UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
AMR CORPORATION, *et al.*,	:	**11-15463 (SHL)**
Debtors.	:	**(Jointly Administered)**

NOTICE OF FILING OF BLACKLINE OF PROPOSED DISCLOSURE STATEMENT FOR DEBTORS' FIRST AMENDED JOINT CHAPTER 11 PLAN

PLEASE TAKE NOTICE that on April 15, 2013, AMR Corporation and its related debtors, as debtors and debtors in possession (collectively, the "**Debtors**"), filed the Proposed Disclosure Statement for Debtors' Joint Chapter 11 Plan (ECF No. 7632) (the "**Original Disclosure Statement**").

PLEASE TAKE FURTHER NOTICE that on May 31, 2013, the Debtors filed a Proposed Disclosure Statement for Debtors' First Amended Joint Chapter 11 Plan (ECF No. 8541) (the "**Amended Disclosure Statement**").

PLEASE TAKE FURTHER NOTICE that annexed hereto as **Exhibit "A"** is a blackline version showing the changes between the Original Disclosure Statement and the Amended Disclosure Statement.

Dated: New York, New York
May 31, 2013

/s/ Alfredo R. Pérez
Stephen Karotkin
Alfredo R. Pérez

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Attorneys for Debtors
and Debtors in Possession

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
AMR CORPORATION, *et al.*,	:	**11-15463 (SHL)**
Debtors.	:	**(Jointly Administered)**

PROPOSED DISCLOSURE STATEMENT FOR ~~FOR~~ DEBTORS' FIRST AMENDED JOINT CHAPTER 11 PLAN

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New York, New York 10153
(212) 310-8000

Attorneys for the Debtors and
Debtors in Possession

Dated: New York, New York
~~April 15~~June __, 2013

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THE DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT TO DATE.

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EXHIBITS

I. INTRODUCTION

This is the disclosure statement (the "**Disclosure Statement**") of: (i) AMR Corporation ("**AMR**"), Americas Ground Services, Inc. ("**AGS**"), PMA Investment Subsidiary, Inc. ("**PMA**"), and SC Investment, Inc. ("**SCI**") (collectively, the "**AMR Debtors**"); (ii) American Airlines, Inc. ("**American**"), American Airlines Realty (NYC) Holdings, Inc. ("**American Realty**"), Admirals Club, Inc. ("**Admirals Club**"), Reno Air, Inc. ("**Reno Air**"), AA Real Estate Holding GP LLC ("**AA Holding GP**"), AA Real Estate Holding L.P. ("**AA Holding LP**"), American Airlines Marketing Services LLC ("**American Marketing**"), American Airlines Vacations LLC ("**American Vacations**"), American Aviation Supply LLC ("**American Supply**"), and American Airlines IP Licensing Holding, LLC ("**American Licensing**") (collectively, the "**American Debtors**"); and (iii) AMR Eagle Holding Corporation ("**Eagle Holding**"), American Eagle Airlines, Inc. ("**Eagle**"), Executive Airlines, Inc. ("**Executive**"), Eagle Aviation Services, Inc. ("**EAS**"), Business Express Airlines, Inc. ("**Business Express**"), and Executive Ground Services, Inc. ("**EGS**") (collectively, the "**Eagle Debtors**," and together with the AMR Debtors and the American Debtors, the "**Debtors**"), in the above-captioned chapter 11 cases (collectively, the "**Chapter 11 Cases**") pending in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), filed pursuant to section 1125 of chapter 11, title 11, United States Code (the "**Bankruptcy Code**"), and in connection with the Debtors' First Amended Joint Chapter 11 Plan, dated [_____ __, 2013] (the "**Plan**"), a copy of which is annexed to this Disclosure Statement as **Exhibit "A."**

A. Definitions and Exhibits

Definitions. Unless otherwise defined herein, capitalized terms used in this Disclosure Statement shall have the meanings ascribed to such terms in the Plan.

Exhibits. The following exhibits to this Disclosure Statement are incorporated as if fully set forth herein and are part of this Disclosure Statement:

- **Exhibit "A"** – Plan
- **Exhibit "B"** – Illustrative Recovery Based on Various Stock Prices
- **Exhibit "C"** – Liquidation Analysis
- **Exhibit "D"** – Projected Financial Information

B. Notice to Creditors

The purpose of this Disclosure Statement is to set forth information that (i) summarizes the Plan and alternatives to the Plan, (ii) advises holders of Claims and Equity Interests of their rights under the Plan, (iii) assists parties entitled to vote on the Plan in making informed decisions as to whether they should vote to accept or reject the

Plan, (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed, and (v) specifies the dates by which holders of Claims must, in accordance with the AMR Trading Order (defined below), file a Notice of Substantial Claim Ownership (as defined therein).

