6,319,836.00                        |
| December 15, 2024 | 473,580.00                            | 13,249,716.00                       | 218,092.50                            | 6,101,743.50                        |
| June 15, 2025     | 473,580.00                            | 12,776,136.00                       | 218,092.50                            | 5,883,651.00                        |
| December 15, 2025 | 473,580.00                            | 12,302,556.00                       | 218,092.50                            | 5,665,558.50                        |
| June 15, 2026     | 473,580.00                            | 11,828,976.00                       | 218,092.50                            | 5,447,466.00                        |
| December 15, 2026 | 473,580.00                            | 11,355,396.00                       | 218,092.50                            | 5,229,373.50                        |
| June 15, 2027     | 473,580.00                            | 10,881,816.00                       | 218,092.50                            | 5,011,281.00                        |
| December 15, 2027 | 473,580.00                            | 10,408,236.00                       | 218,092.50                            | 4,793,188.50                        |
| June 15, 2028     | 10,408,236.00                         | 0.00                                | 4,793,188.50                          | 0.00                                |

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| <b>Date</b>       | <b>Series AA</b>                               |  | <b>Series A</b>                                |  |
|-------------------|--|--|--|--|
|                   | <b>Scheduled<br/>Payments of<br/>Principal</b> | <b>Equipment<br/>Note Ending<br/>Balance</b> | <b>Scheduled<br/>Payments of<br/>Principal</b> | <b>Equipment<br/>Note Ending<br/>Balance</b> |
| At Issuance       | \$ 0.00  | \$ 17,784,000.00                             | \$ 0.00  | \$ 8,190,000.00                              |
| December 15, 2016 | 0.00   | 17,784,000.00                                | 0.00   | 8,190,000.00                                 |
| June 15, 2017     | 462,384.00                                     | 17,321,616.00                                | 212,940.00                                     | 7,977,060.00                                 |
| December 15, 2017 | 462,384.00                                     | 16,859,232.00                                | 212,940.00                                     | 7,764,120.00                                 |
| June 15, 2018     | 462,384.00                                     | 16,396,848.00                                | 212,940.00                                     | 7,551,180.00                                 |
| December 15, 2018 | 400,140.00                                     | 15,996,708.00                                | 184,275.00                                     | 7,366,905.00                                 |
| June 15, 2019     | 400,140.00                                     | 15,596,568.00                                | 184,275.00                                     | 7,182,630.00                                 |
| December 15, 2019 | 400,140.00                                     | 15,196,428.00                                | 184,275.00                                     | 6,998,355.00                                 |
| June 15, 2020     | 400,140.00                                     | 14,796,288.00                                | 184,275.00                                     | 6,814,080.00                                 |
| December 15, 2020 | 400,140.00                                     | 14,396,148.00                                | 184,275.00                                     | 6,629,805.00                                 |
| June 15, 2021     | 400,140.00                                     | 13,996,008.00                                | 184,275.00                                     | 6,445,530.00                                 |
| December 15, 2021 | 400,140.00                                     | 13,595,868.00                                | 184,275.00                                     | 6,261,255.00                                 |
| June 15, 2022     | 400,140.00                                     | 13,195,728.00                                | 184,275.00                                     | 6,076,980.00                                 |
| December 15, 2022 | 400,140.00                                     | 12,795,588.00                                | 184,275.00                                     | 5,892,705.00                                 |
| June 15, 2023     | 400,140.00                                     | 12,395,448.00                                | 184,275.00                                     | 5,708,430.00                                 |
| December 15, 2023 | 400,140.00                                     | 11,995,308.00                                | 184,275.00                                     | 5,524,155.00                                 |
| June 15, 2024     | 400,140.00                                     | 11,595,168.00                                | 184,275.00                                     | 5,339,880.00                                 |
| December 15, 2024 | 400,140.00                                     | 11,195,028.00                                | 184,275.00                                     | 5,155,605.00                                 |
| June 15, 2025     | 400,140.00                                     | 10,794,888.00                                | 184,275.00                                     | 4,971,330.00                                 |
| December 15, 2025 | 400,140.00                                     | 10,394,748.00                                | 184,275.00                                     | 4,787,055.00                                 |
| June 15, 2026     | 400,140.00                                     | 9,994,608.00                                 | 184,275.00                                     | 4,602,780.00                                 |
| December 15, 2026 | 400,140.00                                     | 9,594,468.00                                 | 184,275.00                                     | 4,418,505.00                                 |
| June 15, 2027     | 400,140.00                                     | 9,194,328.00                                 | 184,275.00                                     | 4,234,230.00                                 |
| December 15, 2027 | 400,140.00                                     | 8,794,188.00                                 | 184,275.00                                     | 4,049,955.00                                 |
| June 15, 2028     | 8,794,188.00                                   | 0.00   | 4,049,955.00                                   | 0.00   |

