

AMERICAN AIRLINES INC

Form 424B2

September 29, 2011

**Table of Contents**

<b>Title of Each Class of Securities Offered</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee(1)</b>
Class A Pass Through Certificates, Series 2011-2	\$725,694,000	\$84,253.07
Guarantee of Class A Pass Through Certificates, Series 2011-2 by AMR Corporation		None(2)

(1) The registration fee of \$84,253.07 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended (the Securities Act). Pursuant to Rule 457(p) under the Securities Act, registration fees of \$207,471 were applied to the Automatic Shelf Registration Statement on Form S-3 (Registration Nos. 333-160646, 333-160646-01) filed by AMR Corporation and American Airlines, Inc. on July 17, 2009. Of such \$207,471 of prepaid registration fees, \$79,853.58 remained available prior to the date hereof for offset against future registration fees that would otherwise be payable under such Automatic Shelf Registration Statement. The entire remaining amount of \$79,853.58 in prepaid registration fees is hereby offset against the \$84,253.07 of registration fees for this offering and the balance of \$4,399.49 is being paid in connection with this offering.

(2) Pursuant to Rule 457(n) promulgated under the Securities Act, no separate fee is required for the guarantee.

**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-160646-01  
333-160646**

*PROSPECTUS SUPPLEMENT  
(To Prospectus Dated July 17, 2009)*

**\$725,694,000**

**2011-2 CLASS A PASS THROUGH TRUST  
CLASS A PASS THROUGH CERTIFICATES, SERIES 2011-2**

*American Airlines, Inc. is creating a pass through trust that will issue American Airlines, Inc. Class A Pass Through Certificates, Series 2011-2. The Class A Certificates are being offered pursuant to this prospectus supplement.*

*As described herein, American may create a separate pass through trust that will issue American Airlines, Inc. Class B Pass Through Certificates, Series 2011-2. American may, at any time on or after the date of this prospectus supplement, offer Class B Certificates, including by means of this prospectus supplement and a related company free writing prospectus based on the terms and conditions described herein and therein. See Information Relating to Class B Certificates.*

*The Class A Certificates will represent interests in the assets of the related pass through trust. The proceeds from the sale of the Class A Certificates will initially be held in escrow and will thereafter be used by such pass through trust 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 such pass through trust will be passed through to the holders of the Class A Certificates. Distributions on the Class A Certificates will be subject to certain subordination provisions described herein. The 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 A Certificates will rank generally senior to any Class B Certificates that may be issued.*

*The equipment notes expected to be held by the pass through trust for the Class A Certificates and, if applicable, the pass through trust for any Class B Certificates will be issued for each of (a) 14 Boeing 737-823 aircraft delivered new to American from 1999 to 2001 and 2 Boeing 737-823 aircraft delivered new to American in 2009, (b) 14 Boeing 757-223 aircraft delivered new to American in 1999 and 2001 and (c) 13 Boeing 777-223ER aircraft delivered new to American in 2001. The equipment notes issued for each aircraft will be secured by a security interest in such aircraft. Interest on the issued and outstanding equipment notes expected to be held by the pass through trust for the Class A Certificates will be payable semiannually on April 15 and October 15 of each year, commencing on April 15, 2012, and principal on such equipment notes is scheduled for payment on April 15 and October 15 of certain years, commencing on April 15, 2012.*

*Morgan Stanley Bank, N.A., will provide a liquidity facility for the Class A Certificates in an amount sufficient to make three semiannual interest distributions on the outstanding balance of the Class A Certificates.*

*The payment obligations of American under the equipment notes expected to be held by the pass through trust for the Class A Certificates will be fully and unconditionally guaranteed by AMR Corporation.*

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

*Investing in the Certificates involves risks. See Risk Factors beginning on page S-24.*

*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.*

<i>Pass Through Certificates</i>	<i>Aggregate Face Amount</i>	<i>Interest Rate</i>	<i>Final Expected Distribution Date</i>	<i>Price to Public<sup>(1)</sup></i>
<i>Class A</i>	<i>\$725,694,000</i>	<i>8.625%</i>	<i>October 15, 2021</i>	<i>100%</i>

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

*The underwriters will purchase all of the Class A Certificates if any are purchased. The aggregate proceeds from the sale of the Class A Certificates will be \$725,694,000. American will pay the underwriters a commission of \$7,356,940. Delivery of the Class A Certificates in book-entry form will be made on or about October 4, 2011 against payment in immediately available funds.*

**Joint Bookrunners**

**MORGAN STANLEY**  
Joint Structuring Agent  
**GOLDMAN, SACHS & CO.**

**CREDIT SUISSE**

**DEUTSCHE BANK SECURITIES**  
Joint Structuring Agent  
**CITIGROUP**

*The date of this prospectus supplement is September 27, 2011.*

---

We have not, and the Underwriters, have not, authorized anyone to provide you with information other than the information contained in this prospectus supplement, the accompanying prospectus, any related free writing prospectus issued by us (which we refer to as a *company free writing prospectus* ) and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. This prospectus supplement, the accompanying prospectus and any related company free writing prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement, the accompanying prospectus and any related company free writing prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus and any related company free writing prospectus or any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document. Neither the delivery of this prospectus supplement, the accompanying prospectus and any related company free writing prospectus nor any distribution of securities pursuant to this prospectus supplement and the accompanying prospectus shall, under any circumstances, create any implication that there has been no change in our business, financial condition, results of operations or prospects, or in the affairs of the Trusts, the Depository or the Liquidity Provider, since the date of this prospectus supplement.

**TABLE OF CONTENTS**  
**Prospectus Supplement**

	<u>Page</u>
<u>PRESENTATION OF INFORMATION</u>	iv
<u>INFORMATION RELATING TO CLASS B CERTIFICATES</u>	iv
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	iv
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>The Company</u>	S-1
<u>Summary of Terms of Certificates</u>	S-2
<u>Equipment Notes and the Aircraft</u>	S-3
<u>Loan to Aircraft Value Ratios</u>	S-5
<u>Cash Flow Structure</u>	S-7
<u>Summary of Certificates and Offering</u>	S-8
<u>Recent Developments</u>	S-18
<u>Summary Historical Consolidated Financial and Operating Data</u>	S-22
<u>RISK FACTORS</u>	S-24
<u>Risk Factors Relating to the Company</u>	S-24
<u>Risk Factors Relating to the Certificates and the Offering</u>	S-34
<u>USE OF PROCEEDS</u>	S-40
<u>DESCRIPTION OF THE CERTIFICATES</u>	S-41
<u>General</u>	S-41
<u>Payments and Distributions</u>	S-42
<u>Subordination</u>	S-46
	<u>Page</u>
<u>Pool Factors</u>	S-46
<u>Reports to Certificateholders</u>	S-48
<u>Indenture Events of Default and Certain Rights Upon an Indenture Event of Default</u>	S-49
<u>Certificate Buyout Right of Certificateholders</u>	S-50
<u>PTC Event of Default</u>	S-51

<u>Merger, Consolidation and Transfer of Assets</u>	S-52
<u>Modification of the Pass Through Trust Agreements and Certain Other Agreements</u>	S-53
<u>Obligation to Purchase Equipment Notes</u>	S-57
<u>Termination of the Trusts</u>	S-59
<u>The Trustees</u>	S-59
<u>Book-Entry Registration; Delivery and Form</u>	S-60
<u>Transfer Restrictions for Class B Certificates</u>	S-63
<u>DESCRIPTION OF THE DEPOSIT AGREEMENTS</u>	S-65
<u>General</u>	S-65

**Table of Contents**

<u>Withdrawal of Deposits to Purchase Equipment Notes</u>	S-65
<u>Other Withdrawals and Return of Deposits</u>	S-66
<u>Replacement of Depositary</u>	S-67
<u>Limitation on Damages</u>	S-67
<u>Depositary</u>	S-68
<u>DESCRIPTION OF THE ESCROW AGREEMENTS</u>	S-69
<u>General</u>	S-69
<u>Certain Modifications of the Escrow Agreements and Note Purchase Agreement</u>	S-70
<u>The Escrow Agent</u>	S-71
<u>The Paying Agent</u>	S-71
<u>DESCRIPTION OF THE LIQUIDITY FACILITIES</u>	S-72
<u>General</u>	S-72
<u>Drawings</u>	S-72
<u>Replacement of Liquidity Facilities</u>	S-73
<u>Reimbursement of Drawings</u>	S-75
<u>Liquidity Events of Default</u>	S-77
<u>Liquidity Provider</u>	S-78
<u>DESCRIPTION OF THE INTERCREDITOR AGREEMENT</u>	S-79
<u>Intercreditor Rights</u>	S-79
<u>Post Default Appraisals</u>	S-82
<u>Priority of Distributions</u>	S-83
<u>Voting of Equipment Notes</u>	S-86
<u>Certain Communications with Certificateholders</u>	S-86
<u>Reports</u>	S-87
<u>The Subordination Agent</u>	S-87
<u>DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS</u>	S-89
<u>The Aircraft</u>	S-89
<u>The Appraisals</u>	S-89
<u>Deliveries of Aircraft</u>	S-91
<u>DESCRIPTION OF THE EQUIPMENT NOTES</u>	S-92
<u>General</u>	S-92
<u>Subordination</u>	S-93
<u>Principal and Interest Payments</u>	S-94
<u>Redemption</u>	S-95
<u>Security</u>	S-96
<u>Loan to Value Ratios of Equipment Notes</u>	S-97
<u>Limitation of Liability</u>	S-98
<u>Indenture Events of Default, Notice and Waiver</u>	S-98
<u>Remedies</u>	S-99
<u>Modification of Indentures</u>	S-100
<u>Indemnification</u>	S-101
<u>Certain Provisions of the Indentures</u>	S-102
<u>POSSIBLE ISSUANCE AND REFINANCING OF CLASS B CERTIFICATES AND ADDITIONAL CERTIFICATES</u>	S-108
<u>Possible Issuance of Class B Certificates and Additional Certificates</u>	S-108
<u>Refinancing of Class B Certificates and Additional Certificates</u>	S-109
<u>Additional Liquidity Facilities</u>	S-109

<u>CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	S-110
<u>Tax Status of the Trusts</u>	S-111
<u>Taxation of Certificate Owners</u>	S-111
<u>Certain U.S. Federal Income Tax Consequences to Non-U.S. Certificateholders</u>	S-113
<u>Information Reporting and Backup Withholding</u>	S-114
<u>CERTAIN DELAWARE TAXES</u>	S-115
<u>CERTAIN ERISA CONSIDERATIONS</u>	S-116
<u>General</u>	S-116
<u>Plan Assets Issues</u>	S-116
<u>Prohibited Transaction Exemptions</u>	S-117
<u>Special Considerations Applicable to Insurance Company General Accounts</u>	S-117
<u>UNDERWRITING</u>	S-119
<u>Selling Restrictions</u>	S-121
<u>VALIDITY OF THE CERTIFICATES</u>	S-124
<u>EXPERTS</u>	S-124
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-124
<u>Index of Defined Terms</u>	Appendix I
<u>Appraisal Letters</u>	Appendix II
	Appendix
<u>Summary of Appraised Values</u>	III
	Appendix
<u>Loan to Value Ratios of Equipment Notes</u>	IV
<u>Equipment Note Principal Amounts and Amortization Schedules</u>	Appendix V



**Table of Contents**

**Prospectus**

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>THE COMPANY</u>	5
<u>RATIOS OF EARNINGS TO FIXED CHARGES</u>	5
<u>FORMATION OF THE TRUSTS</u>	6
<u>USE OF PROCEEDS</u>	6
<u>DESCRIPTION OF THE PASS THROUGH CERTIFICATES</u>	7
<u>General</u>	8
	Page
<u>Delayed Purchase of Equipment Notes</u>	10
<u>DESCRIPTION OF THE EQUIPMENT NOTES</u>	11
<u>General</u>	11
<u>Additional Notes</u>	12
<u>CREDIT ENHANCEMENTS</u>	12
<u>Ranking; Cross-Subordination</u>	12
<u>Credit Support Agreements</u>	13
<u>Guarantee of AMR</u>	13
<u>VALIDITY OF PASS THROUGH CERTIFICATES</u>	13
<u>EXPERTS</u>	13

**Table of Contents**

**PRESENTATION OF INFORMATION**

These offering materials consist of two documents: (a) this prospectus supplement, which describes the terms of the Class A Certificates that we are currently offering and the possible terms of Class B Certificates that we may, at any time on or after the date of this prospectus supplement, offer, including by means of this prospectus supplement and a related company free writing prospectus, and (b) the accompanying prospectus, which provides general information about us and our pass through certificates, some of which may not apply to the Class A Certificates or the Class B Certificates. The information in this prospectus supplement replaces any inconsistent information included in the accompanying prospectus. To the extent the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement. See About this Prospectus in the accompanying prospectus.

In this prospectus supplement, references to American, the Company, we, us and our refer to American Airlines Inc. and references to AMR refer to our parent, AMR Corporation.

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.

**INFORMATION RELATING TO CLASS B CERTIFICATES**

As described in this prospectus supplement, American may create a separate pass through trust that will issue Class B Certificates. See Possible Issuance and Refinancing of Class B Certificates and Additional Certificates. American may, at any time on or after the date of this prospectus supplement, offer Class B Certificates, including by means of this prospectus supplement and a related company free writing prospectus based on the terms and conditions described herein and therein. American reserves the right to offer Class B Certificates, if it does so at all, by means other than this prospectus supplement. The terms relating to Class B Certificates described in this prospectus supplement assume, among other things, that the Class B Certificates would be issued concurrently with the Class A Certificates and that the Class B Certificates would be subject to deposit and escrow arrangements as described under

Description of the Deposit Agreements and Description of the Escrow Agreements, respectively, and would have the benefit of credit support with respect to interest payable thereon as described under Description of the Liquidity Facilities.

There is no assurance that Class B Certificates will be offered or issued, and the Class B Certificates, if and when offered and issued, may have terms different from the terms of the Class B Certificates described in this prospectus supplement.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus, any related company free writing prospectus and the documents incorporated by reference herein and therein contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the

**Table of Contents**

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

Forward-looking statements are subject to a number of factors that could cause our actual results to differ materially from our expectations. The following factors, in addition to those discussed under the caption **Risk Factors** in this prospectus supplement and other possible factors not listed, could cause our actual results to differ materially from those expressed in forward-looking statements: our materially weakened financial condition, resulting from our significant losses in recent years; weak demand for air travel and lower investment asset returns resulting from the severe global economic downturn; our need to raise substantial additional funds and our ability to do so on acceptable terms; the potential requirement for us to maintain reserves under our credit card processing agreements, which could materially adversely impact our liquidity; our ability to generate additional revenues and reduce our costs; continued high and volatile fuel prices and further increases in the price of fuel, and the availability of fuel; the resolution of pending litigations with certain global distribution systems and business discussions with certain on-line travel agents; our substantial indebtedness and other obligations; our ability to satisfy certain covenants and conditions in certain of our financing and other agreements; changes in economic and other conditions beyond our control, and the volatile results of our operations; the fiercely and increasingly competitive business environment we face; potential industry consolidation and alliance changes; competition with reorganized carriers; low fare levels by historical standards and our reduced pricing power; changes in our corporate or business strategy; extensive government regulation of our business; conflicts overseas or terrorist attacks; uncertainties with respect to our international operations; outbreaks of a disease (such as SARS, avian flu or the H1N1 virus) that affects travel behavior; labor costs that are higher than those of our competitors; uncertainties with respect to our relationships with unionized and other employee work groups; increased insurance costs and potential reductions of available insurance coverage; our ability to retain key management personnel; potential failures or disruptions of our computer, communications or other technology systems; losses and adverse publicity resulting from any accident involving our aircraft; interruptions or disruptions in service at one or more of our primary market airports; the heavy taxation of the airline industry; and changes in the price of AMR's common stock. Additional information concerning these and other factors is contained in our and AMR's filings with the Securities and Exchange



**Table of Contents**

Commission (the *SEC*), including but not limited to our and AMR's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2011 and June 30, 2011 and our and AMR's Annual Reports on Form 10-K for the year ended December 31, 2010.

vi

---

**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

This summary highlights basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read this entire prospectus supplement, the accompanying prospectus and any related company free writing prospectus carefully, including the section entitled Risk Factors 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, the principal subsidiary of AMR, was founded in 1934. All of American's common stock is owned by AMR. As of June 30, 2011, American provided scheduled jet service to approximately 160 destinations throughout North America, the Caribbean, Latin America, Europe and Asia.