~~IN~~IN ~~ACCORDANCE~~ACCORDANCE ~~WITH THE~~WITH THE AMR T~~RADING~~RADING O~~RDER~~RDER, ~~AND *NOT* DEPENDENT UPON THE BANKRUPTCY COURT'S PRIOR APPROVAL OF THIS DISCLOSURE STATEMENT, THE INITIAL DATE BY WHICH HOLDERS~~HOLDERS ~~OF~~OF U~~NSECURED~~NSECURED C~~LAIMS~~LAIMS ~~IN~~IN ~~EXCESS~~EXCESS ~~OF A~~OF A ~~SPECIFIED~~SPECIFIED ~~AMOUNT~~AMOUNT AS SET FORTH HEREIN ~~MUST~~MUST ~~FILE~~FILE ~~A~~A N~~OTICE~~OTICE ~~OF~~OF S~~UBSTANTIAL~~UBSTANTIAL C~~LAIM~~LAIM O~~WNERSHIP~~WNERSHIP ~~IS MAY 31~~BY JULY 8, 2013 (~~THE~~THE "~~**INITIAL**~~**FINAL R~~**~~**EPORTING**~~**EPORTING D~~**~~**EADLINE**~~**EADLINE**"), IRRESPECTIVE OF WHETHER A HOLDER PREVIOUSLY FILED SUCH A NOTICE. Such notice must reflect a holder's beneficial ownership of unsecured Claims as of ~~May 24~~July 1, 2013 (the "~~**Initial**~~**Final Determination Date**"). The AMR Trading Order, and the level of ownership above which a Notice of Substantial Claim Ownership is required to be filed, is discussed more fully in Section ~~III.E.6~~ III.F.6 of this Disclosure Statement.

By Order dated [_____ __, 2013] (the "**Approval Order**"), the Bankruptcy Court approved this Disclosure Statement, finding that it contains "adequate information," as that term is used in section 1125(a)(1) of the Bankruptcy Code. The Bankruptcy Court's approval of this Disclosure Statement is not an endorsement of the Plan. Holders of Claims and AMR Equity Interests should carefully read this entire Disclosure Statement before voting on the Plan.

IT IS THE OPINION OF THE DEBTORS THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS' ESTATES, CREDITORS, AND EQUITY INTEREST HOLDERS. THEREFORE, THE BOARD OF DIRECTORS OF AMR AND THE DEBTORS RECOMMEND THAT CREDITORS AND HOLDERS OF AMR EQUITY INTEREST~~S~~ ~~HOLDERS~~ VOTE TO ACCEPT THE PLAN.

IN ADDITION, AS REFLECTED IN THE LETTER DATED_____, FROM _____, THE STATUTORY COMMITTEE OF UNSECURED CREDITORS (THE "**CREDITORS' COMMITTEE**") SUPPORTS THE PLAN AND RECOMMENDS THAT HOLDERS OF UNSECURED CLAIMS VOTE TO ACCEPT THE PLAN.

BALLOTS FOR VOTING TO ACCEPT OR REJECT THE PLAN MUST BE RECEIVED BY [_____ __, 2013] (THE "VOTING DEADLINE").

THE RECORD DATE~~S~~ FOR DETERMINING WHICH HOLDERS OF CLAIMS AND AMR EQUITY INTERESTS MAY VOTE ON THE PLAN ~~IS~~

[_____ __ARE MAY 23, 2013]AND MAY 1, 2013, RESPECTIVELY (COLLECTIVELY, THE "RECORD DATE").

A HEARING TO CONSIDER CONFIRMATION OF THE PLAN (THE "CONFIRMATION HEARING") WILL BE HELD BEFORE THE HONORABLE SEAN H. LANE, UNITED STATES BANKRUPTCY JUDGE, IN ROOM 701 OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, ONE BOWLING GREEN, NEW YORK, NEW YORK 10004, ON [_____ __, 2013 AT __:__ __.M.] (EASTERN TIME), OR AS SOON THEREAFTER AS COUNSEL MAY BE HEARD. THE BANKRUPTCY COURT HAS DIRECTED THAT OBJECTIONS, IF ANY, TO CONFIRMATION OF THE PLAN BE SERVED AND FILED ON OR BEFORE [_____ __, 2013 AT __:__ __.M.] (EASTERN TIME).

PLEASE READ THIS DISCLOSURE STATEMENT, INCLUDING THE PLAN, IN ITS ENTIRETY. A COPY OF THE PLAN IS ANNEXED HERETO AS EXHIBIT "A." THE DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ALL SUCH SUMMARIES. ACCORDINGLY, IF THERE EXISTS ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

The Plan Supplement will be filed with the Bankruptcy Court no later than ten (10-) days prior to the Voting Deadline. The Plan Supplement will include, among other things: (1) the New AAG Board members, (2) the New AAG Certificate of Incorporation, (3) the New AAG Bylaws, (4) certain other Plan related documents, and (5) lists of executory contracts that will be assumed or rejected pursuant to the Plan, (6) certain Causes of Action, and (7) the aggregate number of shares of New Common Stock represented by the equity-based awards to employees of AMR. The financial and other information included in this Disclosure Statement is provided solely for purposes of soliciting votes on the Plan.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

C. Rationale Underlying the Plan

1. Merger with US Airways

The Plan will be implemented and become effective in conjunction with the consummation of a merger pursuant to the Agreement and Plan of Merger (the "**Merger Agreement**"), dated February 13, 2013, by and among AMR, AMR Merger Sub, Inc., ("**Merger Sub**") and US Airways Group, Inc., ("**US Airways**"). As discussed more fully in Section ~~III.D~~ III.E of this Disclosure Statement, after due consideration and consultation with the Debtors' management and legal and financial advisers, AMR's Board of Directors determined that the Merger Agreement, and the transactions contemplated thereunder, were in the best interests of the Debtors and their stakeholders and unanimously approved the Merger Agreement based upon, among other reasons:

- the belief that, after careful consideration of alternatives to the Merger (including the continuation as an independent airline and merger discussions with certain parties), the Merger is expected to yield greater benefits to the Debtors' estates, creditors, and stakeholders;

- the fact that the Merger is expected to generate more than $1 billion in annual net synergies by 2015, resulting predominantly from increased passenger traffic, taking advantage of New AAG's improved schedule and connectivity, an improved mix of high-yield business, and the redeployment of a combined fleet to better match capacity to customer demand;