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| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 18,050,000.00                    | \$ 0.00                               | \$ 8,313,000.00                     |
| December 15, 2016 | 0.00                                  | 18,050,000.00                       | 0.00                                  | 8,313,000.00                        |
| June 15, 2017     | 469,300.00                            | 17,580,700.00                       | 216,138.00                            | 8,096,862.00                        |
| December 15, 2017 | 469,300.00                            | 17,111,400.00                       | 216,138.00                            | 7,880,724.00                        |
| June 15, 2018     | 469,300.00                            | 16,642,100.00                       | 216,138.00                            | 7,664,586.00                        |
| December 15, 2018 | 406,125.00                            | 16,235,975.00                       | 187,042.50                            | 7,477,543.50                        |
| June 15, 2019     | 406,125.00                            | 15,829,850.00                       | 187,042.50                            | 7,290,501.00                        |
| December 15, 2019 | 406,125.00                            | 15,423,725.00                       | 187,042.50                            | 7,103,458.50                        |
| June 15, 2020     | 406,125.00                            | 15,017,600.00                       | 187,042.50                            | 6,916,416.00                        |
| December 15, 2020 | 406,125.00                            | 14,611,475.00                       | 187,042.50                            | 6,729,373.50                        |
| June 15, 2021     | 406,125.00                            | 14,205,350.00                       | 187,042.50                            | 6,542,331.00                        |
| December 15, 2021 | 406,125.00                            | 13,799,225.00                       | 187,042.50                            | 6,355,288.50                        |
| June 15, 2022     | 406,125.00                            | 13,393,100.00                       | 187,042.50                            | 6,168,246.00                        |
| December 15, 2022 | 406,125.00                            | 12,986,975.00                       | 187,042.50                            | 5,981,203.50                        |
| June 15, 2023     | 406,125.00                            | 12,580,850.00                       | 187,042.50                            | 5,794,161.00                        |
| December 15, 2023 | 406,125.00                            | 12,174,725.00                       | 187,042.50                            | 5,607,118.50                        |
| June 15, 2024     | 406,125.00                            | 11,768,600.00                       | 187,042.50                            | 5,420,076.00                        |
| December 15, 2024 | 406,125.00                            | 11,362,475.00                       | 187,042.50                            | 5,233,033.50                        |
| June 15, 2025     | 406,125.00                            | 10,956,350.00                       | 187,042.50                            | 5,045,991.00                        |
| December 15, 2025 | 406,125.00                            | 10,550,225.00                       | 187,042.50                            | 4,858,948.50                        |
| June 15, 2026     | 406,125.00                            | 10,144,100.00                       | 187,042.50                            | 4,671,906.00                        |
| December 15, 2026 | 406,125.00                            | 9,737,975.00                        | 187,042.50                            | 4,484,863.50                        |
| June 15, 2027     | 406,125.00                            | 9,331,850.00                        | 187,042.50                            | 4,297,821.00                        |
| December 15, 2027 | 406,125.00                            | 8,925,725.00                        | 187,042.50                            | 4,110,778.50                        |
| June 15, 2028     | 8,925,725.00                          | 0.00                                | 4,110,778.50                          | 0.00                                |

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| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 18,054,000.00                    | \$ 0.00                               | \$ 8,314,000.00                     |
| December 15, 2016 | 0.00                                  | 18,054,000.00                       | 0.00                                  | 8,314,000.00                        |
| June 15, 2017     | 469,404.00                            | 17,584,596.00                       | 216,164.00                            | 8,097,836.00                        |
| December 15, 2017 | 469,404.00                            | 17,115,192.00                       | 216,164.00                            | 7,881,672.00                        |
| June 15, 2018     | 469,404.00                            | 16,645,788.00                       | 216,164.00                            | 7,665,508.00                        |
| December 15, 2018 | 406,215.00                            | 16,239,573.00                       | 187,065.00                            | 7,478,443.00                        |
| June 15, 2019     | 406,215.00                            | 15,833,358.00                       | 187,065.00                            | 7,291,378.00                        |
| December 15, 2019 | 406,215.00                            | 15,427,143.00                       | 187,065.00                            | 7,104,313.00                        |
| June 15, 2020     | 406,215.00                            | 15,020,928.00                       | 187,065.00                            | 6,917,248.00                        |
| December 15, 2020 | 406,215.00                            | 14,614,713.00                       | 187,065.00                            | 6,730,183.00                        |
| June 15, 2021     | 406,215.00                            | 14,208,498.00                       | 187,065.00                            | 6,543,118.00                        |
| December 15, 2021 | 406,215.00                            | 13,802,283.00                       | 187,065.00                            | 6,356,053.00                        |
| June 15, 2022     | 406,215.00                            | 13,396,068.00                       | 187,065.00                            | 6,168,988.00                        |
| December 15, 2022 | 406,215.00                            | 12,989,853.00                       | 187,065.00                            | 5,981,923.00                        |
| June 15, 2023     | 406,215.00                            | 12,583,638.00                       | 187,065.00                            | 5,794,858.00                        |
| December 15, 2023 | 406,215.00                            | 12,177,423.00                       | 187,065.00                            | 5,607,793.00                        |
| June 15, 2024     | 406,215.00                            | 11,771,208.00                       | 187,065.00                            | 5,420,728.00                        |
| December 15, 2024 | 406,215.00                            | 11,364,993.00                       | 187,065.00                            | 5,233,663.00                        |
| June 15, 2025     | 406,215.00                            | 10,958,778.00                       | 187,065.00                            | 5,046,598.00                        |
| December 15, 2025 | 406,215.00                            | 10,552,563.00                       | 187,065.00                            | 4,859,533.00                        |
| June 15, 2026     | 406,215.00                            | 10,146,348.00                       | 187,065.00                            | 4,672,468.00                        |
| December 15, 2026 | 406,215.00                            | 9,740,133.00                        | 187,065.00                            | 4,485,403.00                        |
| June 15, 2027     | 406,215.00                            | 9,333,918.00                        | 187,065.00                            | 4,298,338.00                        |
| December 15, 2027 | 406,215.00                            | 8,927,703.00                        | 187,065.00                            | 4,111,273.00                        |
| June 15, 2028     | 8,927,703.00                          | 0.00                                | 4,111,273.00                          | 0.00                                |