In addition, American has capacity purchase agreements with two wholly-owned subsidiaries of AMR, American Eagle Airlines, Inc. and Executive Airlines, Inc. (collectively, the *AMR Eagle carriers*), and one independently owned regional airline, which does business as AmericanConnection (the *AmericanConnection® carrier*). On August 11, 2011, AMR announced that AMR Eagle Holding Corporation (*AMR Eagle*), its wholly-owned subsidiary and parent company of the AMR Eagle carriers, filed a Form 10 registration statement with the SEC in connection with a potential spin-off of AMR Eagle. While AMR has taken this step toward a spin-off of AMR Eagle, it could decide to retain AMR Eagle, or the divestiture of AMR Eagle could take another form, such as a sale. See Recent Developments AMR Eagle.

As of June 30, 2011, American, the AMR Eagle carriers and the AmericanConnection® carrier served more than 250 cities in 50 countries with, on average, more than 3,500 daily flights. The combined network fleet numbers more than 900 aircraft. American is also a founding member of oneworld® Alliance, which enables member airlines to offer their customers more services and benefits than any member airline can provide individually. These services include a broader route network, opportunities to earn and redeem frequent flyer miles across the combined oneworld network and more airport lounges. Together, oneworld members serve more than 750 destinations with almost 8,500 daily flights to nearly 150 countries and territories. American is also one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system onboard American's passenger fleet.

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

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

	<b>Class A Certificates</b>	<b>Class B Certificates<sup>(1)</sup></b>
Aggregate Face Amount	\$725,694,000	\$231,968,000
Initial Loan to Aircraft Value Ratio (cumulative) <sup>(2)(3)</sup>	45.3%	59.5%
Expected Maximum Loan to Aircraft Value Ratio (cumulative) <sup>(3)</sup>	45.3%	59.5%
Expected Principal Distribution Window (in years from Issuance Date)	0.5-10.0	0.5-7.0
Initial Average Life (in years from Issuance Date)	6.7	5.0
Regular Distribution Dates	April 15 and October 15	April 15 and October 15
Final Expected Regular Distribution Date <sup>(4)</sup>	October 15, 2021	October 15, 2018
Final Legal Distribution Date <sup>(5)</sup>	April 15, 2023	April 15, 2020
Minimum Denomination <sup>(6)</sup>	\$2,000	\$2,000
Section 1110 Protection	Yes	Yes
Liquidity Facility Coverage	3 semiannual interest payments	3 semiannual interest payments

- (1) Certain terms relating to Class B Certificates described in this summary table are based on the assumption that the Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement. See [Information Relating to Class B Certificates](#).
- (2) These percentages are calculated assuming that each of the Aircraft listed under [Equipment Notes](#) and the Aircraft in this prospectus supplement summary has been subjected to an Indenture and that the Trusts have purchased the related Equipment Notes for each such Aircraft as of April 15, 2012 (the first Regular Distribution Date that occurs after the Outside Termination Date). In calculating these percentages, we have assumed that the aggregate appraised value of all such Aircraft is \$1,554,362,395 as of such date. The appraisal value is only an estimate and reflects certain assumptions. See [Description of the Aircraft and the Appraisals](#) [The Appraisals](#).
- (3) 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.
- (4) Each series of Equipment Notes with respect to an Aircraft will mature on the Final Maturity Date for such series with respect to such Aircraft, which will occur, depending on the Aircraft, on or prior to the final expected Regular Distribution Date for the Certificates to be issued by the Trust that is expected to own such Equipment Notes.
- (5) The Final Legal Distribution Date for each of the Class A Certificates and Class B Certificates is the date which is 18 months from the final expected Regular Distribution Date for that class of Certificates, which represents the period corresponding to the applicable Liquidity Facility coverage of three successive semiannual interest payments.
- (6)

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.

S-2

---



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

The Class A Trust is expected to hold Series A Equipment Notes issued for, and secured by, each of:

- (i) four Boeing 737-823 aircraft delivered new to American in 1999 and 2001 (each such aircraft, an *Unencumbered Aircraft* and, collectively, the *Unencumbered Aircraft* );
- (ii) eight Boeing 737-823 aircraft and two Boeing 757-223 aircraft, in each case delivered new to American between 1999 and 2001, and two Boeing 737-823 aircraft delivered new to American in 2009 and each currently subject to liens under separate mortgage financings (each such aircraft, a *Mortgaged Aircraft*, and, collectively, the *Mortgaged Aircraft* ); and
- (iii) two Boeing 737-823 aircraft, 12 Boeing 757-223 aircraft and 13 Boeing 777-223ER aircraft, in each case delivered new to American in 2001 and each currently subject to liens under a prior enhanced equipment trust certificate transaction entered into by American in September 2001 (each such aircraft, a *2001-2 Aircraft*, and, collectively, the *2001-2 Aircraft*, and, together with the Mortgaged Aircraft, each such aircraft, an *Encumbered Aircraft* and, collectively, the *Encumbered Aircraft* ).

See Use of Proceeds for additional information regarding the existing financings applicable to the Encumbered Aircraft.

Each Unencumbered Aircraft and each Encumbered Aircraft (each such aircraft, an *Aircraft* and, collectively, the *Aircraft* ) is owned and is being operated by American. See Description of the Aircraft and the Appraisals for a description of each Aircraft. Set forth below is certain information about the Series A Equipment Notes expected to be held in the Class A Trust and each of the Aircraft expected to secure the Series A Equipment Notes.

If Class B Certificates are issued, the Class B Trust will hold the Series B Equipment Notes issued for, and secured by, the same Aircraft that secure the Series A Equipment Notes. Set forth below is certain information with respect to the Series B Equipment Notes expected to be held in the Class B Trust, if such Class B Trust is to be created concurrently with the Class A Trust on the terms and conditions described in this prospectus supplement. See Information Relating to Class B Certificates.

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:

- (a) each Unencumbered Aircraft, within 90 days after the Issuance Date and (b) each Encumbered Aircraft, on or prior to December 31, 2011. See Description of the Aircraft and the Appraisals Deliveries of Aircraft.

Aircraft Type	Registration Number	Manufacturer's Serial Number	Month of Delivery	Initial Principal Amount of	Initial Principal Amount of	Appraised Value <sup>(2)</sup>	Latest Equipment Note Final Maturity Date <sup>(3)</sup>
				Series A Equipment Notes	Series B Equipment Notes <sup>(1)</sup>		
Boeing 737-823	N901AN	29503	February 1999	\$ 9,758,000	\$ 2,950,000	\$ 20,203,333	October 15, 2019
Boeing 737-823	N905AN	29507	March 1999	9,959,000	3,010,000	20,620,000	October 15, 2019
Boeing 737-823	N906AN	29508	April 1999	9,930,000	3,002,000	20,560,000	October 15, 2019
Boeing 737-823	N907AN	29509	April 1999	9,827,000	2,971,000	20,346,667	October 15, 2019

Edgar Filing: AMERICAN AIRLINES INC - Form 424B2

Boeing 737-823	N913AN	29514	June 1999	9,916,000	2,998,000	20,530,000	2019 October 15, 2019
Boeing 737-823	N920AN	29521	October 1999	9,964,000	3,012,000	20,630,000	October 15, 2019
Boeing 737-823	N921AN	29522	October 1999	10,025,000	3,031,000	20,756,667	October 15, 2019
Boeing 737-823	N922AN	29523	October 1999	10,370,000	3,134,000	21,470,000	October 15, 2019
Boeing 737-823	N923AN	29524	November 1999	10,236,000	3,094,000	21,193,333	October 15, 2019
Boeing 737-823	N926AN	29527	January 2000	10,573,000	3,195,000	21,890,000	October 15, 2019
Boeing 737-823	N957AN	29541	March 2001	11,070,000	3,347,000	22,920,000	October 15, 2021
Boeing 737-823	N965AN	29544	June 2001	11,326,000	3,423,000	23,450,000	October 15, 2021
Boeing 737-823	N966AN	30094	June 2001	11,257,000	3,403,000	23,306,667	October 15, 2021
Boeing 737-823	N968AN	30095	July 2001	11,780,000	3,561,000	24,390,000	October 15, 2021
Boeing 737-823	N981AN	29569	April 2009	21,701,000	6,560,000	44,930,000	October 15, 2021
Boeing 737-823	N983AN	29570	May 2009	21,880,000	6,613,000	45,300,000	October 15, 2021

S-3

**Table of Contents**

Aircraft Type	Registration Number	Manufacturer Serial Number	s Month of Delivery	Initial Principal Amount of	Initial Principal Amount of	Appraised Value <sup>(2)</sup>	Latest Equipment Note Final Maturity Date <sup>(3)</sup>
				Series A	Series B		Equipment Notes
Boeing 757-223 <sup>(4)</sup>	N183AN	29593	April 1999	8,864,000	3,024,000	20,710,000	October 15, 2017
Boeing 757-223 <sup>(4)</sup>	N184AN	29594	May 1999	10,057,000	3,430,000	23,496,667	October 15, 2017
Boeing 757-223 <sup>(4)</sup>	N189AN	32383	July 2001	8,934,000	3,047,000	20,873,333	October 15, 2021
Boeing 757-223 <sup>(4)</sup>	N190AA	32384	July 2001	8,446,000	2,881,000	19,733,333	October 15, 2021
Boeing 757-223 <sup>(4)</sup>	N191AN	32385	August 2001	9,138,000	3,117,000	21,350,000	October 15, 2021
Boeing 757-223 <sup>(4)</sup>	N192AN	32386	August 2001	9,219,000	3,145,000	21,540,000	October 15, 2017
Boeing 757-223 <sup>(4)</sup>	N193AN	32387	November 2001	9,264,000	3,160,000	21,643,333	October 15, 2017
Boeing 757-223 <sup>(4)</sup>	N194AA	32388	November 2001	9,462,000	3,228,000	22,106,667	October 15, 2017
Boeing 757-223	N195AN	32389	November 2001	9,861,000	3,364,000	23,040,000	October 15, 2021
Boeing 757-223	N196AA	32390	November 2001	9,231,000	3,149,000	21,566,667	October 15, 2021
Boeing 757-223 <sup>(4)</sup>	N197AN	32391	November 2001	10,125,000	3,454,000	23,656,667	October 15, 2021
Boeing 757-223 <sup>(4)</sup>	N198AA	32392	December 2001	9,933,000	3,388,000	23,206,667	October 15, 2021
Boeing 757-223 <sup>(4)</sup>	N199AN	32393	December 2001	9,767,000	3,332,000	22,820,000	October 15, 2021

Edgar Filing: AMERICAN AIRLINES INC - Form 424B2

Boeing 757-223 <sup>(4)</sup>	N175AN	32394	December 2001	8,968,000	3,059,000	20,953,333	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N797AN	30012	January 2001	29,633,000	9,395,000	64,350,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N798AN	30797	February 2001	31,945,000	10,128,000	69,370,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N799AN	30258	March 2001	30,785,000	9,760,000	66,850,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N750AN	30259	March 2001	31,692,000	10,048,000	68,820,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N751AN	30798	April 2001	31,659,000	10,038,000	68,750,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N752AN	30260	May 2001	29,976,000	9,715,000	66,540,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N753AN	30261	May 2001	32,115,000	10,182,000	69,740,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N754AN	30262	June 2001	31,143,000	10,093,000	69,130,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N755AN	30263	July 2001	30,994,000	10,045,000	68,800,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N756AM	30264	August 2001	30,959,000	10,034,000	68,720,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N757AN	32636	November 2001	30,296,000	9,818,000	67,250,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N758AN	32637	November 2001	31,328,000	10,153,000	69,540,000	October 15, 2021
Boeing 777-223ER <sup>(4)</sup>	N759AN	32638	December 2001	32,328,000	10,477,000	71,760,000	October 15, 2021
<b>Total:</b>				\$ 725,694,000	\$ 231,968,000	\$ 1,588,813,333	

(1) The Series B Equipment Notes with respect to each Aircraft, if and when Class B Certificates are offered and issued, may have principal amounts different from those set forth above for such Aircraft. See Information Relating to Class B Certificates.

- (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* ). Such appraisals indicate appraised base value, adjusted for the maintenance status of such Aircraft at or around the time of such appraisals. 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 Risk Factors Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.
- (3) The Final Maturity Date listed above is the Final Maturity Date for the Series A Equipment Note to be issued with respect to the related Aircraft. If issued, the Series B Equipment Notes to be issued with respect to each Aircraft are expected to mature prior to, or on, the Final Maturity Date of the Series A Equipment Notes to be issued with respect to such Aircraft.
- (4) This aircraft is approved for Extended-range Twin-engine Operations ( *ETOPS* ).

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

The following table provides loan to Aircraft value ratios ( *LTVs* ) for each class of Certificates, assuming that each of the Aircraft has been subjected to an Indenture and that the Trusts have purchased the related Equipment Notes for each such Aircraft, as of April 15, 2012 (the first Regular Distribution Date that occurs after the Outside Termination Date) and each Regular Distribution Date thereafter. The following table also assumes that an Aircraft ceases to be included in the collateral pool as of the latest Final Maturity Date of the Equipment Notes issued in respect of such Aircraft. The *LTVs* for any period prior to April 15, 2012 are not included, since during such period all of the Equipment Notes expected to be acquired by the Trusts and the related Aircraft will not be 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** Risk Factors 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.

<b>Date</b>	<b>Aggregate Assumed Aircraft Value<sup>(4)</sup></b>	<b>Pool Balance<sup>(1) (2)</sup></b>		<b>LTV<sup>(1) (3)</sup></b>	
		<b>Class A Certificates</b>	<b>Class B Certificates<sup>(1)</sup></b>	<b>Class A Certificates</b>	<b>Class B Certificates<sup>(1)</sup></b>
April 15, 2012	\$ 1,554,362,395	\$ 703,645,330	\$ 221,911,882	45.3%	59.5%
October 15, 2012	1,519,911,456	681,595,987	211,857,018	44.8	58.8
April 15, 2013	1,485,460,517	659,546,643	201,802,154	44.4	58.0
October 15, 2013	1,451,009,578	637,497,300	191,747,289	43.9	57.1
April 15, 2014	1,416,558,639	615,447,957	181,692,425	43.4	56.3
October 15, 2014	1,380,935,967	592,852,117	171,466,488	42.9	55.3
April 15, 2015	1,344,656,654	569,939,120	161,144,681	42.4	54.4
October 15, 2015	1,308,210,242	546,945,414	150,798,477	41.8	53.3
April 15, 2016	1,271,763,830	523,951,709	140,452,274	41.2	52.2
October 15, 2016	1,230,688,951	498,895,215	129,452,559	40.5	51.1
April 15, 2017	1,185,242,096	471,838,503	117,792,767	39.8	49.7
October 15, 2017	1,063,227,239	417,104,568	99,005,012	39.2	48.5
April 15, 2018	1,021,060,425	391,859,039	88,148,036	38.4	47.0
October 15, 2018	978,893,612	366,609,268	0	37.5	0.0
April 15, 2019	936,726,798	341,354,679	0	36.4	0.0
October 15, 2019	782,236,518	273,594,171	0	35.0	0.0
April 15, 2020	746,636,984	251,905,564	0	33.7	0.0
October 15, 2020	711,037,450	230,114,497	0	32.4	0.0
April 15, 2021	675,437,916	208,220,034	0	30.8	0.0
October 15, 2021	635,209,915	0	0	0.0	0.0

(1) The Pool Balance and LTV schedules relating to the Class B Certificates set forth above are based on the assumption that the Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement. See **Information Relating to Class B Certificates**. The Class B Certificates, if and when offered and issued, may have Pool Balance and LTV schedules different from those set forth above.

- (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 of Certificates (together, in the case of the Class B Certificates, with the expected outstanding pool balance of the Class A Certificates) after giving effect to the principal distributions expected to be made on such date, by (ii) the aggregate Assumed Aircraft Value of all of the Aircraft expected to be included in the collateral pool on such date based on the assumptions described above. The outstanding pool balances and LTVs for any date will change if any Equipment Notes are

**Table of Contents**

redeemed or purchased, if a default in payment on any Equipment Notes occurs or if any Aircraft is not subjected to an Indenture and the related Equipment Notes are not acquired by the Trusts.

- (4) 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 Risk Factors Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.