- the fact that the Debtors' stakeholders, as future stockholders of the combined company, New AAG ~~(defined below)~~, will have the opportunity to participate in the benefits that are expected to result from the Merger, including the expected enhanced competitive and financial position, increased size and scale, and greater diversity of geographic scope of New AAG;

- the increased value expected to be created by the Merger would enable the filing of a proposed plan of reorganization by the Debtors providing for the potential for a full recovery by creditors of the Debtors and a distribution to holders of AMR Equity Interests of 3.5% of the aggregate ownership stake in New AAG with the potential for such AMR Equity Interest holders to receive additional shares of New AAG ~~(the implementation of such a plan of reorganization is subject to confirmation and consummation in accordance with the provisions of the Bankruptcy Code and the closing of the Merger)~~;

- the fact that the Creditors' Committee and the Ad Hoc Committee preferred a plan of reorganization that provided for a business combination with US Airways, therefore improving the likelihood of plan confirmation;

- the fact that the Merger helps mitigate future labor uncertainty, in that it has support from both American's and US Airways's ~~'~~ labor groups, including the fact that (i) ~~the~~ American's pilot, flight attendant, and ground employee ~~U~~unions ~~(defined below)~~ and ~~the USAPA (defined below), the representative of~~ US Airways' pilot~~s , had~~union have agreed to terms for collective bargaining agreements that will address ~~certain~~ financial and operational issues, effective upon the closing of the Merger, (ii) the ~~AFA, the~~union represent~~at~~ive~~ng of~~ US Airways' flight attendants~~, had~~ has reached a tentative agreement that includes support for the Merger, and (iii) ~~both~~the American~~'s~~ unions representing pilots and flight attendants are working with their US Airways~~' pilot and flight attendant unions were working together~~ counterparts to determine representation and single agreement protocols;

- the fact that~~, based on current operations and data,~~ New AAG's ~~share of current market capacity (as measured by available seat miles)~~broader network coverage and improved service offerings, relative to the standalone American and US Airways networks, would (i) make it more competitive with other ~~large~~global network carriers including United Airlines and Delta Air Lines and (ii) ~~bring~~improve the competitive position of the **one**world® alliance~~'s market share in line~~(specifically, with ~~that~~the withdrawal of US Airways from Star Alliance and ~~SkyTeam~~entry of US Airways into **one**world®, the US-to-World, World-to-US, and US-to-US available seat mile share of **one**world® is expected to increase from approximately 26% to approximately 34% with the share of Star Alliance falling from approximately 45% to approximately 36% and SkyTeam remaining at approximately 30%, based on January 2013 data);

- the fact that the expected operational and financial strength of New AAG should enable continued investment in new products and technologies and new opportunities for its employees;

- the fact that New AAG will benefit from an experienced, highly motivated management team selected from skilled executives at both AMR and US Airways;

- the fact that New AAG will maintain the iconic American Airlines brand, one of the most recognized brands in the world;

- the nature of the closing conditions included in the Merger Agreement, and the likelihood of satisfying all conditions to consummation of the Merger;

- AMR's right to engage in negotiations with, and provide information to, a third party that makes an unsolicited written acquisition proposal, if such negotiations are consistent with its fiduciary duties;

- the belief that the necessary regulatory approvals and clearances would likely be obtained without any material cost or burden to New AAG; and

- the expectation that all of the foregoing factors will allow New AAG to better respond to the economic and competitive challenges of the airline industry.

2. Plan Compromises

The Plan incorporates and reflects a compromise and settlement of issues relating to (i) the validity, enforceability, and priority of certain Intercompany Claims (defined below) held by and among AMR, American, and Eagle Holding, (ii) the validity and enforceability of guarantee Claims held by certain creditors, (iii) Claims that creditors have with respect to the marshaling of assets and liabilities of AMR, American, or Eagle Holding, and (iv) potential Avoidance Actions based on prepetition transfers made, and obligations incurred, between certain Debtors.

(a) *Disputed Issues*

(i) Intercompany Claims

Prepetition intercompany payables and receivables that arose in connection with the operation of the Debtors' businesses and the centralized cash management (the "**Cash Management** ~~s~~**System**") utilized by the Debtors purportedly constitute Claims between the Debtors (collectively, the "**Intercompany Claims**"). The Cash Management System was used by American for many years prior to the formation of AMR in 1982. Under the Cash Management System, Cash collected by American and its affiliates was deposited into a variety of deposit accounts and lockboxes, and, on each business day, available Cash was swept from the various deposit accounts into one main concentration account owned by American. Deposits in the main concentration account were recorded in the affiliates' books and records as amounts loaned to American. Cash was transferred from the main concentration account as needed to satisfy the obligations of the various affiliated entities and to fund investment opportunities. Any excess funds in the main concentration account were invested by the American's investment advisor, American Beacon Advisors, Inc. ("**ABA**"). As of the Commencement Date, American's books and records reflected a payable to its affiliated Debtors in an amount exceeding $3 billion in the aggregate. In particular, American's books and records reflected a payable to AMR in excess of $2.4 billion on account of such intercompany transactions (the "**AMR Intercompany Loans**").

Although there were literally thousands of transactions between AMR and American, the material intercompany transactions from 2006 through the Commencement Date are set forth below. In 2006, before the transfers described below, the intercompany payable from American to AMR was approximately $85 million.