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| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 18,054,000.00                    | \$ 0.00                               | \$ 8,314,000.00                     |
| December 15, 2016 | 0.00                                  | 18,054,000.00                       | 0.00                                  | 8,314,000.00                        |
| June 15, 2017     | 469,404.00                            | 17,584,596.00                       | 216,164.00                            | 8,097,836.00                        |
| December 15, 2017 | 469,404.00                            | 17,115,192.00                       | 216,164.00                            | 7,881,672.00                        |
| June 15, 2018     | 469,404.00                            | 16,645,788.00                       | 216,164.00                            | 7,665,508.00                        |
| December 15, 2018 | 406,215.00                            | 16,239,573.00                       | 187,065.00                            | 7,478,443.00                        |
| June 15, 2019     | 406,215.00                            | 15,833,358.00                       | 187,065.00                            | 7,291,378.00                        |
| December 15, 2019 | 406,215.00                            | 15,427,143.00                       | 187,065.00                            | 7,104,313.00                        |
| June 15, 2020     | 406,215.00                            | 15,020,928.00                       | 187,065.00                            | 6,917,248.00                        |
| December 15, 2020 | 406,215.00                            | 14,614,713.00                       | 187,065.00                            | 6,730,183.00                        |
| June 15, 2021     | 406,215.00                            | 14,208,498.00                       | 187,065.00                            | 6,543,118.00                        |
| December 15, 2021 | 406,215.00                            | 13,802,283.00                       | 187,065.00                            | 6,356,053.00                        |
| June 15, 2022     | 406,215.00                            | 13,396,068.00                       | 187,065.00                            | 6,168,988.00                        |
| December 15, 2022 | 406,215.00                            | 12,989,853.00                       | 187,065.00                            | 5,981,923.00                        |
| June 15, 2023     | 406,215.00                            | 12,583,638.00                       | 187,065.00                            | 5,794,858.00                        |
| December 15, 2023 | 406,215.00                            | 12,177,423.00                       | 187,065.00                            | 5,607,793.00                        |
| June 15, 2024     | 406,215.00                            | 11,771,208.00                       | 187,065.00                            | 5,420,728.00                        |
| December 15, 2024 | 406,215.00                            | 11,364,993.00                       | 187,065.00                            | 5,233,663.00                        |
| June 15, 2025     | 406,215.00                            | 10,958,778.00                       | 187,065.00                            | 5,046,598.00                        |
| December 15, 2025 | 406,215.00                            | 10,552,563.00                       | 187,065.00                            | 4,859,533.00                        |
| June 15, 2026     | 406,215.00                            | 10,146,348.00                       | 187,065.00                            | 4,672,468.00                        |
| December 15, 2026 | 406,215.00                            | 9,740,133.00                        | 187,065.00                            | 4,485,403.00                        |
| June 15, 2027     | 406,215.00                            | 9,333,918.00                        | 187,065.00                            | 4,298,338.00                        |
| December 15, 2027 | 406,215.00                            | 8,927,703.00                        | 187,065.00                            | 4,111,273.00                        |
| June 15, 2028     | 8,927,703.00                          | 0.00                                | 4,111,273.00                          | 0.00                                |