S-6

---



**Table of Contents**

**Cash Flow Structure**

This diagram illustrates the structure for the Certificates and certain cash flows.<sup>(1)</sup>

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

**Table of Contents**

**Summary of Certificates and Offering**

Certificates Offered	Class A Certificates.
Possible Issuance of Class B Certificates	<p>American may, at any time on or after the date of this prospectus supplement, offer Class B Certificates, including by means of this prospectus supplement and a related company free writing prospectus based on the terms and conditions described herein and therein. The terms relating to Class B Certificates described in this prospectus supplement are based on the assumption that the Class B Certificates are issued concurrently with the Class A Certificates and on certain other assumptions described in this prospectus supplement. See Information Relating to Class B Certificates.</p> <p>If Class B Certificates are issued after the Class A Certificates, the issuance of Class B Certificates will be subject to satisfaction of certain conditions, including receipt of confirmation from each Rating Agency then rating the Class A Certificates to the effect that such issuance will not result in a withdrawal, suspension or downgrading of its rating of the Class A Certificates. No consent of the Class A Trustee or any Class A Certificateholder will be required for such issuance of Class B Certificates if, among other things, the foregoing condition is satisfied. See Possible Issuance and Refinancing of Class B Certificates and Additional Certificates.</p>
Trusts	Each of the Class A Trust and Class B Trust will be formed pursuant to a separate trust supplement entered into among American, AMR and U.S. Bank Trust National Association to a basic pass through trust agreement between American and U.S. Bank Trust National Association (as successor trustee to State Street Bank and Trust Company of Connecticut, National Association), as Trustee under each Trust. Each class of Certificates will represent fractional undivided interests in the related Trust.
Use of Proceeds	<p>The proceeds from the sale of the Class A Certificates and the Class B Certificates (if Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement) will initially be held in escrow and deposited with the Depository, pending the financing of each Aircraft under the related Indenture. Each Trust will withdraw funds from the escrow relating to such Trust to acquire from American the related series of Equipment Notes to be issued as the Aircraft are subjected to the related Indentures.</p> <p>The Equipment Notes will be full recourse obligations of American. The Encumbered Aircraft are currently subject to liens under existing financings, including a prior American enhanced equipment trust certificate transaction and other secured financings. After the Encumbered Aircraft are released from the liens of such existing financings, the Encumbered Aircraft are expected to be subjected to the liens of the Indentures to secure the Equipment Notes. American will use the proceeds from the issuance of the Equipment Notes issued with respect to each Encumbered Aircraft and Unencumbered Aircraft, in the aggregate, to reimburse itself, in part, for the prepayment or repayment at maturity, as applicable, of the existing financing of such Encumbered Aircraft.</p>

**Table of Contents**

American will use the balance (if any) of any such proceeds not used in connection with the foregoing to pay fees and expenses relating to this offering and for general corporate purposes.

Subordination Agent,  
Trustee, Paying Agent  
and Loan Trustee

U.S. Bank Trust National Association.

Escrow Agent

U.S. Bank National Association.

Depository

The Bank of New York Mellon.

Liquidity Provider

For the Class A Certificates, initially, Morgan Stanley Bank, N.A. This prospectus supplement assumes that the Class B Certificates, if and when offered and issued, will have the benefit of a Liquidity Facility.

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, the Parent Guarantee with respect to such Equipment Notes, all monies at any time paid thereon and all monies due and to become due thereunder;
- the rights of such Trust to acquire the related series of Equipment Notes under the Note Purchase Agreement;
- the rights of such Trust under the applicable Escrow Agreement to request the Escrow Agent to withdraw from the Depository funds sufficient to enable such Trust to purchase the related series of Equipment Notes upon the financing of an Aircraft under the related Indenture prior to the Delivery Period Termination Date;
- the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights);
- all monies receivable under the separate Liquidity Facility for such Trust; and
- funds from time to time deposited with the applicable Trustee in accounts relating to such Trust.

Parent Guarantee

AMR will unconditionally guarantee the payment obligations of American under the Series A Equipment Notes and (if Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement) the Series B Equipment Notes pursuant to a guarantee (the *Parent Guarantee* ).

Regular Distribution  
Dates

April 15 and October 15 of each year, commencing on April 15, 2012.

Record Dates

The fifteenth day preceding the related Distribution Date.

Table of Contents

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

S-9

---

**Table of Contents**

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

If Class B Certificates are issued concurrently with the Class A Certificates, the Class B Trustee and the Class B Liquidity Provider also will enter into the Intercreditor Agreement concurrently with the Class A Trustee, the Class A Liquidity Provider and the Subordination Agent.

If Class B Certificates are issued after the Class A Certificates, the Class B Trustee and (if applicable) the Class B Liquidity Provider will be added as parties to the Intercreditor Agreement and the terms and provisions relating to the Class B Certificates will be revised, as appropriate, to reflect the issuance of the Class B Certificates. See Possible Issuance and Refinancing of Class B Certificates and Additional Certificates.

**Subordination**

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

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

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

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

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



**Table of Contents**

not previously distributed under clause second above; and

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

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

**Control of Loan Trustee**

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

The Controlling Party will be:

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

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

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

**Limitation on Sale of Aircraft or Equipment Notes**

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

**Right to Buy Other Classes of Certificates**

If American is in bankruptcy and certain other specified events have occurred: the Class B Certificateholders (other than American or any of its affiliates) will have the right to purchase all, but not less than all, of the Class A Certificates; and

if an additional class of junior certificates has been issued, the holders

**Table of Contents**

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

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

**Liquidity Facilities**

This prospectus supplement assumes that the Class B Certificates, if and when offered and issued, will have the benefit of a Liquidity Facility as described in this prospectus supplement. Under the Liquidity Facility for each of the Class A Trust and Class B Trust, the applicable Liquidity Provider is required, if necessary, to make advances in an aggregate amount sufficient to pay interest distributions on the applicable Certificates on up to three successive semiannual Regular Distribution Dates (without regard to any expected future distributions of principal on such Certificates) at the applicable interest rate for such Certificates. Drawings under the Liquidity Facilities cannot be used to pay any amount in respect of the Certificates other than such interest and will not cover interest payable on amounts held in escrow as Deposits with the 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 Provider.

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

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

**Escrowed Funds**

This prospectus supplement assumes that the Class B Certificates, if and when offered and issued, will be issued subject to deposit and escrow arrangements substantially similar to those applicable to the Class A Certificates. 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 Agreements](#) for a description of the terms of the deposit arrangements, including



the threshold rating requirements

S-12

---

**Table of Contents**

applicable to the Depositary.

**Withdrawal and Return  
of Escrowed Funds**

Under certain circumstances, less than all of the Deposits held in escrow may have been used to purchase Equipment Notes to be issued with respect to the Aircraft by the Delivery Period Termination Date. This could occur because of delays in the release of liens under the Existing Financings in connection with the refinancing of the Encumbered Aircraft or because of other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be withdrawn by the Escrow Agent and distributed by the Paying Agent, with accrued and unpaid interest on such remaining funds, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution or, under certain circumstances, such remaining funds will be automatically returned by the Depositary to the Paying Agent on the Outside Termination Date, and the Paying Agent will distribute such funds to such 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 Class A Trustee will be obligated to purchase the Series A Equipment Notes, and the Class B Trustee will be obligated to purchase the Series B 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: (a) each Unencumbered Aircraft, within 90 days after the Issuance Date and (b) each Encumbered Aircraft, on or prior to December 31, 2011, in each case with the relevant parties pursuant to financing agreements that are substantially in the forms attached to the Note Purchase Agreement. American may use financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement so long as American obtains written confirmation from each Rating Agency to the effect that the use of such modified financing agreements will not result in a withdrawal, suspension or downgrading of the rating of each class of Certificates then rated by such Rating Agency and that remains outstanding. The terms of such financing agreements also must in any event comply with the Required Terms set forth in the Note Purchase Agreement. In addition, American, subject to certain exceptions, is obligated to certify to the Trustees that any substantive modifications do not materially and adversely affect the

Certificateholders or any Liquidity Provider.

S-13

---

**Table of Contents**

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

Possible Issuance of  
Additional Certificates

Under certain circumstances, additional pass through certificates of one separate pass through trust, which will evidence fractional undivided ownership interests in a single new series of subordinated equipment notes with respect to some or all of the Aircraft, may be issued. 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, and any amendment of the Parent Guarantee in connection with such issuance, will not require the consent of any Trustee or any holders of any class of Certificates. See Possible Issuance and Refinancing of Class B Certificates and Additional Certificates.

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

Equipment Notes

- (a) Issuer  
Under each Indenture, American will issue Series A Equipment Notes and, if (but only if) Class B Certificates are issued, Series B Equipment Notes with respect to the related Aircraft, which will be acquired, respectively, by the Class A Trust and Class B Trust.
- (b) Interest  
The Equipment Notes held in each Trust will accrue interest at the Stated Interest Rate for the Certificates issued by such Trust. Interest on the issued and outstanding Equipment Notes will be payable on April 15 and October 15, commencing on April 15, 2012, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
- (c) Principal  
Principal payments on the issued and outstanding Series A Equipment Notes and, if Class B Certificates are issued concurrently with the Class A Certificates on the terms

and conditions described in this prospectus supplement, Series B Equipment Notes are scheduled to be paid in

S-14

---

**Table of Contents**

specified amounts on April 15 and October 15 in certain years, commencing on April 15, 2012 and ending on certain dates depending on the applicable Aircraft related to such Equipment Notes as specified under Description of the Equipment Notes Principal and Interest Payments.

(d) Rankings

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

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

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

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

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 (if any) issued in respect of one Aircraft may be applied in accordance with the priority of payment provisions set forth in the Intercreditor Agreement to make distributions on a more senior class of Certificates. See Description of the Intercreditor Agreement Priority of Distributions.

(e) Redemption

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

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

redeem all of the 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 Equipment Notes issued with respect to an Aircraft; *provided* that all outstanding Equipment Notes with respect to all other Aircraft are simultaneously redeemed. In addition, American may elect to



**Table of Contents**

redeem the then outstanding Series B Equipment Notes issued with respect to all Aircraft in connection with a refinancing of such series or without refinancing. See Possible Issuance and Refinancing of Class B Certificates and Additional Certificates Refinancing of Class B Certificates and Additional Certificates. The redemption price in each such case will be the unpaid principal amount of such 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 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 U.S. Bankruptcy Code (the *Bankruptcy Code* )) be available for application to shortfalls with respect to the Equipment Notes issued under the other Indentures and the other obligations secured by the other Indentures that are due at the time of such application. In the absence of any such shortfall at the time of such application, excess proceeds will be held by the Loan Trustee under such Indenture as additional collateral for the Equipment Notes issued under each of the other Indentures and will be applied to the payments in respect of the Equipment Notes issued under such other Indentures as they come due. However, if any Equipment Note ceases to be held by the Subordination Agent (as a result of sale during the exercise of remedies by the Controlling Party or otherwise), such Equipment Note will cease to be entitled to the benefits of cross-collateralization. Any cash Collateral held as a result of the cross-collateralization of the Equipment Notes would not be entitled to the benefits of Section 1110 of the Bankruptcy Code ( *Section 1110* ).

If the Equipment Notes issued under any Indenture are repaid in full in the case of an Event of Loss with respect to the applicable Aircraft, the lien on such Aircraft under such Indenture will be released. 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 under the applicable Indenture will be released and such Aircraft will cease to be included in the collateral pool. 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 it with an airframe of the same model, so long as:  
 no Indenture Event of Default has occurred and is continuing at the time of substitution;





**Table of Contents**

the substitute airframe has a date of manufacture no earlier than one year prior to the date of manufacture of the Airframe subject to such Indenture on the issuance date of the Series A Equipment Notes; 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 will also be in default, and remedies will be exercisable with respect to all Aircraft.

(i) Section 1110 Protection

American's General Counsel will provide an opinion to the Trustees that the benefits of Section 1110 will be available for each of the Aircraft.

Certain U.S. Federal Income Tax Consequences

The Trusts themselves will not be subject to U.S. federal income tax. See Certain U.S. Federal Income Tax Consequences.

Certain ERISA Considerations

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

no assets of a Plan or of any trust established with respect to a Plan have been used to acquire such Certificate or an interest therein; or

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.

See Certain ERISA Considerations.

Transfer Restrictions for Class B Certificates

If Class B Certificates are issued concurrently with Class A Certificates on the terms and conditions described in this prospectus supplement, the Class B Certificates may be sold only to qualified institutional buyers, as defined in Rule 144A of the Securities Act, for so long as they are outstanding. See Description of the Certificates Transfer Restrictions for Class B Certificates.

Governing Law

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

**Table of Contents****Recent Developments*****New Aircraft Orders***

American entered into landmark agreements with Airbus S.A.S. ( *Airbus* ) and The Boeing Corporation ( *Boeing* ) that will allow it to replace and transform American's narrowbody fleet over five years and solidify its fleet plan into the next decade. These new aircraft will allow American to reduce its operating and fuel costs and deliver state-of-the-art amenities to customers, while maximizing financial flexibility for American. Under the new agreements, American plans to acquire 460 narrowbody aircraft from the Boeing 737 and Airbus A320 families beginning in 2013 through 2022. American also has purchase rights and options through 2025 for an additional 465 aircraft from these families. As part of these agreements, starting in 2017, American will become the first network U.S. airline to begin taking delivery of next generation Airbus and Boeing narrowbody aircraft that will further accelerate fuel-efficiency gains. These new deliveries are expected to pave the way for American to have the youngest and most fuel-efficient fleet among its U.S. airline peers in approximately five years. In addition, the manufacturers have committed financing to American of approximately \$13 billion through lease transactions, which covers the first 100 Boeing deliveries and the first 130 Airbus deliveries.

American entered into agreements (the *Boeing Agreements* ) with Boeing on July 19, 2011 to acquire 100 additional Boeing 737 Next Generation aircraft (the *firm NG Aircraft* ), which, subject to certain limitations, may consist of Boeing 737-700, 737-800, or 737-900ER aircraft. The firm NG Aircraft include three Boeing 737-800 aircraft for which American exercised purchase rights on June 30, 2011. Twenty of the firm NG Aircraft are scheduled to be delivered in each of the years 2013 to 2017. Under the Boeing Agreements, American also expects to acquire 100 Boeing 737 Next Generation re-engined aircraft (the *Re-Engined NG Aircraft* ), to be equipped with new, more fuel efficient engines. American's acquisition of Re-Engined NG Aircraft is subject to a number of conditions, including negotiation of definitive agreements with Boeing to acquire such aircraft. If acquired, 20 Re-Engined NG Aircraft would be scheduled to be delivered in each of the years 2018 to 2022. In addition, under the Boeing Agreements, American acquired purchase rights for 40 additional Boeing 737 Next Generation aircraft, which, if exercised, would be delivered in the years 2015 to 2018, and purchase rights for 60 additional Boeing 737 Next Generation re-engined aircraft, which, if exercised, would be delivered in the years 2020 to 2025. Boeing agreed to provide primary lease financing to American for the firm NG Aircraft. If American elects to use this lease financing on any firm NG Aircraft, then subject to certain terms and conditions, including the absence of defaults under certain other agreements, BCC Equipment Leasing Corporation (a subsidiary of Boeing) or a third party arranged by Boeing will enter into a lease for such aircraft with American for an initial term of ten years. Each lease will include customary terms and conditions, including covenants regarding maintenance, operation, registration, liens and insurance with respect to the aircraft, as well as defaults relating to payment and performance of lease obligations and certain cross-default arrangements. If American does not elect to lease any firm NG Aircraft using the lease financing provided by Boeing, American may purchase such aircraft using other financing provided by a third party and arranged directly by American.