Intercompany Amount Transferred from (to) AMR	Date of Transfer	Description of Transfer
$385.0 million	May 2006	from sale of 15 million shares of AMR Common Stock
($84.6) million	Nov. 2006	payment of debt by American for AMR
$195.6 million	2006-2007 (multiple months)	share award issuance and options exercised
$497.9 million	Jan. 2007	from sale of 13 million shares of AMR Common Stock
$75.0 million	Aug. 2008	dividend from ABA to AMR and loaned to American
($311.7) million	Aug.-Sept. 2008	payment of debt by American for AMR
$464.1 million	Sept. 2008	from sale of ABA
$233.2 million	Sept. 2008	from other smaller sales of AMR Common Stock
$447.4 million	Sept. 2009	proceeds from issuance of convertible debt by AMR
$412.5 million	Sept. 2009	from sale of 52 million shares of AMR Common Stock
($282.9) million	Sept. 2009	payment of debt by American for AMR
$650.0 million	Dec. 2009	dividend received from Eagle Holding
($187.3) million	Nov. 2011	contribution of AMR Eagle including the cancellation of American intercompany obligations to AMR

Pursuant to the Bankruptcy Code, claims among co-debtors are generally treated similar to other claims; however, courts often examine such claims to determine whether they are properly characterized as debt obligations or equity (capital contributions). ~~When~~The factors considered by the courts when making such a determination~~, courts consider the facts and circumstances surrounding the transactions that gave rise to the obligations. Those factors~~ include ~~, among others: (i)~~ the ~~names given to the documents memorializing the obligations; (ii) the presence or absence of a specified maturity date, interest rate, and/or payment schedule, (iii) the source of funds used for repayment; (iv) whether payments made by a shareholder were in proportion to its equity interest in the entity that received such payments; (v) the capitalization of the entity receiving the funds and its ability to obtain outside financing; (vi) whether amounts owed were contractually subordinated to the claims of outside creditors; (vii) the extent to which contributions were used to acquire capital assets; and (viii) the presence or absence of a sinking fund for repayment.~~following:

- **The names given to the instruments, if any, evidencing the indebtedness.** An absence of notes or other instruments reflecting debt suggests that advances may be

capital contributions rather than debt. The AMR Intercompany Loans generally were not formally documented and were only reflected on the Debtors' books and records. Capital contributions from AMR were noted in the Debtors' books and records and in American's SEC filings, and were separately recorded.

- **The presence or absence of a fixed maturity date and schedule of payments.** The absence of a fixed maturity and payment schedule suggest that an advance may be a capital contribution. There was no fixed maturity date or repayment schedule for the AMR Intercompany Loans. The loans were in the nature of a revolving loan in which balances were increased and reduced based on the receipts and disbursements received or made on behalf of AMR.

- **The presence or absence of a fixed rate of interest and interest payments**. The absence of a fixed interest rate and regularly scheduled interest payments may suggest that an advance is a capital contribution rather than a loan. The AMR Intercompany Loans did not bear a fixed rate of interest or provide for regularly scheduled interest payments.

- **The source of repayments.** A loan whose repayment depends on the success of the business of the borrower may be indicative of a capital contribution. American's repayment obligations were not tied to the success of its business. Although there was no fixed repayment date on the AMR Intercompany Loans, American regularly advanced payments to third parties and made investments in AMR affiliates on behalf of AMR, as needed. This was reflected in the books and records as a reduction of the total amount payable to AMR.

- **The identity of interest between the creditor and the stockholder.** Evidence that a shareholder made an advance in proportion to such shareholder's equity interest in a company may suggest that such advance was a capital contribution and not a loan. American is 100% owned by AMR. While AMR generally maintained all of its Cash at American, the amounts that were deposited into American's bank accounts were not tied to AMR's ownership interest in American.

- **The adequacy or inadequacy of capitalization.** Thin or inadequate capitalization at the time of the initial capitalization and/or at the time of the transfer suggests that advances are capital contributions rather than debt obligations. American was not thinly capitalized at the time it was created or when AMR was established in 1982. American had been operating for almost 50 years by the time AMR was created. Even after AMR was established, American operated a global business and was generally adequately capitalized.

- **The security, if any, for the advances.** The absence of collateral for an advance may suggest that the advance may be a capital contribution rather than a loan. AMR did not receive a security interest for its advances to American.

- **The corporation's ability to obtain financing from outside lending institutions.** The fact that, at the time the purported loan was made, the company had other financing options available on similar terms is generally thought to suggest that a transaction is a loan rather than an capital contribution. The focus of this inquiry is whether a reasonable creditor would have acted in the same manner as AMR and extended credit to American. Although American had access to credit, in many instances such access was conditioned on the receipt of a guarantee from AMR.

- **The extent to which the advances were contractually subordinated to the claims of outside creditors.** Subordination of a creditor's advances to the claims of other creditors is indicative that the advance may be a capital contribution. The AMR Intercompany Loans are not subordinated to the Claims of third party creditors against American, however, as stated, the AMR Intercompany Loans are not secured.

- **The extent to which advances were used to acquire capital assets.** Use of advances to meet the daily needs of a corporation, rather than for the purchase of capital assets, suggest that advances are loans rather than infusions of equity. The funds advanced to American by AMR were used to meet the daily needs of the Debtors' businesses, including for general working capital purposes and the purchase of aircraft and other assets.

- **The presence or absence of a sinking fund to provide repayments.** Failure to establish a sinking fund for repayment may suggest that advances may be capital contributions rather than debt. There was no sinking fund with respect to the AMR Intercompany Loans.