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| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 18,297,000.00                    | \$ 0.00                               | \$ 8,426,000.00                     |
| December 15, 2016 | 0.00                                  | 18,297,000.00                       | 0.00                                  | 8,426,000.00                        |
| June 15, 2017     | 475,722.00                            | 17,821,278.00                       | 219,076.00                            | 8,206,924.00                        |
| December 15, 2017 | 475,722.00                            | 17,345,556.00                       | 219,076.00                            | 7,987,848.00                        |
| June 15, 2018     | 475,722.00                            | 16,869,834.00                       | 219,076.00                            | 7,768,772.00                        |
| December 15, 2018 | 411,682.50                            | 16,458,151.50                       | 189,585.00                            | 7,579,187.00                        |
| June 15, 2019     | 411,682.50                            | 16,046,469.00                       | 189,585.00                            | 7,389,602.00                        |
| December 15, 2019 | 411,682.50                            | 15,634,786.50                       | 189,585.00                            | 7,200,017.00                        |
| June 15, 2020     | 411,682.50                            | 15,223,104.00                       | 189,585.00                            | 7,010,432.00                        |
| December 15, 2020 | 411,682.50                            | 14,811,421.50                       | 189,585.00                            | 6,820,847.00                        |
| June 15, 2021     | 411,682.50                            | 14,399,739.00                       | 189,585.00                            | 6,631,262.00                        |
| December 15, 2021 | 411,682.50                            | 13,988,056.50                       | 189,585.00                            | 6,441,677.00                        |
| June 15, 2022     | 411,682.50                            | 13,576,374.00                       | 189,585.00                            | 6,252,092.00                        |
| December 15, 2022 | 411,682.50                            | 13,164,691.50                       | 189,585.00                            | 6,062,507.00                        |
| June 15, 2023     | 411,682.50                            | 12,753,009.00                       | 189,585.00                            | 5,872,922.00                        |
| December 15, 2023 | 411,682.50                            | 12,341,326.50                       | 189,585.00                            | 5,683,337.00                        |
| June 15, 2024     | 411,682.50                            | 11,929,644.00                       | 189,585.00                            | 5,493,752.00                        |
| December 15, 2024 | 411,682.50                            | 11,517,961.50                       | 189,585.00                            | 5,304,167.00                        |
| June 15, 2025     | 411,682.50                            | 11,106,279.00                       | 189,585.00                            | 5,114,582.00                        |
| December 15, 2025 | 411,682.50                            | 10,694,596.50                       | 189,585.00                            | 4,924,997.00                        |
| June 15, 2026     | 411,682.50                            | 10,282,914.00                       | 189,585.00                            | 4,735,412.00                        |
| December 15, 2026 | 411,682.50                            | 9,871,231.50                        | 189,585.00                            | 4,545,827.00                        |
| June 15, 2027     | 411,682.50                            | 9,459,549.00                        | 189,585.00                            | 4,356,242.00                        |
| December 15, 2027 | 411,682.50                            | 9,047,866.50                        | 189,585.00                            | 4,166,657.00                        |
| June 15, 2028     | 9,047,866.50                          | 0.00                                | 4,166,657.00                          | 0.00                                |

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| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 18,297,000.00                    | \$ 0.00                               | \$ 8,426,000.00                     |
| December 15, 2016 | 0.00                                  | 18,297,000.00                       | 0.00                                  | 8,426,000.00                        |
| June 15, 2017     | 475,722.00                            | 17,821,278.00                       | 219,076.00                            | 8,206,924.00                        |
| December 15, 2017 | 475,722.00                            | 17,345,556.00                       | 219,076.00                            | 7,987,848.00                        |
| June 15, 2018     | 475,722.00                            | 16,869,834.00                       | 219,076.00                            | 7,768,772.00                        |
| December 15, 2018 | 411,682.50                            | 16,458,151.50                       | 189,585.00                            | 7,579,187.00                        |
| June 15, 2019     | 411,682.50                            | 16,046,469.00                       | 189,585.00                            | 7,389,602.00                        |
| December 15, 2019 | 411,682.50                            | 15,634,786.50                       | 189,585.00                            | 7,200,017.00                        |
| June 15, 2020     | 411,682.50                            | 15,223,104.00                       | 189,585.00                            | 7,010,432.00                        |
| December 15, 2020 | 411,682.50                            | 14,811,421.50                       | 189,585.00                            | 6,820,847.00                        |
| June 15, 2021     | 411,682.50                            | 14,399,739.00                       | 189,585.00                            | 6,631,262.00                        |
| December 15, 2021 | 411,682.50                            | 13,988,056.50                       | 189,585.00                            | 6,441,677.00                        |
| June 15, 2022     | 411,682.50                            | 13,576,374.00                       | 189,585.00                            | 6,252,092.00                        |
| December 15, 2022 | 411,682.50                            | 13,164,691.50                       | 189,585.00                            | 6,062,507.00                        |
| June 15, 2023     | 411,682.50                            | 12,753,009.00                       | 189,585.00                            | 5,872,922.00                        |
| December 15, 2023 | 411,682.50                            | 12,341,326.50                       | 189,585.00                            | 5,683,337.00                        |
| June 15, 2024     | 411,682.50                            | 11,929,644.00                       | 189,585.00                            | 5,493,752.00                        |
| December 15, 2024 | 411,682.50                            | 11,517,961.50                       | 189,585.00                            | 5,304,167.00                        |
| June 15, 2025     | 411,682.50                            | 11,106,279.00                       | 189,585.00                            | 5,114,582.00                        |
| December 15, 2025 | 411,682.50                            | 10,694,596.50                       | 189,585.00                            | 4,924,997.00                        |
| June 15, 2026     | 411,682.50                            | 10,282,914.00                       | 189,585.00                            | 4,735,412.00                        |
| December 15, 2026 | 411,682.50                            | 9,871,231.50                        | 189,585.00                            | 4,545,827.00                        |
| June 15, 2027     | 411,682.50                            | 9,459,549.00                        | 189,585.00                            | 4,356,242.00                        |
| December 15, 2027 | 411,682.50                            | 9,047,866.50                        | 189,585.00                            | 4,166,657.00                        |
| June 15, 2028     | 9,047,866.50                          | 0.00                                | 4,166,657.00                          | 0.00                                |