American entered into agreements (the *Airbus Agreements* ) with Airbus on July 20, 2011. Under the Airbus Agreements, American committed to lease 130 Airbus current generation A320 family aircraft (the *firm Current Generation Airbus Aircraft* ) which, subject to certain limitations, may consist of A319, A320 or A321 aircraft, and committed to purchase 130 Airbus A320 family new engine option aircraft (the *firm NEO Airbus Aircraft* ), to be equipped with new, more fuel efficient engines. Between 20 to 35 of the firm Current Generation Airbus Aircraft are scheduled to be delivered in each of the years 2013 to 2017. Ten firm NEO Airbus Aircraft are scheduled to be delivered in 2017 and thereafter between 20 to 25 firm NEO Airbus Aircraft are scheduled to be delivered in each of the years 2018 to 2022. In addition, American acquired 70 options and 15 purchase rights for additional Airbus current generation A320 family aircraft, which, if exercised, would be delivered in years 2014 to 2017, and options for 280 additional Airbus A320 family new engine option aircraft, which, if exercised, would be delivered in the years 2017 to 2025. Under the Airbus Agreements, subject to American's rights to purchase firm Current Generation Airbus Aircraft in certain circumstances, and subject to certain terms and conditions, including the absence of defaults under certain other agreements, the firm Current Generation Airbus Aircraft will be



**Table of Contents**

financed under leases with initial terms of ten years with Airbus or one of its affiliates, or with a third party arranged by Airbus. The leases will include customary terms and conditions, including covenants regarding maintenance, operation, registration, liens and insurance with respect to the aircraft, as well as defaults relating to payment and performance of lease obligations and certain cross-default arrangements.

American's total aircraft acquisition commitments are expected to be approximately \$10.8 billion at the end of the third quarter 2011, reflecting the firm orders under the transactions described above and delivery payments and pre-delivery deposits paid during the quarter with respect to purchased aircraft. Future minimum lease payments required under capital and operating leases that have initial or remaining non-cancelable lease terms in excess of a year as of the end of the third quarter are expected to be approximately \$23.8 billion. Airbus and Boeing have committed financing to American in an aggregate of \$13 billion through lease transactions, which covers the first 100 Boeing aircraft and first 130 Airbus aircraft to be delivered under the transactions described above.

At the end of the third quarter 2011, payments for aircraft acquisition commitments for firm orders outstanding as of the date hereof, including commitments under the transactions described above as well as American's other outstanding aircraft purchase commitments, are expected to approximate \$295 million for the remainder of 2011, \$1.3 billion in 2012, \$1.4 billion in 2013, \$476 million in 2014, \$202 million in 2015, and \$157 million for 2016, net of pre-delivery deposits currently held by the manufacturers.

The above aircraft acquisition commitments relate to 6, 30, 22, 7, 2, and 2 purchased aircraft scheduled for delivery to American in the remainder of 2011, 2012, 2013, 2014, 2015 and 2016, respectively, and pre-delivery deposits for the leased aircraft subject to the transactions described above. American has arranged financing that covers all of the foregoing aircraft scheduled to be delivered to it between the end of the third quarter 2011 and December 31, 2016, except a total of 15 Boeing 777-200ER and Boeing 777-300ER aircraft.

**AMR Eagle**

As previously announced, on August 11, 2011, AMR filed a Form 10 registration statement with the SEC in connection with a potential spin-off of AMR Eagle. As was disclosed at the time of the Form 10 filing, while AMR Eagle's wholly-owned subsidiaries, American Eagle Airlines, Inc. ( *Eagle* ) and Executive Airlines, Inc. ( *Executive* ) are expected to continue to operate all of the Jet Aircraft (as defined below), those aircraft and the associated indebtedness are expected to be transferred to American pursuant to the Purchase Agreement referred to below. AMR, the parent of American and AMR Eagle, currently guarantees the indebtedness relating to each Jet Aircraft, and AMR will continue to guarantee such indebtedness following American's purchase of each Jet Aircraft subject to such indebtedness. Ownership of the Jet Aircraft by American is intended to provide American control over the regional aircraft that are pivotal to its network and to protect AMR's position as the guarantor of the related indebtedness.

As contemplated by the Form 10, on August 31, 2011, American entered into a Master Purchase Agreement (the *Purchase Agreement* ) with Eagle and Executive. Pursuant to the Purchase Agreement, Eagle will sell to American, and American will purchase from Eagle, 47 CRJ-700 Jet Aircraft and 216 Embraer 135, 140 and 145 Jet Aircraft, including the engines installed on each such aircraft and other related assets (each, a *Jet Aircraft* ). In addition, Eagle and Executive will sell to American, and American will purchase from Eagle and Executive, certain specified fixed assets, generally consisting of equipment and leasehold improvements owned by Eagle or Executive and used in connection with the regional flight operations conducted by Eagle and Executive on American's behalf and the ground handling operations of Eagle and Executive (collectively, the *Other Assets* ).

Pursuant to the Purchase Agreement, each Jet Aircraft will be purchased by American on the date of delivery of such aircraft to American, and the Other Assets will be purchased by American ten days after delivery of the last Jet Aircraft to American, subject in each case to the satisfaction of certain conditions. Delivery of the Jet Aircraft began on August 31, 2011, and the last Jet Aircraft is expected to be delivered in October 2011. Following the delivery of each Jet Aircraft, American will lease the Jet Aircraft to Eagle, and Eagle will continue to use such Jet Aircraft to provide certain regional flight operations to American.

**Table of Contents**

American will take each Jet Aircraft subject to, and Eagle will be released from, all outstanding indebtedness relating to such Jet Aircraft. The indebtedness related to the Jet Aircraft consists of individual notes for each Jet Aircraft. The notes are secured by the related Jet Aircraft and certain other assets, have either fixed or floating interest rates and mature over various periods through 2022. As of September 22, 2011, the fixed rate notes had effective interest rates ranging from 4.25% to 7.50% and the floating rate notes had effective interest rates ranging from 2.24675% to 3.09150%. The notes include customary terms and conditions, including customary events of default and certain cross-default provisions.

Pursuant to the Purchase Agreement, as of September 22, 2011, Eagle had delivered 65 Embraer 135, 140 and 145 Jet Aircraft to American. As of September 22, 2011, the net book value of such transferred Jet Aircraft was \$560.8 million, and the aggregate outstanding indebtedness (net of discount) associated with such transferred Jet Aircraft was \$461.6 million. Upon completion of the transfer of all of the Jet Aircraft from Eagle to American, it is estimated that American's aggregate outstanding indebtedness (net of discount) related to the Jet Aircraft will be approximately \$2.1 billion.

***GDS Discussion***

Over the past several years, American has been developing a direct connection technology, designed to distribute its fare content and bookings capability directly to travel agents in order to achieve greater efficiencies, cost savings, and technological advances in the distribution of American's services. Historically, approximately 60% of American's bookings are booked through travel agencies, which typically use one or more global distribution systems ( *GDSs* ) to view fare content from American and other industry participants. American developed its direct connect strategy with the knowledge that certain amendments to its GDS contracts would expire in the summer of 2011 and with the knowledge that, despite the benefits of direct connect technologies, these technologies were not an adequate substitute for American's participation in the GDSs during the near to medium term. American's support for direct connect technologies, which constitute a competitive threat to the GDSs, has led to litigation between American and two of the GDS owners, Sabre, and Travelport, as well as Orbitz, an online travel agency affiliated with Travelport. American's direct connect efforts have also made negotiations for new GDS agreements difficult. American has entered into short term extensions with Sabre and Travelport while it continues to negotiate new agreements and pursue antitrust and other claims in both state and federal courts.

As part of its efforts to introduce more direct connect technologies into the distribution of its product, on November 1, 2010 American notified Orbitz that American intended to terminate certain agreements with Orbitz. Shortly thereafter, Travelport sued American in Illinois state court alleging that American's decision to terminate its Orbitz agreements violated certain terms in Travelport's agreement with American. Following an order from an Illinois court denying a Travelport request for preliminary injunctive relief, American terminated its agreements with Orbitz on December 21, 2010. On June 1, 2011, the court reversed its decision, and American re-instated its agreements with Orbitz through September 1, 2011. American appealed that decision, and on September 21, 2011 an appeals court ruled against American and upheld the preliminary injunction. On December 3, 2010, Travelport increased the fees it charges American for some bookings. American has filed breach of contract and other claims against Travelport, and Travelport has filed additional claims against American. As part of its short term extension agreement with Travelport, American has agreed not to terminate its agreements with Orbitz during the term of this extension.

Sabre is the largest GDS and the largest non-direct source of American's bookings, with over \$7 billion of American's passenger revenues generated from bookings made through the Sabre GDS in 2010. On January 5, 2011, in retaliation for American's public statements in support of direct connect, Sabre biased its system by making it more difficult for travel agents to find American's fares in the Sabre GDS and doubled the fees it charges American for bookings through its GDS. On January 10, 2011, American filed breach of contract claims in Texas state court and obtained a court order that temporarily enjoined Sabre from biasing against American's fares, and the parties subsequently entered into a Stand Down Agreement that eliminated the biasing, retracted the price increase, and suspended litigation between the two companies. That agreement expired on June 1, 2011. American subsequently amended its complaint



**Table of Contents**

against Sabre by adding new tortious interference claims and new claims under the Texas antitrust laws alleging that Sabre has engaged in anticompetitive practices to preserve its monopoly power, including organizing and monitoring a boycott of American's services among travel agencies. In the same action, Sabre has filed breach of contract claims against American and has threatened to add antitrust claims against American. The Texas state court has set a trial date of June 13, 2012. The extension agreement between American and Sabre, which provides for American's continued participation in Sabre, will remain in effect until 14 days after the antitrust claims in the Texas state court are resolved.

In addition to claims pending in Texas and Illinois state courts, American has filed a federal antitrust lawsuit against Travelport, Sabre, and Orbitz. The lawsuit alleges that the defendants have engaged in anticompetitive practices to preserve their monopoly power over American's ability to distribute its products through their subscribers. The lawsuit further alleges that these actions have prevented American from employing new competing technologies and has allowed the defendants to continue to charge American supracompetitive fees. Also on June 1, 2011, Sabre filed a request to intervene in this action and stated that it intended to file its own claims against American alleging that American violated the antitrust laws by withholding certain content from the Sabre GDS.

While American is negotiating with each GDS to reach new agreements, American cannot predict the outcome of those negotiations. Failure to negotiate extensions of these agreements on reasonable terms with one or all of these GDSs could have a material adverse impact on American. While American believes that some of the bookings through Orbitz, Travelport and Sabre might transition to other distribution channels, such as other travel agencies, metasearch sites and American's AA.com web site, it is not possible at this time to estimate what the ultimate impact would be to American's business if American is unsuccessful in resolving one or more of these matters. If as a result of these matters it becomes more difficult for American's customers to find and book flights on American, American could be put at a competitive disadvantage and this may result in fewer bookings. If American is unable to sell American inventory through any or all of these channels, American's level of bookings, business and results of operations could be materially adversely affected. American intends to vigorously pursue American's claims and defenses in the lawsuits described above, but there can be no assurance of the outcome of any such lawsuit.



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

The following table presents summary historical consolidated financial data and certain operating data of American. We derived the annual historical financial data for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 from American's audited consolidated financial statements and notes thereto. These audited consolidated financial statements are incorporated by reference in this prospectus supplement and should be read in conjunction herewith. See [Where You Can Find More Information](#) in this prospectus supplement. We derived the historical consolidated financial data and certain operating data for the six months ended June 30, 2011 and 2010 from American's unaudited consolidated financial statements. These unaudited condensed consolidated financial statements are also incorporated by reference in this prospectus supplement and should be read in conjunction herewith. The data for such interim periods may not be indicative of results for the year as a whole. See [Where You Can Find More Information](#) in this prospectus supplement.

	Six Months Ended			Year Ended December 31,			
	June 30,						
	2011	2010	2010	2009	2008	2007	2006
<b>Statement of Operations Data (in millions):</b>							
Revenues:							
Passenger (1)	\$ 8,691	\$ 8,110	\$ 16,760	\$ 15,037	\$ 18,234	\$ 17,651	\$ 17,291
Regional Affiliates (2)	1,288	1,098	2,327	2,012	2,486	2,470	2,502
Cargo	356	324	672	578	874	825	827
Other (1)	1,301	1,200	2,391	2,271	2,102	1,887	1,870
Operating expense (3)	12,018	10,894	21,999	21,061	25,750	22,131	21,675
Operating income (loss) (3)	(382)	(162)	151	(1,163)	(2,054)	702	815
Other income (expense), net	(333)	(334)	(655)	(594)	(477)	(346)	(651)
Income (loss) before income taxes	(715)	(496)	(504)	(1,757)	(2,531)	356	164
Net earnings (loss) (3)	(715)	(496)	(469)	(1,474)	(2,531)	356	164
<b>Other Data</b>							
Ratio of earnings to fixed charges (4)						1.20	1.08
<b>Operating Statistics</b>							
Scheduled Service:							
Available seat miles (millions) (5)	77,078	75,259	153,241	151,774	163,532	169,906	174,021
Revenue passenger miles (millions) (6)	61,953	60,916	125,486	122,418	131,757	138,453	139,454
Passenger load factor (%) (7)	80.4	80.9	81.9	80.7	80.6	81.5	80.1
Passenger revenue yield per passenger mile (cents) (8)	14.03	13.31	13.36	12.28	13.84	12.75	12.40
Passenger revenue per available seat mile (cents)	11.28	10.78	10.94	9.91	11.15	10.39	9.94
Operating expenses per available seat mile, excluding Regional Affiliates (cents) (9)	13.63	12.76	12.62	12.22	13.87	11.38	10.90
Cargo ton miles (millions) (10)	898	925	1,886	1,656	2,005	2,122	2,224
Cargo revenue yield per ton mile (cents)	39.66	35.04	35.65	34.91	43.59	38.86	37.18

	At June 30, 2011	At December 31, 2010
<b>Balance Sheet Data (in millions):</b>		
Cash and short-term investments	\$ 5,166	\$ 4,487
Restricted cash and short-term investments	457	450
Total assets	23,037	22,422
Current liabilities	12,148	11,214
Long-term debt, less current maturities	6,715	6,095
Obligations under capital leases, less current obligations	624	497
Stockholder s equity (deficit)	(6,891)	(6,336)

S-22

**Table of Contents**

- (1) Beginning in the first quarter of 2008, American reclassified revenues associated with the marketing component of AAdvantage program mileage sales from Passenger revenue to Other revenue. As a result of this change, approximately \$584 million and \$571 million of revenue was reclassified from Passenger revenue to Other revenue for the years ended December 31, 2007 and 2006, respectively, to conform to the current presentation.
- (2) The Company's regional affiliates currently include the AMR Eagle carriers and an independent carrier with which American has a capacity purchase agreement, Chautauqua Airlines, Inc. Prior to May 2009, the Company also had a capacity purchase agreement with Trans States Airlines, Inc, and thus Regional Affiliates previously referred to the AMR Eagle carriers, Chautauqua Airlines, Inc. and Trans States Airlines, Inc. See Recent Developments AMR Eagle.
- (3) Operating expenses, operating income (loss), earnings (loss) before income taxes, and net earnings (loss) for the year ended December 31, 2008 includes an impairment charge of \$1.0 billion to write certain aircraft and certain related long-lived assets down to their estimated fair values. These charges were related to American's 2008 capacity reductions undertaken due to unprecedentedly high fuel prices.
- (4) As of June 30, 2011, American guaranteed approximately \$848 million of unsecured debt of its parent, AMR Corporation, and approximately \$193 million of secured debt of AMR Eagle. The impact of these unconditional guarantees is not included in the above computation. Earnings were inadequate to cover fixed charges by \$533 million, \$1,799 million, \$2,564 million, \$731 million, and \$512 million for the years ended December 31, 2010, December 31, 2009, December 31, 2008, the six months ended June 30, 2011 and the six months ended June 30, 2010, respectively. See Recent Developments AMR Eagle.
- (5) *Available seat miles* represents the number of seats available for American's passengers multiplied by the number of scheduled miles the seats are flown.
- (6) *Revenue passenger miles* represents the number of miles flown by American's revenue passengers in scheduled service.
- (7) *Passenger load factor* is calculated by dividing revenue passenger miles by available seat miles, and represents the percentage of aircraft seating capacity utilized.
- (8) *Passenger revenue yield per passenger mile* represents the average revenue received from each mile a passenger is flown in American's scheduled service.
- (9) Calculated using American's mainline jet operations available seat miles. Operating expenses for the six months ended June 30, 2011 and 2010 exclude \$1.5 billion and \$1.3 billion, respectively, of expenses incurred related to Regional Affiliates. Operating expenses for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 exclude \$2.7 billion, \$2.5 billion, \$3.1 billion, \$2.8 billion and \$2.7 billion, respectively, of expenses incurred related to Regional Affiliates. See Recent Developments AMR Eagle.
- (10) *Cargo ton miles* represents the tonnage of freight and mail carried multiplied by the number of American's miles flown.