An analysis of whether intercompany claims are properly characterized as debt or equity contributions is a very ~~fact~~ fact-intensive undertaking. Although the Debtors believe that ~~while~~ several of the relevant factors would support a conclusion that the Intercompany Claims (including the AMR Intercompany Loans) are debt obligations, certain other factors are more indicative of capital contributions. Based on the foregoing, the issue is hardly free from doubt and there are countervailing arguments that the Intercompany Claims should be recharacterized. The Plan and the distribution scheme provided therein, including the initial distribution to holders of Allowed AMR Equity Interests, incorporate a compromise of these complex issues and avoid the delay, expense, and uncertainty attendant to ~~a~~ litigation of these issues pursuant to a settlement that is in the best interests of the Debtors' economic stakeholders, and which is fully supported by the Creditors' Committee and the Consenting Creditors (defined below).

(ii) Guarantee Claims

Under the Bankruptcy Code, claims based upon guarantees issued by a debtor are generally allowed. Section 502(b)(1) of the Bankruptcy Code, however, provides that a court may allow a claim, "except to the extent that," among other things, such claim is

"unenforceable against the debtor and property of the debtor, under any agreement or applicable law." 11 U.S.C. § 502(b)(1). Further, Bankruptcy Rule 3007(d)(1) states that a debtor may object to a claim on the basis that the claim is duplicative of another. The Debtors have assessed the enforceability of certain guarantees issued by AMR in connection with certain direct obligations of American, and vice versa. The assessment revealed that certain guarantees may be unenforceable because they ~~either~~ (i) guarantee a Debtor's own direct obligations, (ii) may have been issued without valid consideration, and/or (iii) are duplicative of other Claims. ~~Again, to~~To avoid the ~~time~~delay, expense, and uncertainty with respect to litigation in connection with these issues, the Plan incorporates a compromise and settlement in the distribution scheme with respect to the various classes of Claims and Equity Interests.

(iii) Eagle Aircraft Transaction

In August 2011 American entered into the Eagle Aircraft Transaction (defined below) with Eagle and Executive, whereby Eagle and Executive transferred 263 aircraft (collectively, the "**Eagle Aircraft**") and other related assets to American in exchange for, inter alia, American's assumption of the outstanding debt obligations related to the Eagle Aircraft. Certain parties have asserted that such transfers are potentially subject to Avoidance Actions. Generally, a transfer (including the incurrence of an obligation) may be avoided as a fraudulent transfer where a debtor did not receive reasonably equivalent value in exchange for such transfer and the debtor was insolvent or rendered insolvent at the time the transfer was made.

In connection with the Eagle Aircraft Transaction, American agreed to assume $2.26 billion of Eagle's outstanding debt obligations in exchange for the Eagle Aircraft—valued at $1.8 billion at the time of the transaction—and the cancellation of approximately $450 million in intercompany obligations American owed Eagle. Accordingly, the Debtors have concluded that the likelihood of successfully prosecuting an Avoidance Action related to the Eagle Aircraft Transaction is remote because, among other things, (i) neither American nor Eagle appear to have been insolvent on the date, or rendered insolvent as a result, of the Eagle Aircraft Transaction and (ii) the underlying transfers appear to have been supported by reasonably equivalent value. If such an Avoidance Action were ultimately pursued, however, the Bankruptcy Court could determine that the value of the Eagle Aircraft was materially higher or lower than $1.8 billion, and therefore, Eagle or American did not receive reasonably equivalent value in exchange for the transfers made or obligations incurred in connection with the Eagle Aircraft Transaction. Moreover, pursuant to a Bankruptcy Court order dated November 9, 2012 (ECF No. 5294), American and Eagle expressly reserved their respective rights to assert Claims against each other based on an Avoidance Action related to the Eagle Aircraft Transaction, which, if Allowed, could be offset against otherwise valid prepetition Claims held between American and Eagle (including certain Intercompany Claims). The Claims reserved by American and Eagle also are compromised by reason of the distribution scheme provided in the Plan and will not be pursued if the Plan is consummated.

(b) *9019 Settlement*

Contemporaneous with the execution of the Merger Agreement, the Debtors entered into the 9019 Settlement (defined in Section IV.F.3 of this Disclosure Statement) to timely resolve the disputed issues and garner significant and timely support from holders of General Unsecured Claims to implement the Merger Agreement pursuant to the Plan. Pursuant to Bankruptcy Rule 9019 and section 363 of the Bankruptcy Code, as more fully described in this Disclosure Statement, the Plan and the distributions to be made to holders of Allowed General Unsecured Claims and holders of Allowed AMR Equity Interests incorporate and reflect the 9019 Settlement ~~(defined in Section IV.F.3 of this Disclosure Statement)~~. Among other things, the 9019 Settlement resolves: (i) all Claims or controversies relating to the contractual, legal, and subordination rights that a holder of a Claim may have with respect to any other Claim or any distribution on account thereof, including with respect to rights of parties holding guarantees against any Debtor and any Claims with respect to the marshaling of assets of any Debtor and (ii) any Claims held by one Debtor against another Debtor, including with respect to the validity, enforceability, or priority of the Intercompany Claims, and including whether any transfer is subject to avoidance for any reason. Thus, as part of the 9019 Settlement, and as reflected in the Plan, no distributions shall be made on any Intercompany Claims owing by American to AMR or owing by American to Eagle Holding and vice versa, and any potential Avoidance Action against such entities shall be extinguished on the Effective Date.

In sum, the 9019 Settlement resolves extremely complex factual and legal issues, greatly facilitates the resolution of these cases, avoids significant litigation costs, and expedites confirmation and consummation of a plan of reorganization which provides substantial returns for the Debtors' stakeholders.