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| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 18,297,000.00                    | \$ 0.00                               | \$ 8,426,000.00                     |
| December 15, 2016 | 0.00                                  | 18,297,000.00                       | 0.00                                  | 8,426,000.00                        |
| June 15, 2017     | 475,722.00                            | 17,821,278.00                       | 219,076.00                            | 8,206,924.00                        |
| December 15, 2017 | 475,722.00                            | 17,345,556.00                       | 219,076.00                            | 7,987,848.00                        |
| June 15, 2018     | 475,722.00                            | 16,869,834.00                       | 219,076.00                            | 7,768,772.00                        |
| December 15, 2018 | 411,682.50                            | 16,458,151.50                       | 189,585.00                            | 7,579,187.00                        |
| June 15, 2019     | 411,682.50                            | 16,046,469.00                       | 189,585.00                            | 7,389,602.00                        |
| December 15, 2019 | 411,682.50                            | 15,634,786.50                       | 189,585.00                            | 7,200,017.00                        |
| June 15, 2020     | 411,682.50                            | 15,223,104.00                       | 189,585.00                            | 7,010,432.00                        |
| December 15, 2020 | 411,682.50                            | 14,811,421.50                       | 189,585.00                            | 6,820,847.00                        |
| June 15, 2021     | 411,682.50                            | 14,399,739.00                       | 189,585.00                            | 6,631,262.00                        |
| December 15, 2021 | 411,682.50                            | 13,988,056.50                       | 189,585.00                            | 6,441,677.00                        |
| June 15, 2022     | 411,682.50                            | 13,576,374.00                       | 189,585.00                            | 6,252,092.00                        |
| December 15, 2022 | 411,682.50                            | 13,164,691.50                       | 189,585.00                            | 6,062,507.00                        |
| June 15, 2023     | 411,682.50                            | 12,753,009.00                       | 189,585.00                            | 5,872,922.00                        |
| December 15, 2023 | 411,682.50                            | 12,341,326.50                       | 189,585.00                            | 5,683,337.00                        |
| June 15, 2024     | 411,682.50                            | 11,929,644.00                       | 189,585.00                            | 5,493,752.00                        |
| December 15, 2024 | 411,682.50                            | 11,517,961.50                       | 189,585.00                            | 5,304,167.00                        |
| June 15, 2025     | 411,682.50                            | 11,106,279.00                       | 189,585.00                            | 5,114,582.00                        |
| December 15, 2025 | 411,682.50                            | 10,694,596.50                       | 189,585.00                            | 4,924,997.00                        |
| June 15, 2026     | 411,682.50                            | 10,282,914.00                       | 189,585.00                            | 4,735,412.00                        |
| December 15, 2026 | 411,682.50                            | 9,871,231.50                        | 189,585.00                            | 4,545,827.00                        |
| June 15, 2027     | 411,682.50                            | 9,459,549.00                        | 189,585.00                            | 4,356,242.00                        |
| December 15, 2027 | 411,682.50                            | 9,047,866.50                        | 189,585.00                            | 4,166,657.00                        |
| June 15, 2028     | 9,047,866.50                          | 0.00                                | 4,166,657.00                          | 0.00                                |