**Table of Contents****RISK FACTORS**

*In considering whether to purchase the Certificates, you should carefully consider all of the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related company free writing prospectus, including but not limited to, our and AMR's Annual Reports on Form 10-K for the year ended December 31, 2010, our and AMR's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011 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.*

**Risk Factors Relating to the Company**

Our ability to become profitable and our ability to continue to fund our obligations on an ongoing basis will depend on a number of risk factors, many of which are largely beyond our control.

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

We incurred significant losses in recent years, which has materially weakened our financial condition. We lost \$892 million in 2005, \$821 million in 2004, \$1.3 billion in 2003, \$3.5 billion in 2002 and \$1.6 billion in 2001. Although we earned a profit of \$356 million in 2007 and \$164 million in 2006, we lost \$2.5 billion in 2008 (which included a \$1.0 billion impairment charge), and, primarily as a result of very weak demand for air travel driven by the severe downturn in the global economy, we lost \$1.5 billion in 2009 and \$469 million in 2010. In addition, we lost a total of \$715 million in the first two quarters of 2011 (including a \$31 million non-cash charge). Because of our weakened financial condition, we are vulnerable both to the impact of unexpected events (such as terrorist attacks) and to deterioration of the operating environment (such as a significant increase in jet fuel prices or significant increased competition).

***The severe global economic downturn resulted in very weak demand for air travel and lower investment asset returns, which has had and could continue to have a significant negative impact on us.***

Although demand for air travel has improved as the global economy continues to recover from the recent severe downturn, demand continues to be weak by historical standards. In response to weak demand, we have implemented a number of capacity reductions since late 2008, and we have announced an additional capacity reduction to be implemented in the fourth quarter of 2011. In connection with the capacity reductions we have implemented, we have incurred special charges related to aircraft, employee reductions and certain other charges. Demand for air travel may weaken if the global economy does not continue to recover. No assurance can be given that capacity adjustments or other steps we may take in response to changes in demand will be successful. Capacity reductions or other steps might result in additional special charges in the future. Further, other carriers may make capacity adjustments which may reduce the expected benefits of any steps we may take to respond to changes in demand. Industry-wide capacity may increase to the extent the economy continues to recover from the global recession. If industry capacity increases, and if consumer demand does not continue to pace those increases, we, and the airline industry as a whole, could be negatively impacted.

The economic downturn has resulted in broadly lower investment asset returns and values. Our pension assets suffered a material decrease in value in 2008 related to broader stock market declines, which resulted in higher pension expense in 2009 and 2010 and will result in higher pension expense and higher required contributions in future years. In addition, under certain circumstances, we may be required to maintain cash reserves under our credit card processing agreements and to post cash collateral on fuel hedging contracts. These issues individually or collectively may have a material adverse impact on our liquidity. Also, disruptions in the capital markets and other sources of funding may make it impossible for us to obtain necessary additional funding or make the cost of that funding prohibitive.

**Table of Contents**

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

In the next several years, we have significant debt, lease and other obligations, including significant pension funding obligations. We also expect to make substantial aircraft purchase and other capital expenditures during that time. For example, as of June 30, 2011, we were required to make approximately \$3.3 billion of principal payments on long-term debt and capital leases during the second half of 2011 and during 2012. In addition, in 2011, we are required to contribute approximately \$520 million to our pension plans, of which \$419 million has been contributed to date. Based on current assumptions and market conditions, we expect to be required to contribute approximately \$560 million to our pension plans in 2012. Moreover, the global economic downturn, rising fuel prices, the potential obligation to post reserves under credit card processing agreements and the potential obligation to post cash collateral on fuel hedging contracts, among other things, have negatively impacted, and may in the future negatively impact, our liquidity. To meet our commitments and to maintain sufficient liquidity as we continue to implement our revenue enhancement and cost reduction initiatives, we will need continued access to substantial additional funding.

Our ability to obtain future financing is limited by the value of our unencumbered assets. As a result of financing activity in recent years, almost all of our aircraft assets (including aircraft eligible for the benefits of Section 1110) are encumbered, and we have a very limited quantity of assets which could be used as collateral in future financing. Also, the market value of our aircraft assets has declined in recent years, and may continue to decline. In addition, many of the other financing sources traditionally available to us may be difficult to access, and no assurance can be given as to the amount of financing available to us.

Since the terrorist attacks of September 11, 2001 (the *Terrorist Attacks*), our credit ratings have been lowered to significantly below investment grade. These reductions have increased our borrowing costs and otherwise adversely affected borrowing terms, and limited borrowing options. Additional reductions in our credit ratings might have other effects on us, such as further increasing borrowing, lease rental or other costs or further restricting our ability to raise funds.

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

***We could be required to maintain reserves under our credit card processing agreements, which could materially adversely impact our liquidity.***

American has agreements with a number of credit card companies and processors to accept credit cards for the sale of air travel and other services. Under certain of these agreements, the related credit card processor may hold back a reserve from American's credit card receivables following the occurrence of certain events, including the failure of American to maintain certain levels of liquidity (as specified in each agreement).

Under such agreements, the amount of the reserve that may be required generally is based on the credit card processor's exposure to American under the applicable agreement and, in the case of a reserve required because of American's failure to maintain a certain level of liquidity, the amount of such liquidity. American is not currently required to maintain any reserve under such agreements. If circumstances were to occur that would allow the credit card processor to require American to maintain a reserve, American's liquidity would be negatively impacted.

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

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

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

Our results are very significantly affected by the cost, price volatility and the availability of jet fuel, which are in turn affected by a number of factors beyond our control. Due to the competitive nature of the airline industry, we may not be able to pass on increased fuel prices to customers by increasing fares. Although we had some success in raising fares and imposing fuel surcharges in reaction to high fuel prices, these fare increases and surcharges did not keep pace with the extraordinary increases in the price of fuel that occurred in 2007 and 2008. Although fuel prices have abated considerably from the record high prices recorded in July 2008, they remain high and extremely volatile by historical standards. Furthermore, reduced demand or increased fare competition, or both, and resulting lower revenues may offset any potential benefit of any reductions in fuel prices.

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

We have a large number of older aircraft in our fleet, and these aircraft are not as fuel efficient as more recent models of aircraft. We believe it is imperative that we continue to execute our fleet renewal plans. However, there will be significant delays in the deliveries of the Boeing 787-9 aircraft we have on order, and there could be delays in the deliveries of other new aircraft we have on order.

Our aviation fuel purchase contracts generally do not provide meaningful price protection. While we seek to manage the risk of fuel price increases by using derivative contracts, there can be no assurance that, at any given time, we will have derivatives in place to provide any particular level of protection against increased fuel costs. In addition, a deterioration of our financial position could negatively affect our ability to enter into derivative contracts in the future. Moreover, declines in fuel prices below the levels established in derivative contracts may require us to post material amounts of cash collateral to secure the loss positions on such contracts, and if such contracts close when fuel prices are below the applicable levels, we would be required to make payments to close such contracts; these payments would be treated as additional fuel expense.

**Table of Contents**

***We could be materially adversely affected if we are unable to resolve favorably our pending litigation with certain GDSs and business discussions with certain on-line travel agents.***

We are currently involved in litigation with certain GDSs and in business discussions with certain on-line travel agents. An adverse outcome in any of these matters could have a material adverse effect on our level of bookings, business and results of operations. See Recent Developments GDS Discussion. In addition, certain contractual amendments with the GDSs operated by Sabre, Travelport and Amadeus expire in 2011 and 2012. We could be adversely affected if we are unable to renegotiate acceptable new contractual terms for our participation in these systems.

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

We have and will continue to have significant amounts of indebtedness, obligations to make future payments on aircraft equipment and property leases, and obligations under aircraft purchase agreements, as well as a high proportion of debt to equity capital. We expect to incur substantial additional debt (including secured debt) and lease obligations in the future. We also have substantial pension funding obligations. Our substantial indebtedness and other obligations have important consequences. For example, they:

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

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

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

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

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

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

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

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

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

actual or potential disruptions to the air traffic control systems;

increases in costs of safety, security and environmental measures;

outbreaks of diseases that affect travel behavior; and

weather and natural disasters.

**Table of Contents**

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

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

Service over almost all of our routes is highly competitive and fares remain at low levels by historical standards. We face vigorous, and, in some cases, increasing, competition from major domestic airlines, national, regional, all-cargo and charter carriers, foreign air carriers, low-cost carriers and, particularly on shorter segments, ground and rail transportation. We also face increasing and significant competition from marketing/operational alliances formed by our competitors. Competition with foreign air carriers and with such marketing/operational alliances has been increasing in recent years in part due to the adoption of liberalized open skies aviation agreements between the United States and an increasing number of countries around the world. Moreover, the percentage of routes on which we compete with carriers having substantially lower operating costs than ours has grown significantly over time, and we now compete with low-cost carriers over a very large part of our network. Our ability to compete effectively depends in part on our ability to maintain a competitive cost structure. If we cannot do so, then our business, financial condition and operating results would be adversely affected.

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.

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

There have been numerous mergers and acquisitions within the airline industry and numerous changes in industry alliances. Southwest Airlines Co. acquired AirTran Airways, Inc. in May 2011, and the recent mergers of United Air Lines, Inc. with Continental Airlines, Inc. and Delta Air Lines Inc. with Northwest Airlines Corporation have resulted in the formation of larger competitors than ourselves with more extensive networks than ours. We are seeking to address these competitive challenges with our cornerstone market and alliance strategies; however there can be no assurances as to the level of success of these strategies.

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

We recently began implementing a joint business agreement and related marketing arrangements with British Airways and Iberia, and antitrust-immunized cooperation with British Airways, Iberia, Finnair and



**Table of Contents**

Royal Jordanian. In addition, American recently began implementing an antitrust-immunized joint business agreement with the Japan Airlines Group. No assurances can be given as to any arrangements that may ultimately be implemented or any benefits that we may derive from such arrangements.

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

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

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

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

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

***Our corporate or business strategy may change.***

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

AMR's regional airline subsidiary, AMR Eagle, has filed a Form 10 registration statement with the SEC in connection with a potential spin-off of AMR Eagle. See Recent Developments AMR Eagle. There can be no assurance that a spin-off or other divestiture of AMR Eagle will be consummated, and no prediction can be made as to the impact of any such transaction on stockholder value, AMR or us.

***Our business is subject to extensive government regulation, which can result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages. In particular, existing and possible future environmental regulations may adversely affect our business and financial results.***

Airlines are subject to extensive domestic and international regulatory requirements. Many of these requirements result in significant costs. For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft. In response to legislation which requires final agency rules by August 2013, the FAA has recently proposed regulations that would affect crewmember hiring and crewmember rest and duty requirements. The industry is seeking clarification from the FAA of certain provisions of the proposed regulations. If the proposed regulations are not amended, we believe they could have a material adverse impact on us. In addition, as a result of heightened levels of concern regarding data privacy, we are subject to an increasing number of domestic and foreign laws regarding the privacy and security of passenger and employee data.

**Table of Contents**

Compliance with regulatory requirements drives significant expenditures and has in the past, and may in the future, cause disruptions to our operations. In addition, the ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the U.S. and foreign governments may be amended from time to time (such as through the adoption of an open skies policy), or because appropriate slots or facilities are not made available. Any such change could adversely impact the value of our international route authorities and related assets.

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

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

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

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

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

the adoption of 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 takeoff and landing slots at airports or the auction or reallocation of slot rights currently or previously held by us; or

the adoption of more restrictive locally imposed noise restrictions.

In addition, the U.S. air traffic control ( ATC ) system, which is operated by the FAA, is not successfully managing the growing demand for U.S. air travel. U.S. airlines carry about 750 million passengers a year and are forecast to accommodate a billion passengers annually by 2021. Air traffic controllers rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes. We support a common sense approach to ATC modernization that would allocate costs to all ATC system users in proportion to the services they consume. Long-term funding for the FAA expired in 2007. Reauthorization of legislation that funds the FAA, which includes proposals regarding upgrades to the ATC system, is under consideration in Congress. It is uncertain whether such legislation will become law. In the meantime, FAA funding continues under temporary periodic extensions. The current extension expires on January 31, 2012. To date there have been over 20 extensions.

Many aspects of our operations are subject to increasingly stringent environmental regulations. Concerns about climate change and greenhouse gas emissions, in particular, may result in the imposition of additional legislation or regulation. The EU has adopted a directive under which each EU member state is required to extend the existing EU emissions trading scheme ( ETS ) to aviation. This will require us to annually submit emission allowances in order to operate flights to and from EU member states in January 2012 and thereafter, including flights between the U.S. and EU member states. In December 2009, the ATA, joined by American, Continental and United, filed a legal action in the United Kingdom challenging the implementation of the EU ETS as applied to aviation. The case was subsequently referred to the Court of Justice of the European Union. The court has heard the case and the parties are awaiting a decision. We believe that non-EU governments are also likely to consider formal challenges to the EU ETS as applied to

**Table of Contents**

aviation. It is not clear whether the EU ETS directive will withstand legal challenges. However, unless interim relief is granted, we will be required to continue to comply with the EU ETS during the pendency of the legal challenges. Although the cost of compliance with the EU ETS is difficult to predict given the uncertainty of a number of variables, such as the number and price of emission allowances we may be required to purchase, such costs could be significant.

Other legislative or regulatory actions addressing climate change and emissions from aviation that may be taken in the future by the U.S., state or foreign governments or through international treaties may adversely affect our business and financial results. The United Nations International Civil Aviation Organization ( ICAO ), for example, recently adopted a resolution identifying certain fuel efficiency goals and emission trading system principles for international aviation, which may provide a basis for such future legislative or regulatory action. Climate change legislation was previously introduced in the U.S. Congress; such legislation could be re-introduced in the future by the U.S. Congress and state legislatures, and could contain provisions affecting the aviation industry. In addition, the U.S. Environmental Protection Agency could seek to regulate greenhouse gas emissions from aircraft. It is currently unknown how climate change legislation or regulation, if enacted, would specifically apply to the aviation industry. However, the impact on us of any climate change legislation or regulation is likely to be adverse and related costs of compliance could be significant. Such legislation or regulation could result in, among other things, increased fuel costs, carbon taxes or fees, the imposition of requirements to purchase emission offsets or credits, increased aircraft and equipment costs, and restrictions on the growth of airline operations. We continue to evaluate ongoing climate change developments at the international, federal and state levels and assess the potential associated impacts on our business and operations.

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

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

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

***Our international operations are subject to economic and political instability and could be adversely affected by numerous events, circumstances or government actions beyond our control.***

Our current international activities and prospects could be adversely affected by factors such as reversals or delays in the opening of foreign markets, exchange controls, currency and political risks (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.

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 beyond the U.S. and to any airport in the EU including London's Heathrow Airport. The agreement has resulted in American facing increased competition in these markets, including Heathrow Airport. In addition, an open skies air services agreement between the U.S. and Japan that provides airlines from the U.S. and Japan open access to each other's markets took effect in November 2010.

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

In the second quarter of 2009, there was an outbreak of the H1N1 virus which had an adverse impact throughout our network but primarily on our operations to and from Mexico. In 2003, there was an

**Table of Contents**

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

***Our labor costs are higher than those of our competitors.***

Wages, salaries and benefits constitute a significant percentage of our total operating expenses. In 2010, they constituted approximately 28 percent of our total operating expenses. All of the major hub-and-spoke carriers with which American competes have achieved significant labor cost savings through or outside of bankruptcy proceedings. We believe American's labor costs are higher than those of its primary competitors, and it is unclear how long this labor cost disadvantage may persist. These higher labor costs adversely affect our ability to achieve and sustain profitability while competing with other airlines with lower labor costs. Additionally, we cannot predict the outcome of our ongoing negotiations with our unionized work groups. Significant increases in pay and benefits resulting from changes to our collective bargaining agreements could have a material adverse effect on us.

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

Our business is labor intensive. To the extent that we are unable to have satisfactory relations with any unionized or other employee work group, our operations and our ability to execute our strategic plans could be adversely affected. In addition, any disruption by an employee work group (e.g., sick-out, slowdown, full or partial strike, or other job action) may materially adversely affect our operations and impair our financial performance.