3. Distribution Mechanics

In order to implement the compromise and settlement of the Claims and related issues described above, the Plan provides a mechanism for certain holders of Allowed General Unsecured Claims and Allowed AMR Equity Interests to receive a distribution based on the market value of the New Common Stock. Pursuant to the Plan, holders of Allowed AMR General Unsecured Guaranteed Claims and Allowed American General Unsecured Guaranteed Claims will initially receive New Mandatorily Convertible Preferred Stock with a face amount equal to the Allowed amount of their Claims (including postpetition interest at the non-default rate and interest on overdue interest). Holders of Allowed AMR Other General Unsecured Claims, Allowed American Other General Unsecured Claims, and Allowed Eagle General Unsecured Claims ~~– which are not guaranteed by any other Debtor –~~ will receive (i) the remaining New Mandatorily Convertible Preferred Stock and (ii) a right to receive additional shares of New Common Stock on the 120th day following the Effective Date. One quarter of such New Mandatorily Convertible Preferred Stock shall be mandatorily convertible into shares of New Common Stock on each of the 30th, 60th, 90th, and 120th days following the Effective Date (the "**Mandatory Conversion Dates**"). In addition,

holders of New Mandatorily Convertible Preferred Stock have the right to optionally convert, in the aggregate for all holders, up to 10,000,000 shares of New Mandatorily Convertible Preferred Stock into shares of New Common Stock during each 30-day period after the Effective Date for which such New Mandatorily Convertible Preferred Stock remains outstanding. The conversion price with respect to each mandatory conversion and each optional conversion will equal 96.5% of the VWAP (as defined in Section 1.250 of the Plan) of the New Common Stock, subject to a cap and a floor price.

Shares of New Common Stock will also ~~will~~ be distributed to holders of the American Union Claims and certain other non-union employees of the Debtors, with such number of shares equal to 23.6% of the total shares issued to holders of Allowed General Unsecured Claims under the Plan. Furthermore, the Plan provides holders of Allowed AMR Equity Interests with (i) a guaranteed initial distribution of ~~New Common Stock equal to~~ 3.5% of the ~~total shares of~~ New Common Stock ~~issued under the Plan~~ and (ii) a right to receive additional shares of New Common Stock on each of the Mandatory Conversion Dates, all subject to dilution for ~~post-Effective Date AMR~~equity-based awards to be issued to employees ~~equity awards~~of AMR and its subsidiaries (other than US Airways and its subsidiaries) contemplated in the Plan and in the Merger Agreement.

As set forth in the Plan, the amount of additional shares of New Common Stock that will be issued on the Mandatory Conversion Dates to holders of ~~(i)~~Allowed AMR Other General Unsecured Claims, Allowed American Other General Unsecured Claims, ~~and~~Allowed Eagle General Unsecured Claims, and ~~(ii)~~Allowed AMR Equity Interests is determined by the VWAP of the New Common Stock on the Mandatory Conversion Dates. Specifically, the amount of additional shares of New Common Stock distributable to the holders of such Allowed Claims and Allowed Equity Interests depends on whether the price of the New Common Stock as of the relevant Mandatory Conversion Date exceeds the value ~~at~~ which ~~there~~ would ~~be sufficient~~imply that the New Common Stock distributable to holders of Allowed General Unsecured Claims is sufficient to effectively pay such Claims in full, including postpetition interest, and including certain value to address the market volatility and liquidity concerns during the 120-day period following the Effective Date, as discussed more fully below. For illustration purposes only, a table reflecting various potential recovery estimates based upon numerous assumptions and a range of prices for the New Common Stock is annexed hereto as **Exhibit "B."**

Value of New Common Stock Distributions

The estimates set forth on **Exhibit "B"** are based upon, but not limited to, the following assumptions (which are not predictive of anticipated results, but are utilized solely for convenience and ease of illustration):

i. the New Common Stock will have a constant share price between the Effective Date and 120 days after the Effective Date;

ii. no holder of New Mandatorily Convertible Preferred Stock will make an ~~o~~Optional ~~c~~Conversion;

iii. no holder of a Double-Dip General Unsecured Claim will elect to ~~be~~have such Claim treated as a Single-Dip General Unsecured Claim in accordance with the procedures set forth in the Plan;

iv. the amount of the Single-Dip General Unsecured Claims is $2.63 billion; ~~and~~

v. no Convertible Note has converted to AMR Equity Interests; and

vi. there is no dilution for equity-based awards to be issued to employees of AMR and its subsidiaries (other than US Airways and its subsidiaries) contemplated by the Plan and in the Merger Agreement.

The estimated recoveries assume Allowed Single-Dip General Unsecured Claims of approximately $2.63 billion. To the extent Allowed Single-Dip General Unsecured Claims exceed this amount, recoveries will likely be lower. One of the conditions precedent to the Effective Date of the Plan requires that the aggregate amount of estimated Allowed Single-Dip General Unsecured Claims plus the amount of Disputed Single-Dip General Unsecured Claims used to determine the Disputed Claims Reserve not exceed $3.2 billion.

Additionally, it is unlikely that the share price for the New Common Stock post-emergence will remain constant between the Effective Date and the final Mandatory Conversion Date. As set forth in the Plan, the Preferred Conversion Cap is set as of the Effective Date. To the extent that the price of the New Common Stock exceeds the Preferred Conversion Cap during the 120 days following the Effective Date, certain general unsecured creditors may receive "Shares in Excess of Cap." As a result, in certain potential scenarios certain general unsecured creditors may be allocated additional shares in excess of the number of shares required for such creditors to achieve par-plus-accrued recoveries.