**Table of Contents****C. Boeing 777-323ER**

N735AT

| <b>Date</b>       | <b>Series AA</b>                               |  | <b>Series A</b>                                |  |
|-------------------|--|--|--|--|
|                   | <b>Scheduled<br/>Payments of<br/>Principal</b> | <b>Equipment<br/>Note Ending<br/>Balance</b> | <b>Scheduled<br/>Payments of<br/>Principal</b> | <b>Equipment<br/>Note Ending<br/>Balance</b> |
| At Issuance       | \$ 0.00  | \$ 60,352,000.00                             | \$ 0.00  | \$ 27,793,000.00                             |
| December 15, 2016 | 0.00   | 60,352,000.00                                | 0.00   | 27,793,000.00                                |
| June 15, 2017     | 1,569,152.00                                   | 58,782,848.00                                | 722,618.00                                     | 27,070,382.00                                |
| December 15, 2017 | 1,569,152.00                                   | 57,213,696.00                                | 722,618.00                                     | 26,347,764.00                                |
| June 15, 2018     | 1,569,152.00                                   | 55,644,544.00                                | 722,618.00                                     | 25,625,146.00                                |
| December 15, 2018 | 1,357,920.00                                   | 54,286,624.00                                | 625,342.50                                     | 24,999,803.50                                |
| June 15, 2019     | 1,357,920.00                                   | 52,928,704.00                                | 625,342.50                                     | 24,374,461.00                                |
| December 15, 2019 | 1,357,920.00                                   | 51,570,784.00                                | 625,342.50                                     | 23,749,118.50                                |
| June 15, 2020     | 1,357,920.00                                   | 50,212,864.00                                | 625,342.50                                     | 23,123,776.00                                |
| December 15, 2020 | 1,357,920.00                                   | 48,854,944.00                                | 625,342.50                                     | 22,498,433.50                                |
| June 15, 2021     | 1,357,920.00                                   | 47,497,024.00                                | 625,342.50                                     | 21,873,091.00                                |
| December 15, 2021 | 1,357,920.00                                   | 46,139,104.00                                | 625,342.50                                     | 21,247,748.50                                |
| June 15, 2022     | 1,357,920.00                                   | 44,781,184.00                                | 625,342.50                                     | 20,622,406.00                                |
| December 15, 2022 | 1,357,920.00                                   | 43,423,264.00                                | 625,342.50                                     | 19,997,063.50                                |
| June 15, 2023     | 1,357,920.00                                   | 42,065,344.00                                | 625,342.50                                     | 19,371,721.00                                |
| December 15, 2023 | 1,357,920.00                                   | 40,707,424.00                                | 625,342.50                                     | 18,746,378.50                                |
| June 15, 2024     | 1,357,920.00                                   | 39,349,504.00                                | 625,342.50                                     | 18,121,036.00                                |
| December 15, 2024 | 1,357,920.00                                   | 37,991,584.00                                | 625,342.50                                     | 17,495,693.50                                |
| June 15, 2025     | 1,357,920.00                                   | 36,633,664.00                                | 625,342.50                                     | 16,870,351.00                                |
| December 15, 2025 | 1,357,920.00                                   | 35,275,744.00                                | 625,342.50                                     | 16,245,008.50                                |
| June 15, 2026     | 1,357,920.00                                   | 33,917,824.00                                | 625,342.50                                     | 15,619,666.00                                |
| December 15, 2026 | 1,357,920.00                                   | 32,559,904.00                                | 625,342.50                                     | 14,994,323.50                                |
| June 15, 2027     | 1,357,920.00                                   | 31,201,984.00                                | 625,342.50                                     | 14,368,981.00                                |
| December 15, 2027 | 1,357,920.00                                   | 29,844,064.00                                | 625,342.50                                     | 13,743,638.50                                |
| June 15, 2028     | 29,844,064.00                                  | 0.00   | 13,743,638.50                                  | 0.00   |