In April 2003, American reached agreements (the *Labor Agreements*) with each of its three major unions, the Allied Pilots Association ( APA ), the Transport Workers Union of America AFL-CIO ( TWU ) and the Association of Professional Flight Attendants ( APFA ). The Labor Agreements substantially moderated the labor costs associated with the employees represented by the unions. In conjunction with the Labor Agreements, American also implemented various changes in the pay plans and benefits for non-unionized personnel. The Labor Agreements became amendable in 2008 (although the parties agreed that they could begin the negotiations process as early as 2006). American has been in negotiations with the APA since September 20 2006, the TWU since May 11, 2006 (with respect to Dispatchers), and since November 7, 2007 (with respect to the other six groups at American represented by the TWU), and with the APFA since June 2008 (expedited negotiations) and September 10, 2008 (standard negotiations), to amend their respective Labor Agreements. At this time, all such negotiations are mediated negotiations under the auspices of the National Mediation Board ( NMB ). NMB mediation with the APA began on May 6, 2008, with the TWU (with respect to the Dispatchers) on October 28, 2008, with the other TWU groups on various dates in 2009, and with the APFA on January 22, 2009. These negotiations are governed by the Railway Labor Act ( RLA ), which prescribes no set timetable for the negotiations and mediation process. The negotiations and mediation process in the airline industry typically is slow and sometimes contentious. The RLA prohibits the parties from engaging in self-help prior to the exhaustion of the RLA's bargaining process. That process is not exhausted until the NMB has declared the parties are at a bargaining impasse, one or both parties has declined the NMB's proffer of binding arbitration, and a 30-day cooling off period has expired without the appointment of a Presidential Emergency Board. If we are unable to reach agreement with any of our unionized work groups, and the RLA's bargaining process has been fully exhausted, we may be subject to lawful strikes, work stoppages or other job actions.

In May, 2010, American negotiated tentative agreements with several workgroups within the TWU, including the Maintenance Control Technician group, the Material Logistics Specialists group and the Mechanic and Related group. Agreements with the TWU groups are subject to ratification by the relevant membership of TWU, and, while the Maintenance Control Technician group ratified their agreement, the Material Logistics Specialists group and the Mechanic and Related group tentative agreements were not

**Table of Contents**

ratified. In July 2011, American negotiated tentative agreements with two additional TWU-represented workgroups the Simulator Technicians and the Ground School and Simulator Pilot Instructors. The Instructor group ratified their agreement; however, the Simulator Technician tentative agreement was not ratified.

Mediated negotiations with the APA, with the APFA and with the TWU with respect to groups other than the Maintenance Control Technician and Instructor groups continue. In addition, the APA has filed a number of grievances, lawsuits and complaints, most of which American believes are part of a corporate campaign related to the union's labor agreement negotiations with American. While American is vigorously defending these disputes, unfavorable outcomes in one or more of them could require American to incur additional costs, change the way it conducts some parts of its business, or otherwise adversely affect us.

***Increases in insurance costs or reductions in coverage could have an adverse impact on us.***

We carry insurance for public liability, passenger liability, property damage and all-risk coverage for damage to our aircraft. As a result of the Terrorist Attacks, aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war-risk coverage). At the same time, these insurers significantly increased the premiums for aviation insurance in general. While the price of commercial insurance has declined since the period immediately after the Terrorist Attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to us, or significantly increase its cost, we would be adversely affected.

The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines through January 31, 2012, covering losses to employees, passengers, third parties and aircraft. If the U.S. government were to cease providing such insurance in whole or in part, it is likely that we could obtain comparable coverage in the commercial market, but we could incur substantially higher premiums and more restrictive terms, if such coverage is available at all. If we are unable to obtain adequate war-risk coverage at commercially reasonable rates, we would be adversely affected.

***We may be unable to retain key management personnel.***

We are dependent on the experience and industry knowledge of our key management employees, and there can be no assurance that we will be able to retain them. Any inability to retain our key management employees, or attract and retain additional qualified management employees, could have a negative impact on us.

***We are increasingly dependent on technology and could be adversely affected by a failure or disruption of our computer, communications or other technology systems.***

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

**Table of Contents**

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

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

***Interruptions or disruptions in service at one or more of our primary market airports could have an adverse impact on us.***

Our business is heavily dependent on our operations at our primary market airports in Dallas/Fort Worth, Chicago, Miami, New York City and Los Angeles. Each of these operations includes flights that gather and distribute traffic from markets in the geographic region around the primary market to other major cities. A significant interruption or disruption in service at one or more of our primary markets could adversely impact our operations.

***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. 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. Under new Department of Transportation regulations that take effect on January 24, 2012, all government taxes and fees must be included in the fares 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 passenger. Further increases in fees and taxes may reduce demand for air travel, and thus our revenues.

***Risk Factors Relating to the Certificates and the Offering***

In addition to the risks related to the Class A Certificates offering and the Class A Certificates, the following risk factors discuss risks related to the potential offering of Class B Certificates and the Class B Certificates, based on the assumption that Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement.

***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, BK appraisal and MBA appraisal are dated August 25, 2011, August 25, 2011 and August 30, 2011, respectively. The appraised values provided by each of AISI, BK and MBA are presented as of or around the respective dates of their appraisals. The appraisals do not purport to, and do not, reflect the current market value of the Aircraft. Such appraisals of the Aircraft are subject to a number of significant assumptions and methodologies (which differ among the appraisers) and were prepared without a physical inspection of the Aircraft. The appraisals take into account base value, which is the theoretical value for an aircraft assuming a balanced market, while current market value is the value for an aircraft in the actual market. In particular, the appraisals of the Aircraft indicate appraised base value, adjusted for the maintenance status of the Aircraft at or around the time of the appraisals. A different maintenance status may result in different valuations. Appraisals that are based on other assumptions and methodologies (or a physical inspection of the Aircraft) may result in valuations that are materially different from those contained in such appraisals of the Aircraft. See Description of the Aircraft and the Appraisals The Appraisals.

**Table of Contents**

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

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

Accordingly, we cannot assure you that the proceeds realized upon any exercise of remedies with respect to the Aircraft would be sufficient to satisfy in full payments due on the 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 and to lease the Aircraft, and to enter into interchange or pooling arrangements with respect to the Aircraft, with unrelated third parties. It may be difficult, time-consuming and expensive for the Loan Trustee under an Indenture to exercise its repossession rights, particularly if the related Aircraft is located outside the United States, is registered in a foreign jurisdiction or is leased to or in the possession of a foreign or domestic operator. Additional difficulties may exist if such a lessee or other operator is the subject of a bankruptcy, insolvency or similar event. See Description of the Equipment Notes Certain Provisions of the Indentures Registration, Leasing and Possession.

In addition, some jurisdictions may allow for other liens or other third party rights to have priority over a Loan Trustee's security interest in an Aircraft. 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, 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

**Table of Contents**

repay the Certificateholders. In addition, at the time of foreclosing on the lien on an Aircraft under the related Indenture, the Airframe subject to such Indenture might not be equipped with the Engines subject to the same Indenture. If American fails to transfer title to engines not owned by American that are attached to a repossessed Airframe, it could be difficult, expensive and time-consuming to assemble an Aircraft consisting of an Airframe and Engines subject to the same Indenture.

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

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

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

Payments of principal on the Certificates are subordinated to payments of interest on the Certificates, subject to certain limitations and certain other payments. Consequently, a payment default under any Equipment Note or a Triggering Event may cause the distribution of interest on the Certificates or such other amounts from payments received with respect to principal on one or more series of Equipment Notes. 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 even if all Equipment Notes are eventually paid in full. For a more detailed discussion of the subordination provisions of the Intercreditor Agreement, see Description of the Intercreditor Agreement Priority of Distributions.

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

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

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

The Controlling Party will be:

if Final Distributions have not been paid in full to holders of the Class A Certificates, the Class A Trustee;  
S-36

---



**Table of Contents**

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

under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the largest 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.***

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. 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. 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. 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 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.

**Table of Contents**

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

The Certificates, the Equipment Notes and the underlying agreements 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 American or its 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.

***Escrowed funds may be withdrawn and distributed to holders of Certificates without purchase of Equipment Notes.***

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 release of liens under the Existing Financings in connection with the refinancing of the Encumbered Aircraft or because of other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be withdrawn by the Escrow Agent and distributed by the Paying Agent, with accrued and unpaid interest on such remaining funds, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution or, under certain circumstances, such remaining funds will be automatically returned by the Depository to the Paying Agent on the Outside Termination Date, and the Paying Agent will distribute such funds to such Certificateholders as promptly as practicable thereafter. In addition, if a Triggering Event occurs prior to the Delivery Period Termination Date, any Deposits held in escrow will also be withdrawn and distributed to the Certificateholders. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. If any of certain 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 and the Class B Certificates are subject to transfer restrictions, holders of Certificates may have a limited ability to resell Certificates.***

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

**Table of Contents**

active trading market does not develop, the market price and liquidity of the Certificates may be adversely affected.

In addition, if Class B Certificates are issued concurrently with Class A Certificates on the terms and conditions described in this prospectus supplement, the Class B Certificates will be subject to transfer restrictions. They may be sold only to qualified institutional buyers ( *QIBs* ), as defined in Rule 144A under the Securities Act, for so long as they are outstanding. This additional restriction may make it more difficult for a holder of Class B Certificates to resell any of them, even if a secondary market does develop. See Description of the Certificates Transfer Restrictions for Class B Certificates.

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.

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

The Class A Certificates are sold to investors under an exemption to the Investment Company Act of 1940, as amended (the *Investment Company Act* ), that permits the Class A Trust to issue the Class A Certificates to investors generally without registering as an investment company; *provided* that the Class A 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 sale, have prompted a number of broad based legislative and regulatory reviews, including a review of the regulations that permit the sale 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 recently requested comments on alternatives to the investment grade credit rating exemption under the Investment Company Act relied upon by the Class A Trust to sell the Class A 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 Class A Trust to sell the Class A 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 Class A Trust to issue the Class A Certificates to investors generally or affect the ability of such investors to continue to hold or purchase the Class A Certificates, or to re-sell their Class A Certificates to other investors generally, the secondary market for the Class A Certificates could be negatively affected and, as a result, the market price of the Class A Certificates could decrease.

If Class B Certificates are issued concurrently with Class A Certificates on the terms and conditions described in this prospectus supplement, the Class B Certificates will be sold to investors under an exemption to the Investment Company Act that permits the Class B Trust to issue the Class B Certificates without registering as an investment company; *provided* that the Class B Certificates may be initially sold, and subsequently re-sold, only to QIBs for so long as they are outstanding. Absent a future change in law, these limitations will remain in place for so long as the Class B Certificates remain outstanding. If, in connection with the requirements of the Dodd Frank Act discussed in the preceding paragraph, the SEC adopts rule changes that eliminate or significantly limit the exemption from the Investment Company Act that the Class B Trust relies upon, or if other legislative or regulatory changes are enacted that affect the ability of the Class B Trust to issue the Class B Certificates to QIBs or affect the ability of such QIBs to continue to hold or purchase the Class B Certificates, or to re-sell their Class B Certificates to other QIBs, the interests of the holders of the Class B Certificates may be adversely affected. For example, the secondary market (if any) for the Class B Certificates could be negatively affected and, as a result, the market price of the Class B Certificates could decrease.

**Table of Contents**

**USE OF PROCEEDS**

The proceeds from the sale of the Class A Certificates and the Class B Certificates (if Class B Certificates are issued concurrently with Class A Certificates on the terms and conditions described in this prospectus supplement) will initially be held in escrow and deposited with the Depository, pending the financing of each Aircraft under an 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. See Information Relating to Class B Certificates. The Equipment Notes will be full recourse obligations of American and will be guaranteed by AMR.

American will use the proceeds from the issuance of the Equipment Notes issued with respect to each Encumbered Aircraft and Unencumbered Aircraft, in the aggregate, to reimburse itself, in part, for the prepayment or repayment at maturity, as applicable, of the Existing Financings (as described below) of such Encumbered Aircraft. American will use the balance (if any) of any such proceeds not used in connection with the foregoing to pay fees and expenses relating to this offering and for general corporate purposes.

The Encumbered Aircraft are currently subject to liens under existing financings described below: the Mortgaged Aircraft are each subject to separate mortgage financings which were entered into by American with respect to such aircraft and such financings are scheduled to mature in October 2011, January 2012, March 2012, April 2014 or May 2014, as applicable (the *Mortgage Financings* ); and

the 2001-2 Aircraft are each subject to separate indentures (collectively, the *2001-2 Indentures* ) under an enhanced equipment trust certificate transaction entered into by American in September 2001 (the *2001-2 EETC*, and, together with the Mortgage Financings, the *Existing Financings* ).

Each of the Mortgage Financings bears interest at a floating rate measured by reference to LIBOR plus a borrowing margin.

The 2001-2 EETC currently consists of a tranche of class A-2 certificates, which bears interest at a fixed rate of 7.858% and which is scheduled to mature on October 1, 2011.

As of August 30, 2011, the weighted average interest rate of the Mortgage Financings is 2.7% per annum. As of August 30, 2011, the weighted average interest rate of the Existing Financings relating to the Encumbered Aircraft is 7.1% per annum.

The Mortgage Financings permit American to prepay the obligations secured by the Mortgaged Aircraft upon prior written notice to certain specified parties to the Mortgage Financings. American expects to provide such notice of prepayment under all of the Mortgage Financings (except for those maturing in October 2011) such that such existing obligations can be prepaid prior to December 31, 2011.

After the Encumbered Aircraft are released from the liens of the Existing Financings, the Encumbered Aircraft are expected to be subjected to the liens of the Indentures to secure the Equipment Notes as provided in the Note Purchase Agreement. See Description of the Aircraft and the Appraisals Deliveries of Aircraft.

**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. 333-84292, and to all of the provisions of the Class A Certificates, the Trust Supplement with respect to Class A Certificates, the Class A Liquidity Facility, the Deposit Agreement with respect to Class A Certificates, the Escrow Agreement with respect to Class A Certificates, the Note Purchase Agreement and the Intercreditor Agreement and, if Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement, the Class B Certificates, the Trust Supplement with respect to Class B Certificates, the Class B Liquidity Facility, the Deposit Agreement with respect to Class B Certificates and the Escrow Agreement with respect to Class B Certificates, copies of which, as applicable, 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 substantially the same, except as described under Subordination and Transfer Restrictions for Class B Certificates ) 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.

To the extent the following summary describes the Class B Certificates, it is based on the assumption that the Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement.

There is no assurance that Class B Certificates will be offered or issued, and the Class B Certificates, if and when offered and issued, may have terms different from the terms of the Class B Certificates described in this prospectus supplement.

**General**

Each pass through certificate (each, a *Certificate* and, collectively, the *Certificates* ) will represent a fractional undivided interest in the related American Airlines 2011-2 Pass Through Trust: the *Class A Trust* and the *Class B Trust* and, collectively, the *Trusts*. The Trusts will be formed pursuant to a pass through trust agreement between American and U.S. Bank Trust National Association (as successor trustee to State Street Bank and Trust Company of Connecticut, National Association), as trustee, dated as of March 21, 2002 (the *Basic Agreement* ), and two separate supplements thereto (each, a *Trust Supplement* and, together with the Basic Agreement, collectively, the *Pass Through Trust Agreements* ). The trustee under the Class A Trust and the Class B Trust is referred to herein, respectively, as the *Class A Trustee* and the *Class B Trustee*, and collectively as the *Trustees*. The Certificates to be issued by the Class A Trust and the Class B Trust are referred to herein, respectively, as the *Class A Certificates*, and the *Class B Certificates*. The Class A Trust will purchase all of the Series A Equipment Notes and the Class B Trust will purchase all of the Series B Equipment Notes. The holders of the Class A Certificates and the Class B Certificates are referred to herein, respectively, as the *Class A Certificateholders* and the *Class B Certificateholders*, and collectively as the *Certificateholders*. Assuming all of the Equipment Notes expected to be issued with respect to the Aircraft are issued, the sum of the initial principal balance of the Equipment Notes held by each Trust will equal the initial aggregate face amount of the Certificates issued by such Trust. The Class B Certificates will be subject to transfer restrictions. They may be sold only to QIBs, for so long as they are outstanding. See Transfer Restrictions for Class B Certificates.

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:

S-41

**Table of Contents**

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

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

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

the rights of such Trust under the Intercreditor Agreement (including all 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 and the Class B Certificates will be subject to the provisions described below under

Transfer Restrictions for Class B Certificates. 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.