~~v. there is no dilution~~ The aggregate number of shares of New Common Stock distributed pursuant to the Plan (including the shares issued upon conversion of the New Mandatorily Convertible Preferred Stock) will be equal to the Maximum Plan Shares, the calculation of which will include a reduction for the aggregate number of shares of New Common Stock represented by the AMR employee equity awards contemplated by the Plan and the Merger Agreement, including the LTIP 2013 Awards and (to the extent agreed by AMR and US Airways pursuant to Section 2.1(d)(i) of the Merger Agreement and Section 3.c of Schedule 4.1(o) of the American Disclosure Letter) the Alignment Awards. The aggregate value of ~~such~~the AMR employee equity awards is approximately $140 million~~, which includes vested and unvested~~. The Plan Supplement shall set forth the portion~~s~~ of the Alignment Awards that will be applied to reduce the number of Maximum

Plan Shares, as agreed by AMR and US Airways pursuant to Section 2.1(d)(i) of the Merger Agreement and Section 3.c of Schedule 4.1(o) of the American Disclosure Letter. The actual number of shares of New Common Stock represented by these AMR employee equity awards and the dilutive impact of such shares are subject to the terms of the Merger Agreement and the Plan and will vary depending upon the share price of US Airways common stock as of the Share Determination Date.

While **Exhibit "B"** is useful for illustrative purposes, the Debtors cannot determine actual recoveries for holders of Allowed Claims and Allowed Equity Interests because they are based on variables that cannot be predicted. ~~The actual recoveries for holders of Claims and Equity Interests may vary and could be lower than reflected on **Exhibit "B"** because, among other things, the ultimate Allowed amount of Single-Dip General Unsecured Claims may exceed the estimated $2.63 billion and recoveries will be diluted by the AMR employee equity awards.~~[1]

D. Table Summarizing the Classification and Treatment of Claims and Equity Interests Under the Plan

The following table provides a summary of the classification and treatment of Claims and Equity Interests under the Plan and is qualified in its entirety by reference to the Plan.

The Plan is premised on the limited and separate substantive consolidation, solely for voting, confirmation, and distribution purposes under the Plan, of (i) the AMR Debtors with one another, (ii) the American Debtors with one another, and (iii) the Eagle Debtors with one another. The AMR Debtors will not be consolidated with either the American Debtors or the Eagle Debtors, and the American Debtors will not be consolidated with the Eagle Debtors.

Solely for voting, confirmation, and distribution purposes of the Plan, (i) all assets and all liabilities of the AMR Debtors shall be treated as though they were merged, (ii) all guarant~~i~~ees of any AMR Debtor of the payment, performance, or collection of obligations of another AMR Debtor shall be eliminated and cancelled, (iii) any obligation of any AMR Debtor and all guarant~~i~~ees thereof executed by one or more of the other AMR Debtors shall be treated as a single obligation, and such guarant~~i~~ees shall be deemed a single Claim against the consolidated AMR Debtors, (iv) all joint obligations of two or more AMR Debtors and all multiple Claims against such entities on account of such joint obligations shall be treated and allowed as a single Claim against the consolidated AMR Debtors, (v) all Claims between the AMR Debtors shall be cancelled, and (vi) each Claim filed in

[1] **Exhibit "B-1"** annexed hereto illustrates recovery estimates based on the same assumptions as **Exhibit "B"** except it assumes that all of the Convertible Notes have been converted to AMR Equity Interests and are treated in AMR Class 5. **Exhibit "B-1"** assumes that holders of Convertible Notes would not be economically incentivized to elect to convert unless the trading price of US Airways's common stock is at least $22 per share.

the Chapter 11 Case of any AMR Debtor shall be deemed filed against the consolidated AMR Debtors and a single obligation of the consolidated AMR Debtors.

The American Debtors and the Eagle Debtors shall likewise be substantively consolidated and their assets and liabilities treated accordingly.

The independent consolidation of each of the AMR Debtors, the American Debtors, and the Eagle Debtors is solely for purposes of the Plan and shall not constitute an event of default under any financing agreement to which any Debtor is a party, nor shall it affect (i) the legal or organizational structure of the Debtors, except as provided in the Merger Agreement, (ii) any prepetition or postpetition liens or security interests, (iii) any prepetition or postpetition guarantees that are required to be maintained under the Plan, (iv) defenses to any Causes of Action or requirements for any third party to establish mutuality to assert a right of setoff, or (v) distributions out of any insurance policies or proceeds of such policies.

The limited substantive consolidation effectuated pursuant to the Plan results in no economic impact to holders of Claims or Equity Interests because no material intercompany obligations exist between the Debtors comprising each of the AMR Debtors, the American Debtors, and the Eagle Debtors. While there are intercompany obligations between American, AMR, and Eagle, which result from intercompany payables, guarantees, and potential Claims arising from Avoidance Actions, such intercompany obligations are resolved pursuant to the 9019 Settlement, as described in Section I.C.2 above.