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N736AT

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 60,430,000.00                    | \$ 0.00                               | \$ 27,830,000.00                    |
| December 15, 2016 | 0.00                                  | 60,430,000.00                       | 0.00                                  | 27,830,000.00                       |
| June 15, 2017     | 1,571,180.00                          | 58,858,820.00                       | 723,580.00                            | 27,106,420.00                       |
| December 15, 2017 | 1,571,180.00                          | 57,287,640.00                       | 723,580.00                            | 26,382,840.00                       |
| June 15, 2018     | 1,571,180.00                          | 55,716,460.00                       | 723,580.00                            | 25,659,260.00                       |
| December 15, 2018 | 1,359,675.00                          | 54,356,785.00                       | 626,175.00                            | 25,033,085.00                       |
| June 15, 2019     | 1,359,675.00                          | 52,997,110.00                       | 626,175.00                            | 24,406,910.00                       |
| December 15, 2019 | 1,359,675.00                          | 51,637,435.00                       | 626,175.00                            | 23,780,735.00                       |
| June 15, 2020     | 1,359,675.00                          | 50,277,760.00                       | 626,175.00                            | 23,154,560.00                       |
| December 15, 2020 | 1,359,675.00                          | 48,918,085.00                       | 626,175.00                            | 22,528,385.00                       |
| June 15, 2021     | 1,359,675.00                          | 47,558,410.00                       | 626,175.00                            | 21,902,210.00                       |
| December 15, 2021 | 1,359,675.00                          | 46,198,735.00                       | 626,175.00                            | 21,276,035.00                       |
| June 15, 2022     | 1,359,675.00                          | 44,839,060.00                       | 626,175.00                            | 20,649,860.00                       |
| December 15, 2022 | 1,359,675.00                          | 43,479,385.00                       | 626,175.00                            | 20,023,685.00                       |
| June 15, 2023     | 1,359,675.00                          | 42,119,710.00                       | 626,175.00                            | 19,397,510.00                       |
| December 15, 2023 | 1,359,675.00                          | 40,760,035.00                       | 626,175.00                            | 18,771,335.00                       |
| June 15, 2024     | 1,359,675.00                          | 39,400,360.00                       | 626,175.00                            | 18,145,160.00                       |
| December 15, 2024 | 1,359,675.00                          | 38,040,685.00                       | 626,175.00                            | 17,518,985.00                       |
| June 15, 2025     | 1,359,675.00                          | 36,681,010.00                       | 626,175.00                            | 16,892,810.00                       |
| December 15, 2025 | 1,359,675.00                          | 35,321,335.00                       | 626,175.00                            | 16,266,635.00                       |
| June 15, 2026     | 1,359,675.00                          | 33,961,660.00                       | 626,175.00                            | 15,640,460.00                       |
| December 15, 2026 | 1,359,675.00                          | 32,601,985.00                       | 626,175.00                            | 15,014,285.00                       |
| June 15, 2027     | 1,359,675.00                          | 31,242,310.00                       | 626,175.00                            | 14,388,110.00                       |
| December 15, 2027 | 1,359,675.00                          | 29,882,635.00                       | 626,175.00                            | 13,761,935.00                       |
| June 15, 2028     | 29,882,635.00                         | 0.00                                | 13,761,935.00                         | 0.00                                |

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**Table of Contents****D. Boeing 787-8**

N815AA

| <b>Date</b>       | <b>Series AA</b>                               |  | <b>Series A</b>                                |  |
|-------------------|--|--|--|--|
|                   | <b>Scheduled<br/>Payments of<br/>Principal</b> | <b>Equipment<br/>Note Ending<br/>Balance</b> | <b>Scheduled<br/>Payments of<br/>Principal</b> | <b>Equipment<br/>Note Ending<br/>Balance</b> |
| At Issuance       | \$ 0.00  | \$ 45,535,000.00                             | \$ 0.00  | \$ 20,971,000.00                             |
| December 15, 2016 | 0.00   | 45,535,000.00                                | 0.00   | 20,971,000.00                                |
| June 15, 2017     | 1,183,910.00                                   | 44,351,090.00                                | 545,246.00                                     | 20,425,754.00                                |
| December 15, 2017 | 1,183,910.00                                   | 43,167,180.00                                | 545,246.00                                     | 19,880,508.00                                |
| June 15, 2018     | 1,183,910.00                                   | 41,983,270.00                                | 545,246.00                                     | 19,335,262.00                                |
| December 15, 2018 | 1,024,537.50                                   | 40,958,732.50                                | 471,847.50                                     | 18,863,414.50                                |
| June 15, 2019     | 1,024,537.50                                   | 39,934,195.00                                | 471,847.50                                     | 18,391,567.00                                |
| December 15, 2019 | 1,024,537.50                                   | 38,909,657.50                                | 471,847.50                                     | 17,919,719.50                                |
| June 15, 2020     | 1,024,537.50                                   | 37,885,120.00                                | 471,847.50                                     | 17,447,872.00                                |
| December 15, 2020 | 1,024,537.50                                   | 36,860,582.50                                | 471,847.50                                     | 16,976,024.50                                |
| June 15, 2021     | 1,024,537.50                                   | 35,836,045.00                                | 471,847.50                                     | 16,504,177.00                                |
| December 15, 2021 | 1,024,537.50                                   | 34,811,507.50                                | 471,847.50                                     | 16,032,329.50                                |
| June 15, 2022     | 1,024,537.50                                   | 33,786,970.00                                | 471,847.50                                     | 15,560,482.00                                |
| December 15, 2022 | 1,024,537.50                                   | 32,762,432.50                                | 471,847.50                                     | 15,088,634.50                                |
| June 15, 2023     | 1,024,537.50                                   | 31,737,895.00                                | 471,847.50                                     | 14,616,787.00                                |
| December 15, 2023 | 1,024,537.50                                   | 30,713,357.50                                | 471,847.50                                     | 14,144,939.50                                |
| June 15, 2024     | 1,024,537.50                                   | 29,688,820.00                                | 471,847.50                                     | 13,673,092.00                                |
| December 15, 2024 | 1,024,537.50                                   | 28,664,282.50                                | 471,847.50                                     | 13,201,244.50                                |
| June 15, 2025     | 1,024,537.50                                   | 27,639,745.00                                | 471,847.50                                     | 12,729,397.00                                |
| December 15, 2025 | 1,024,537.50                                   | 26,615,207.50                                | 471,847.50                                     | 12,257,549.50                                |
| June 15, 2026     | 1,024,537.50                                   | 25,590,670.00                                | 471,847.50                                     | 11,785,702.00                                |
| December 15, 2026 | 1,024,537.50                                   | 24,566,132.50                                | 471,847.50                                     | 11,313,854.50                                |
| June 15, 2027     | 1,024,537.50                                   | 23,541,595.00                                | 471,847.50                                     | 10,842,007.00                                |
| December 15, 2027 | 1,024,537.50                                   | 22,517,057.50                                | 471,847.50                                     | 10,370,159.50                                |
| June 15, 2028     | 22,517,057.50                                  | 0.00   | 10,370,159.50                                  | 0.00   |