**Table of Contents**

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

April 15 and October 15 of each year, commencing on April 15, 2012, 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 April 15, 2012, except as described under *Description of the Deposit Agreements* *Other Withdrawals and Return of Deposits*. The issued and outstanding 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 April 15, 2012, except as described under *Description of the Equipment Notes* *Redemption*.

The rate per annum for the Class A Certificates is set forth on the cover page of this prospectus supplement. If issued, the Series B Equipment Notes that would be held in the Class B Trust will accrue interest at a rate per annum for the Class B Certificates to be determined at the time of issuance of the Class B Certificates. The Series B Equipment Notes and the Class B Certificates, if issued, may bear interest at a fixed or floating rate and may be issued for their full principal amount or at a discount. The interest rate for the Class A Certificates, as shown on the cover page of this prospectus supplement, or as described in the previous two sentences in the case of the Class B Certificates, is referred to as the *Stated Interest Rate* for the Class A Trust or the Class B Trust, respectively. Interest payments will be distributed to Certificateholders of such Trust on each Regular Distribution Date until the final Distribution Date for such Trust, subject to the Intercreditor Agreement. Interest on the Deposits and on the Equipment Notes will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

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

**Principal**

Payments of principal on the issued and outstanding Series A Equipment Notes and (if Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement) Series B Equipment Notes are scheduled to be made in specified amounts on April 15 and October 15 in certain years, commencing on April 15, 2012 and ending on certain dates depending on the applicable Aircraft related to such Equipment Notes as specified under *Description of the Equipment Notes* *Principal and Interest Payments*.



**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 A Certificates is April 15, 2023 and for the Class B Certificates is April 15, 2020.

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 \$410 million, or if the Class B Certificates are issued concurrently with the Class A Certificates on the

**Table of Contents**

terms and conditions described in this prospectus supplement, \$540 million or (iii) certain bankruptcy or insolvency events involving American. (Intercreditor Agreement, Section 1.01)

Any Deposits withdrawn because an Aircraft suffers a Delivery Period Event of Loss (or an event that would constitute such a Delivery Period Event of Loss but for the requirement that notice be given or time elapse or both) before such Aircraft is financed pursuant to this offering will be distributed, together with accrued and unpaid interest thereon, but without any premium (each, also a *Special Payment* ), on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution (also, a *Special Distribution Date* ). Any such distribution will not be subject to the Intercreditor Agreement. (Escrow Agreements, Sections 1.02(e), 2.03(b) and 2.07)

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

Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more non-interest bearing accounts (the *Certificate Account* ) for the deposit of payments representing Scheduled Payments received by such Trustee. (Basic Agreement, Section 4.01) Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more accounts (the *Special Payments Account* ) for the deposit of payments representing Special Payments received by such Trustee, which will be non-interest bearing except in certain limited circumstances where the Trustee may invest amounts in such account in certain Permitted Investments. (Basic Agreement, Section 4.01; 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 so 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.



**Table of Contents**

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

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

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

**Subordination**

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

**Pool Factors**

The *Pool Balance* of the Certificates issued by any Trust indicates, as of any date, the original aggregate face amount of the Certificates of such Trust less the aggregate amount of all distributions made as of such date in respect of the Certificates of such Trust or in respect of 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 relating to such Trust, 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 relating to such Trust, 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; thereafter, the Pool Factor for each Trust will decline as described herein to reflect reductions in the Pool Balance of such Trust. The amount of a Certificateholder's *pro rata* share of the Pool Balance of a Trust can be determined by multiplying the original denomination of the Certificateholder's Certificate of such Trust by the Pool Factor for such Trust as of the applicable Distribution Date. Notice of the Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of such Trust on each Distribution Date. (Trust Supplements, Section 5.01(a))

The following table sets forth the expected aggregate principal amortization schedule (the *Assumed Amortization Schedule*) for the Equipment Notes to be held in each Trust and resulting Pool Factors with respect to such Trust, assuming that: (a) each Unencumbered Aircraft has been subjected to an Indenture within 90 days of the date of issuance of Class A Certificates (the *Issuance Date*) and (b) each Encumbered Aircraft has been subjected to an Indenture on or prior to December 31, 2011 and, in each case, 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

**Table of Contents**

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.

In addition, the scheduled principal payments and the expected Pool Factors relating to the Class B Certificates set forth in the Assumed Amortization Schedule below are based on the assumption that the Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement. See Information Relating to Class B Certificates. The Class B Certificates, if and when offered and issued, may have scheduled principal payments and Pool Factors different from those set forth below.

Date	Class A		Class B	
	Scheduled Principal Payments	Expected Pool Factor	Scheduled Principal Payments	Expected Pool Factor
At Issuance	\$ 0.00	1.0000000	\$ 0.00	1.0000000
April 15, 2012	22,048,669.99	0.9696171	10,056,117.69	0.9566487
October 15, 2012	22,049,343.26	0.9392333	10,054,864.31	0.9133028
April 15, 2013	22,049,343.31	0.9088495	10,054,864.36	0.8699569
October 15, 2013	22,049,343.27	0.8784657	10,054,864.31	0.8266110
April 15, 2014	22,049,343.28	0.8480819	10,054,864.33	0.7832650
October 15, 2014	22,595,839.59	0.8169450	10,225,937.42	0.7391816
April 15, 2015	22,912,997.01	0.7853711	10,321,806.97	0.6946850
October 15, 2015	22,993,705.87	0.7536860	10,346,203.39	0.6500831
April 15, 2016	22,993,705.91	0.7220009	10,346,203.40	0.6054812
October 15, 2016	25,056,493.56	0.6874733	10,999,715.06	0.5580621
April 15, 2017	27,056,712.30	0.6501893	11,659,791.52	0.5077975
October 15, 2017	54,733,934.40	0.5747665	18,787,755.56	0.4268046
April 15, 2018	25,245,529.30	0.5399783	10,856,975.80	0.3800008
October 15, 2018	25,249,771.03	0.5051844	88,148,035.88	0.0000000
April 15, 2019	25,254,588.79	0.4703838	0.00	0.0000000
October 15, 2019	67,760,508.31	0.3770104	0.00	0.0000000
April 15, 2020	21,688,606.56	0.3471237	0.00	0.0000000
	21,791,066.77	0.3170958	0.00	0.0000000

October 15, 2020				
April 15, 2021	21,894,463.10	0.2869254	0.00	0.0000000
October 15, 2021	208,220,034.39	0.0000000	0.00	0.0000000

If the Pool Factor and Pool Balance of a Trust differ from the Assumed Amortization Schedule for such Trust, notice thereof will be provided to the Certificateholders of such Trust as described hereafter. The Pool Factor and Pool Balance of each Trust will be recomputed if there has been an early redemption, purchase or default in the payment of principal or interest in respect of one or more of the Equipment Notes held in a Trust, as described in Indenture Events of Default and Certain Rights Upon an Indenture Event of Default, Possible Issuance and Refinancing of Class B Certificates and Additional Certificates and Description of the Equipment Notes Redemption, or a special distribution of unused Deposits attributable to (a) the occurrence of a Delivery Period Event of Loss (or an event that would constitute such a Delivery Period Event of Loss but for the requirement that notice be given or time elapse or both) with respect to an Aircraft before such Aircraft is financed pursuant to this offering, (b) the occurrence of a Triggering Event or (c) unused Deposits remaining after the Delivery Period Termination Date, in each case as described in Description of the Deposit Agreements Other Withdrawals and Return of Deposits. If the aggregate principal payments scheduled for a Regular Distribution Date prior to the Delivery Period Termination Date will not be as set forth in the Assumed Amortization Schedule for a Trust, notice thereof will be mailed to the 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

S-47

**Table of Contents**

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 of the applicable Trust a report containing the sum of the amounts determined pursuant to clauses (1), (2), (3), (4) and (5) above with respect to such 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))

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.

**Table of Contents****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 Equipment Notes Indenture Events of Default, Notice and Waiver for a list of Indenture Events of Default.

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. U.S. Bank Trust National Association will be the initial Trustee under each Trust. (Basic Agreement, Sections 7.08 and 7.09)

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 the payment of money, such Trustee will not give notice until the earlier of the time



**Table of Contents**

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.

**Certificate Buyout Right of Certificateholders**

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

**Table of Contents**

Holder Buyout Right, but shall be revived if the exercise of such Additional Holder Buyout Right is not consummated on the purchase date proposed therefor.

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

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) 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:

S-51

---

**Table of Contents**

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;

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

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

In addition, after giving effect to such transaction, no 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 AMR.

**Table of Contents**

AMR will be prohibited from consolidating with or merging into, or selling, conveying, transferring or otherwise disposing of substantially all of its assets to, any other entity, unless:

in the case of a merger or consolidation, AMR is the surviving entity or, in the case of a merger or consolidation where AMR is not the surviving entity or in the case of any sale, conveyance, transfer or other disposition of substantially all of its assets, (i) 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 and (ii) the successor or transferee entity expressly assumes all of the obligations of AMR in the Basic Agreement and any Trust Supplement and the Parent Guarantee; and

AMR has delivered a certificate and an opinion or opinions of counsel indicating that such transaction, in effect, complies with such conditions. (Parent Guarantee, Section 3.1; Trust Supplements, Section 8.01)

**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 the Parent Guarantee or, if applicable, any other Liquidity Facility, without the consent of the holders of any of the Certificates of such Trust to, among other things:

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 or any Liquidity Facility or to evidence the succession of another corporation or entity to AMR and the assumption by such corporation or entity of the covenants contained in such Pass Through Trust Agreement or of AMR's obligations under the Parent Guarantee;

add to the covenants of American or AMR for the benefit of holders of any Certificates or surrender any right or power conferred upon American or AMR in such Pass Through Trust Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Participation Agreement, any Liquidity Facility or the 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 the 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 the 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;

**Table of Contents**

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 the 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 the 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 the 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 the Parent Guarantee, (ii) evidence the substitution of a Liquidity Provider with a replacement liquidity provider or to provide for any Replacement Facility, all as provided in the Intercreditor 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 the Parent Guarantee as necessary to provide for or facilitate the administration of the Trust under such Pass Through Trust Agreement by more than one trustee or to provide multiple liquidity facilities for one or more Trusts;

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

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

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

correct or supplement the description of any property 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 the 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, the 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;

**Table of Contents**

*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 the Parent Guarantee, without the consent of the Certificateholders of the related Trust, to provide for the issuance of Class B Certificates (if Class B Certificates are issued after the Class A Certificates) or Additional Certificates or Refinancing Certificates, the formation of related trusts, the purchase by such trusts of the related equipment notes, the establishment of certain matters with respect to such Class B Certificates or Additional Certificates or Refinancing Certificates, and other matters incidental thereto or as otherwise contemplated by the Basic Agreement, all as provided in, and subject to certain terms and conditions set forth in, the Note Purchase Agreement and the Intercreditor Agreement. (Trust Supplements, Section 8.02) See Possible Issuance and Refinancing of Class B Certificates and Additional 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 the Parent Guarantee to the extent applicable to such Certificateholders or modifying the rights of such Certificateholders under such Pass Through Trust Agreement, the related Deposit Agreement, the related Escrow Agreement, the Intercreditor Agreement, the Note Purchase Agreement, any Liquidity Facility or the Parent Guarantee, except that no such supplemental agreement may, without the consent of the holder of each outstanding Certificate adversely affected thereby:

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

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

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

**Table of Contents**

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 modifications 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, the Parent Guarantee or certain other related documents, then subject to the provisions described above in respect of modifications for which consent of such Certificateholders is not required, such Trustee will forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder of the relevant Trust registered on the register of such Trust as of the date of such notice. Such Trustee will request from the Certificateholders of such Trust a direction as to:

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

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

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

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

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

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

For purposes of the immediately preceding paragraph, a Certificate is deemed actually voted if the Certificateholder thereof has delivered to the applicable Trustee an instrument evidencing such

**Table of Contents**

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, the 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 Certificateholder holding Certificates representing a fractional undivided interest in the Equipment Notes under the applicable Indenture held by the Subordination Agent, among other things, no amendment, supplement, modification, consent or waiver of or relating to such Indenture, any related Equipment Note, Participation Agreement or other related document will: (i) reduce the principal amount of, Make-Whole Amount, if any, or interest on, any Equipment Note under such Indenture; (ii) change the date on which any principal amount of, Make-Whole Amount, if any, or interest on any Equipment Note under such Indenture, is due or payable; (iii) create any lien with respect to the Collateral subject to such Indenture prior to or *pari passu* with the lien thereon under such Indenture except such as are permitted by such Indenture; or (iv) reduce the percentage of the outstanding principal amount of the Equipment Notes under such Indenture the consent of whose holders is required for any supplemental agreement, or the consent of whose holders is required for any waiver of compliance with certain provisions of such Indenture or of certain defaults thereunder or their consequences provided for in such Indenture. In addition, without the consent of each Certificateholder, no such amendment, modification, consent or waiver will, among other things, deprive any Certificateholder of the benefit of the lien of any Indenture on the related Collateral, except as provided in connection with the exercise of remedies under such Indenture. (Intercreditor Agreement, Section 8.01(b)) See Indenture Events of Default and Certain Rights Upon an Indenture Event of Default for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees.

**Obligation to Purchase Equipment Notes**

The Class A Trustee will be obligated to purchase the Series A Equipment Notes, and the Class B Trustee will be obligated to purchase Series B 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: (a) each Unencumbered Aircraft, within 90 days after the Issuance Date and (b) each Encumbered Aircraft, on or prior to December 31, 2011, in each case 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



**Table of Contents**

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 (each such principal amortization schedule to be expressed in percentages of original principal amount);

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

the payment dates for the Equipment Notes must be April 15 and October 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 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 Equipments 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 applicable purchase agreements 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

**Table of Contents**

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 issuance of any Series B Equipment Notes (if Class B Certificates are issued after the Class A Certificates) or any Additional Equipment Notes and the successive redemption of any Series B Equipment Notes or Additional Equipment Notes and issuance of Refinancing Equipment Notes or the issuance of pass through certificates by any pass through trust that acquires such Series B Equipment Notes, Additional Equipment Notes or Refinancing Equipment Notes, as applicable, or to provide for any credit support for any pass through certificates relating to any such Series B Equipment Notes, Additional Equipment Notes, or Refinancing Equipment Notes, as applicable, in each case as provided in the Note Purchase Agreement.

**Termination of the Trusts**

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

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

**The Trustees**

The Trustee of each Trust initially will be U.S. Bank Trust National Association. Each Trustee's address is U.S. Bank Trust National Association, 300 Delaware Avenue, 9th Floor, Mail Code EX-DE-WDAW, Wilmington, Delaware 19801, Attention: Corporate Trust Services (Reference: American 2011-2 EETC).

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

**Table of Contents**

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**

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

**DTC**

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

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

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

**Table of Contents**

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.

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



**Table of Contents**

DTC Participant or any Indirect Participant of their respective obligations under the DTC Rules or any other statutory, regulatory, contractual or customary procedures governing their obligations. (Trust Supplements, Section 4.03(f))

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

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

**Same-Day Settlement**

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

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

**Definitive Certificates**

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

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

**Table of Contents**

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, subject in the case of the Class B Certificates to certain transfer restrictions. See Transfer Restrictions for Class B Certificates. 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. (With respect to the Class A Certificates, Basic Agreement, Section 3.04 and with respect to the Class B Certificates, Trust Supplement of Class B Certificates, Section 9.03)

**Transfer Restrictions for Class B Certificates**

If Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement, the Class B Certificates will be subject to transfer restrictions. They may be sold or otherwise transferred only to QIBs, as defined in Rule 144A under the Securities Act for so long as they are outstanding, unless American and the Class B Trustee determine otherwise consistent with applicable law. See also Certain ERISA Considerations.

Each purchaser of such Class B Certificates, by such purchase, will be deemed to:

1. Represent that it is purchasing such Class B Certificates for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB.

2. Agree that any sale or other transfer by it of any such Class B Certificates will only be made to a QIB.

3. Agree that it will, and that it will inform each subsequent transferee that such transferee will be required to, deliver to each person to whom it transfers such Class B Certificates notice of these restrictions on transfer of such Class B Certificates.

4. Agree that no registration of the transfer of any such Class B Certificate will be made unless the transferee completes and submits to the Class B Trustee the form included on the reverse of such Class B Certificate in which it states that it is purchasing such Class B Certificate for its account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB.

5. Understand that such Class B Certificates will bear a legend substantially to the following effect:

THIS CERTIFICATE IS SUBJECT TO TRANSFER RESTRICTIONS. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED); (2) AGREES THAT, FOR SO LONG AS THIS CERTIFICATE IS OUTSTANDING, IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED); AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS

**Table of Contents**

TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE, THE TRANSFEREE MUST COMPLETE THE FORM ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT SUCH FORM TO THE TRUSTEE. TRUST SUPPLEMENT NO. 2011-2B TO THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE REGISTRAR TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

6. Acknowledge that American, AMR, the Class B Trustee, the Underwriters, and others will rely on the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that, if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of such Class B Certificates is no longer accurate, it shall promptly notify American, AMR, the Class B Trustee and the Underwriters. If it is acquiring any such Class B Certificates as a fiduciary or agent of one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.

7. Acknowledge that the foregoing restrictions apply to holders of beneficial interests in such Class B Certificates as well as to registered holders of such Class B Certificates.

8. Acknowledge that the Class B Trustee will not be required to accept for registration of transfer any such Class B Certificate unless evidence satisfactory to American and the Class B Trustee that the restrictions on transfer set forth herein have been complied with is submitted to them.

S-64

---



**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 Agreement and the related provisions of the Escrow Agreement, in each case with respect to Class A Certificates, and, if Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement, the Deposit Agreement and the related provisions of the Escrow Agreement, in each case with respect to Class B Certificates, and the Note Purchase Agreement, copies of which, as applicable, will be filed as exhibits to a Current Report on Form 8-K to be filed by American with the SEC.

To the extent the following summary describes the deposit and escrow arrangements related to the Class B Certificates, it is based on the assumption that the Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement and, if and when issued, will be issued subject to a Deposit Agreement and an Escrow Agreement substantially similar to those applicable to the Class A Certificates. The Class B Certificates, if and when offered and issued, may have deposit and escrow arrangements different from those described in this prospectus supplement. Moreover, if Class B Certificates are not issued until after the Delivery Period Termination Date, there may be no deposit and escrow arrangements with respect to Class B Certificates, if and when offered and issued.

**General**

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

**Withdrawal of Deposits to Purchase Equipment Notes**

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

S-65

**Table of Contents****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. 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, 2011 (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, Section 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, (a) with respect to an Encumbered Aircraft that is subject to an Existing Financing, one of several events of loss with respect to such Aircraft under the applicable Existing Financing, which events of loss are substantially similar to the Events of Loss with respect to an Aircraft under the Indentures (see Description of the Equipment Notes Certain Provisions of the Indentures Events of Loss) and (b) with respect to an Unencumbered Aircraft prior to being financed pursuant to this offering or an Encumbered Aircraft that is no longer subject to an Existing Financing but is not yet 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)

**Table of Contents****Replacement of Depositary**

If the Depositary's Short-Term Rating issued by either Rating Agency is downgraded below the Depositary Threshold Rating, then American must, within 30 days of the occurrence of such event, replace the Depositary with a new depositary bank meeting the requirements set forth below (the *Replacement Depositary*). (Note Purchase Agreement, Section 5(a))

*Depositary Threshold Rating* means, for any entity, a Short-Term Rating for such entity of P-1 from Moody's Investors Service, Inc. (*Moody's*) and A-1+ from Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (*Standard & Poor's*, and together with Moody's, the *Rating Agencies*). (Note Purchase Agreement, Section 5(a))

Any Replacement Depositary may either be (a) one that meets the Depositary Threshold Rating or (b) one that does not meet the Depositary 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 Depositary with the Replacement Depositary 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 Depositary below the applicable Depositary 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 Depositary with a Replacement Depositary. (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 Depositary 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 Depositary with a Replacement Depositary 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 Depositary 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 Depositary being replaced over to such Replacement Depositary; 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 Depositary 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 profit, whether or not foreseeable) suffered by the Escrow Agent of each Trust or any of the Receiptholders in connection with the Deposit Agreements or the transactions contemplated or any relationships established by the Deposit Agreements irrespective of whether the Depositary has been

**Table of Contents**

advised of the likelihood of such loss or damage and regardless of the form of action. (Deposit Agreements, Section 16)

**Depository**

The Bank of New York Mellon (the *Bank*) will act as depository (the *Depository*) under each Deposit Agreement. The Bank is a New York state chartered bank that formerly was named The Bank of New York. The Bank has total assets of approximately \$236.330 billion and total equity capital of approximately \$17.089 billion, in each case at June 30, 2011. The Bank is a wholly-owned subsidiary of The Bank of New York Mellon Corporation (the *BNMC*).

The Bank's principal office is located at One Wall Street, New York, New York 10286, and its telephone number is 212-495-1784. A copy of the most recent BNMC filings with the SEC, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, may be obtained from BNMC's Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569 or from the SEC at <http://www.sec.gov>. The information that BNMC and affiliates, including the Bank, file with the SEC is not part of, and is not incorporated by reference in, this prospectus supplement.

S-68

---

**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 Agreement and the related provisions of the Deposit Agreement, in each case with respect to Class A Certificates, and, if Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement, the Escrow Agreement and the related provisions of the Deposit Agreement, in each case with respect to Class B Certificates, copies of which, as applicable, will be filed as exhibits to a Current Report on Form 8-K to be filed by American with the SEC.

To the extent the following summary describes the escrow and deposit arrangements related to the Class B Certificates, it is based on the assumption that the Class B Certificates are issued concurrently with the Class A Certificates on the terms and conditions described in this prospectus supplement and, if and when issued, will be issued subject to an Escrow Agreement and a Deposit Agreement substantially similar to those applicable to the Class A Certificates. The Class B Certificates, if and when offered and issued, may have escrow and deposit arrangements different from those described in this prospectus supplement. Moreover, if Class B Certificates are not issued until after the Delivery Period Termination Date, there may be no escrow and deposit arrangements with respect to Class B Certificates, if and when offered and issued.

**General**

U.S. Bank National Association, as escrow agent in respect of each Trust (the *Escrow Agent* ), U.S. Bank Trust National Association, 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* ) in respect of each class of Certificates which will be affixed by the related Trustee to each Certificate of such class. Each Escrow Receipt evidences the related Receiptholder's interest in amounts from time to time deposited into the Paying Agent Account and is

**Table of Contents**

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 Depository in accordance with the applicable Deposit Agreement, or upon any default in the payment of any final withdrawal, replacement withdrawal or event of loss withdrawal when due by the Depository in accordance with the terms of the applicable Deposit Agreement and Escrow Agreement, to proceed directly against the Depository by making a demand to the Depository 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 Series B Equipment Notes (in the event Class B Certificates are issued after the Class A Certificates) or Additional Equipment Notes are to be issued, or any Series B Equipment Notes or any Additional Equipment Notes are to be redeemed and new equipment notes with the same series designation as that of the redeemed Equipment Notes are to be issued, to give effect to such issuance of Series B Equipment Notes or Additional Equipment Notes or redemption and issuance of any Series B Equipment Notes or any Additional Equipment Notes and the issuance of pass through certificates by any pass through trust that acquires any such Series B 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 Depository is to be replaced, to give effect to the replacement of the Depository with the Replacement Depository 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 the Certificateholders) 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;

**Table of Contents**

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 fourteen bullet points of the first paragraph under Description of the Certificates Modification of the Pass Through Trust Agreements and Certain Other Agreements. (Escrow Agreements, Section 8)

**The Escrow Agent**

U.S. Bank National Association will be the Escrow Agent under each Escrow Agreement. The Escrow Agent's address is U.S. Bank National Association, One Federal Street, 3<sup>rd</sup> Floor, Mail Code EX-MA-FED, Boston, Massachusetts 02110, Attention: Corporate Trust Services.

**The Paying Agent**

U.S. Bank Trust National Association will be the Paying Agent under each Escrow Agreement. The Paying Agent's address is U.S. Bank Trust National Association, One Federal Street, 3<sup>rd</sup> Floor, Mail Code EX-MA-FED, Boston, Massachusetts 02110, Attention: Corporate Trust Services.

S-71

---

**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 Class A Liquidity Facility, the Class B Liquidity Facility (if Class B Certificates are offered and issued) and the Intercreditor Agreement, copies of which, as applicable, will be filed as exhibits to a Current Report on Form 8-K to be filed by American with the SEC.

To the extent the following summary describes the Class B Liquidity Facility, it is based on the assumption that Class B Certificates are issued concurrently with the Class A Certificates, and the Class B Liquidity Facility will be entered into, in each case on the terms and conditions described in this prospectus supplement. The Class B Liquidity Facility, if and when Class B Certificates are offered and issued, may have terms (including, without limitation, the amount of Maximum Commitment and interest rates with respect to Drawings) different from the terms of the Class B Liquidity Facility described in this prospectus supplement. Moreover, there is no assurance that Class B Certificates, if and when offered and issued, will have the benefit of any credit support or that such credit support will be in the form of a liquidity facility.

**General**

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

**Drawings**

The aggregate amount available under the Class A Liquidity Facility at April 15, 2012 (the first Regular Distribution Date that occurs after the Outside Termination Date), assuming that all Aircraft have been financed and that all interest and principal due on or prior to such Regular Distribution Date is paid, will be \$91,034,115. The aggregate amount available under the Class B Liquidity Facility at such date will be determined at the time of issuance of the Class B Certificates.

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 the Certificates of such Trust to the extent that the amount, if any, available to the Subordination Agent on such Regular Distribution Date is not sufficient to pay such interest. The maximum amount available to be drawn under the Liquidity Facility with respect to any Trust on any Regular Distribution Date to fund any shortfall of interest on Certificates of such Trust will not exceed the then Maximum Available Commitment under such Liquidity Facility. The *Maximum Available Commitment* at any time under each Liquidity Facility is an amount equal to the then Maximum Commitment of such Liquidity Facility less the aggregate amount of each Interest Drawing outstanding under such Liquidity Facility at such time; *provided* that, following a Downgrade Drawing, a Special Termination Drawing, a Final Drawing or a Non-Extension



**Table of Contents**

Drawing under such Liquidity Facility, the Maximum Available Commitment under such Liquidity Facility shall be zero.

*Maximum Commitment* means for the Class A Liquidity Facility initially, \$95,799,168, and for the Class B Liquidity Facility an amount to be determined at the time of issuance of the Class B Certificates and, in each case, as such amount may be reduced from time to time as described below.

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)

**Replacement of Liquidity Facilities**

If at any time the Short-Term Rating of a Liquidity Provider issued by either Rating Agency (or, if such Liquidity Provider does not have a Short-Term Rating issued by a given Rating Agency, the Long-Term Rating of such Liquidity Provider issued by such Rating Agency) is lower than the Liquidity Threshold Rating, then the related Liquidity Facility may be replaced with a Replacement Facility. If such Liquidity Facility is not so replaced with a Replacement Facility within 10 days after the downgrading, the Subordination Agent will draw the then Maximum Available Commitment under such Liquidity Facility (the *Downgrade Drawing* ). 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



**Table of Contents**

subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(b)(ii); Intercreditor Agreement, Sections 3.05(c) and (f))

*Long-Term Rating* means, for any entity: (a) in the case of Moody's, the long-term senior unsecured debt rating of such entity and (b) in the case of Standard & Poor's, the long-term issuer credit 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 Standard & Poor's, the short-term issuer credit rating of such entity. (Intercreditor Agreement, Section 1.01)

*Liquidity Threshold Rating* means: (i) a Short-Term Rating of P-1 in the case of Moody's and A-1 in the case of Standard & Poor's and (ii) in the case of any entity that does not have a Short-Term Rating from either or both of such Rating Agencies, then in lieu of such Short-Term Rating from such Rating Agency or Rating Agencies, a Long-Term Rating of A2 in the case of Moody's and A in the case of Standard & Poor'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 in such other form (which may include a letter of credit, surety bond, financial insurance policy or guaranty) as will permit the Rating Agencies to confirm in writing their respective ratings then in effect for the Certificates with respect to which such Liquidity Facility was issued (before downgrading of such ratings, if any, as a result of the downgrading of the related Liquidity Provider), in a face amount (or in an aggregate face amount) equal to the amount sufficient to pay interest on the Pool Balance of the Certificates of the applicable Trust (at the Stated Interest Rate for such Certificates, and without regard to expected future principal distributions) on the three successive semiannual Regular Distribution Dates following the date of replacement of such Liquidity Facility and issued by an entity (or entities) having Short-Term Ratings issued by the Rating Agencies (or if such entity does not have a Short-Term Rating issued by a given Rating Agency, the Long-Term Rating of such entity issued by such Rating Agency) which are equal to or higher than the applicable Liquidity Threshold Rating. (Intercreditor Agreement, Section 1.01) The provider of any Replacement Facility will have the same rights (including, without limitation, priority distribution rights and rights as

Controlling Party) under the Intercreditor Agreement as the replaced Liquidity Provider. (Intercreditor Agreement, Section 3.05)

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

the earlier of (a) the anniversary of the respective issuance dates of the applicable class of Certificates immediately following the date on which the Liquidity Provider has provided a Non-Extension Notice and (b) the 15th day after the Final Legal Distribution Date of such 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)

**Table of Contents**

Each Liquidity Facility provides that, in the event that before the 25th day prior to any anniversary of the respective issuance dates of the applicable class of Certificates that is prior to the 15th day after the Final Legal Distribution Date of such Certificates, the Liquidity Provider shall have notified the Subordination Agent that such Liquidity Facility will not be extended beyond the immediately following anniversary date of such issuance date (the *Non-Extension Notice* ) and such Liquidity Facility is not extended or 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) and 2.10; Intercreditor Agreement, Section 3.05(d))

The Subordination Agent will deposit the proceeds of the Non-Extension 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. (Intercreditor Agreement, Section 3.05(d))

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)) In addition, if a Liquidity Provider shall determine not to extend a Liquidity Facility, then such Liquidity Provider may, at its option, arrange for a Replacement Facility to replace such Liquidity Facility (i) during the period no earlier than 40 days and no later than 25 days prior to the then scheduled expiration date of such Liquidity Facility and (ii) at any time after a Non-Extension Drawing has been made under such Liquidity Facility. (Liquidity Facilities, Section 2.10) 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. If any Replacement Facility is provided at any time after a Downgrade Drawing or a Non-Extension Drawing under any Liquidity Facility, the funds with respect to such Liquidity Facility on deposit in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced. (Intercreditor Agreement, Section 3.05(e))

Upon receipt by the Subordination Agent of a Termination Notice with respect to any Liquidity Facility from the relevant Liquidity Provider as described below under Liquidity Events of Default, the Subordination Agent shall request a final drawing (a *Final Drawing* ) or a special termination drawing (the *Special Termination Drawing* ), as applicable, under such Liquidity Facility in an amount equal to the then Maximum Available Commitment thereunder. The Subordination Agent will deposit the proceeds of the Final Drawing or the Special Termination Drawing into the Cash Collateral Account for the related Certificates and will use these proceeds for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Sections 2.02(c) and 2.02(d); Intercreditor Agreement, Sections 3.05(i) and 3.05(k))

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

**Reimbursement of Drawings**

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

**Table of Contents*****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 4.25% per annum. Thereafter, interest will accrue at LIBOR for the applicable interest period plus 4.25% per annum. (Liquidity Facilities, Section 3.07)

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

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

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

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

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

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

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

S-76

**Table of Contents**

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

Any Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing under any Liquidity Facility, other than any portion thereof applied to the payment of interest distributions on the Certificates, will bear interest, (a) subject to clauses (b) and (c) below, at a rate equal to (i) in the case of a Downgrade Drawing, LIBOR for the applicable interest period (or, as described in the first paragraph under Reimbursement Drawings Interest Drawings and Final Drawings, the Base Rate) plus a specified margin, (ii) in the case of a Special Termination Drawing, LIBOR for the applicable interest period (or, as described in the first paragraph under

Reimbursement Drawings Interest Drawings and Final Drawings, the Base Rate) plus a specified margin and (iii) in the case of a Non-Extension Drawing, the investment earnings on the amounts deposited in the Cash Collateral Account on the outstanding amount from time to time of such Non-Extension Drawing plus a specified margin, (b) from and after the date, if any, on which such Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing is converted into a Final Drawing as described below under Liquidity Events of Default, at a rate equal to LIBOR for the applicable interest period (or, as described in the first paragraph under Reimbursement of Drawings Interest Drawings and Final Drawings, the Base Rate) plus 4.25% 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.

**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 \$410 million, or if the Class B Certificates are issued concurrently with the Class&nbsp;