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## N816AA

| Date              | Series AA                             |                                     | Series A                              |                                     |
|-------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|                   | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance | Scheduled<br>Payments of<br>Principal | Equipment<br>Note Ending<br>Balance |
| At Issuance       | \$ 0.00                               | \$ 45,535,000.00                    | \$ 0.00                               | \$ 20,971,000.00                    |
| December 15, 2016 | 0.00                                  | 45,535,000.00                       | 0.00                                  | 20,971,000.00                       |
| June 15, 2017     | 1,183,910.00                          | 44,351,090.00                       | 545,246.00                            | 20,425,754.00                       |
| December 15, 2017 | 1,183,910.00                          | 43,167,180.00                       | 545,246.00                            | 19,880,508.00                       |
| June 15, 2018     | 1,183,910.00                          | 41,983,270.00                       | 545,246.00                            | 19,335,262.00                       |
| December 15, 2018 | 1,024,537.50                          | 40,958,732.50                       | 471,847.50                            | 18,863,414.50                       |
| June 15, 2019     | 1,024,537.50                          | 39,934,195.00                       | 471,847.50                            | 18,391,567.00                       |
| December 15, 2019 | 1,024,537.50                          | 38,909,657.50                       | 471,847.50                            | 17,919,719.50                       |
| June 15, 2020     | 1,024,537.50                          | 37,885,120.00                       | 471,847.50                            | 17,447,872.00                       |
| December 15, 2020 | 1,024,537.50                          | 36,860,582.50                       | 471,847.50                            | 16,976,024.50                       |
| June 15, 2021     | 1,024,537.50                          | 35,836,045.00                       | 471,847.50                            | 16,504,177.00                       |
| December 15, 2021 | 1,024,537.50                          | 34,811,507.50                       | 471,847.50                            | 16,032,329.50                       |
| June 15, 2022     | 1,024,537.50                          | 33,786,970.00                       | 471,847.50                            | 15,560,482.00                       |
| December 15, 2022 | 1,024,537.50                          | 32,762,432.50                       | 471,847.50                            | 15,088,634.50                       |
| June 15, 2023     | 1,024,537.50                          | 31,737,895.00                       | 471,847.50                            | 14,616,787.00                       |
| December 15, 2023 | 1,024,537.50                          | 30,713,357.50                       | 471,847.50                            | 14,144,939.50                       |
| June 15, 2024     | 1,024,537.50                          | 29,688,820.00                       | 471,847.50                            | 13,673,092.00                       |
| December 15, 2024 | 1,024,537.50                          | 28,664,282.50                       | 471,847.50                            | 13,201,244.50                       |
| June 15, 2025     | 1,024,537.50                          | 27,639,745.00                       | 471,847.50                            | 12,729,397.00                       |
| December 15, 2025 | 1,024,537.50                          | 26,615,207.50                       | 471,847.50                            | 12,257,549.50                       |
| June 15, 2026     | 1,024,537.50                          | 25,590,670.00                       | 471,847.50                            | 11,785,702.00                       |
| December 15, 2026 | 1,024,537.50                          | 24,566,132.50                       | 471,847.50                            | 11,313,854.50                       |
| June 15, 2027     | 1,024,537.50                          | 23,541,595.00                       | 471,847.50                            | 10,842,007.00                       |
| December 15, 2027 | 1,024,537.50                          | 22,517,057.50                       | 471,847.50                            | 10,370,159.50                       |
| June 15, 2028     | 22,517,057.50                         | 0.00                                | 10,370,159.50                         | 0.00                                |

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**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 4 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.



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**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.

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**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.

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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.

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**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.

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**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.

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**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* ).

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.



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**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 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.

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**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.

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**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.

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