The 9019 Settlement and the distributions provided for in the Plan are intended to provide holders of Allowed Single-Dip General Unsecured Claims and Allowed Double-Dip General Unsecured Claims with the potential for a full recovery. Accordingly, at each Mandatory Conversion Date, the amount of additional New Common Stock distributable to the holders of Allowed AMR Equity Interests will be determined based on whether the VWAP of the New Common Stock as of such Mandatory Conversion Date exceeds the implied value at which there would be sufficient New Common Stock distributable to holders of Allowed Single-Dip General Unsecured Claims and Allowed Double-Dip General Unsecured Claims to effectively pay such Claims in full (i.e., par plus accrued interest thereon, at the nondefault contract rate or federal judgment rate (as appropriate) from the Commencement Date through the Effective Date, including interest on overdue interest) ~~prior to any additional distribution being made with respect to AMR Equity Interests~~. Moreover, because the consideration to be provided to holders of Allowed Single-Dip General Unsecured Claims and Allowed Double-Dip General Unsecured Claims is ~~in~~ securities that will not be fully issued, or in some cases convertible into New Common Stock, for 120 days following the Effective Date, such consideration includes protection to address, among other things, market volatility and liquidity concerns during the 120-day post-Effective Date period. This protection includes: (i) dividends on the New Mandatorily Convertible Preferred Stock at the rate of 6.25% per annum during the 120-day period following the Effective Date and (ii) conversion of the New Mandatorily

Convertible Preferred Stock into New Common Stock at a discount to the VWAP of 96.5%. This protection also includes a 12% per annum accretion on the amount of ~~the~~ Allowed Single-Dip General Unsecured Claims not satisfied with New Mandatorily Convertible Preferred Stock during such 120-day period~~, which must be satisfied before any additional distributions are made with respect to AMR Equity Interests~~.

THE PLAN PROVIDES DISTRIBUTIONS BASED ON THE 9019 SETTLEMENT AS DESCRIBED ABOVE. DEPENDING ON THE TRADING PRICE OF THE NEW COMMON STOCK UTILIZED IN THE FORMULAS TO DETERMINE DISTRIBUTIONS TO HOLDERS OF CLAIMS AND HOLDERS OF AMR EQUITY INTERESTS UNDER THE PLAN, SUCH DISTRIBUTIONS MAY NOT BE IN STRICT COMPLIANCE WITH THE ABSOLUTE PRIORITY RULE UNDER CERTAIN SCENARIOS. BECAUSE IT IS NOT POSSIBLE TO PREDICT THE ACTUAL TRADING PRICE OF THE NEW COMMON STOCK AFTER EMERGENCE, THE PLAN IS DESIGNED TO TAKE INTO ACCOUNT THE RISKS, COSTS, AND DELAY ASSOCIATED WITH LITIGATING THE PLAN COMPROMISES.

The following table sets forth the estimated Allowed amount, the estimated recovery, and/or the impairment status for each of the separate Classes of Claims and Equity Interests provided for in the Plan.

FOR PURPOSES OF CALCULATING THE ESTIMATED RECOVERIES SET FORTH IN THE FOLLOWING TABLE, CERTAIN OF THE ASSUMPTIONS USED IN EXHIBIT "B" ANNEXED HERETO ARE LIKEWISE EMPLOYED HEREIN, INCLUDING (I) THAT ~~THE~~ ALLOWED SINGLE-DIP GENERAL UNSECURED CLAIMS WILL BE NO MORE THAN $2.63 BILLION~~ AND~~, (II) NO DILUTION FOR ~~AMR~~EQUITY-BASED AWARDS TO ~~EMPLOYEE~~EMPLOYEES ~~EQUITY AWARDS~~OF AMR AND ITS SUBSIDIARIES (OTHER THAN US AIRWAYS AND ITS SUBSIDIARIES), AND (III) NO CONVERSION OF THE CONVERTIBLE NOTES. THE ESTIMATED RECOVERY ALSO ASSUMES A CONSTANT PRICE PER SHARE OF $16.97 FOR ~~US AIRWAYS~~THE NEW COMMON STOCK (BASED ON THE SHARE PRICE OF US AIRWAYS COMMON STOCK AS OF MARCH 28, 2013) FOR THE PERIOD FROM THE EFFECTIVE DATE THROUGH THE 120TH DAY SUBSEQUENT TO THE EFFECTIVE DATE. IT SHOULD BE NOTED THAT THE CLOSING SHARE PRICE FOR US AIRWAYS COMMON STOCK ON ~~APRIL 15~~[JUNE ___, 2013] WAS ~~$15.59~~[_____].

AS NOTED ABOVE, THE ESTIMATED RECOVERIES BELOW ASSUME ALLOWED SINGLE-DIP GENERAL UNSECURED CLAIMS OF APPROXIMATELY $2.63 BILLION. TO THE EXTENT ALLOWED SINGLE-DIP GENERAL UNSECURED CLAIMS EXCEED THIS AMOUNT, RECOVERIES WILL LIKELY BE LOWER. ONE OF THE CONDITIONS PRECEDENT TO THE EFFECTIVE DATE OF THE PLAN REQUIRES THAT THE AGGREGATE

AMOUNT OF ESTIMATED ALLOWED SINGLE-DIP GENERAL UNSECURED CLAIMS PLUS THE AMOUNT OF DISPUTED SINGLE-DIP GENERAL UNSECURED CLAIMS USED TO DETERMINE THE DISPUTED CLAIMS RESERVE NOT EXCEED $3.2 BILLION.

ADDITIONALLY, IT IS UNLIKELY THAT THE SHARE PRICE FOR THE NEW COMMON STOCK POST-EMERGENCE WILL REMAIN CONSTANT BETWEEN THE EFFECTIVE DATE AND THE FINAL MANDATORY CONVERSION DATE. AS SET FORTH IN THE PLAN, THE PREFERRED CONVERSION CAP IS SET AS OF THE EFFECTIVE DATE. TO THE EXTENT THAT THE PRICE OF THE NEW COMMON STOCK EXCEEDS THE PREFERRED CONVERSION CAP DURING THE 120 DAYS FOLLOWING THE EFFECTIVE DATE, CERTAIN GENERAL UNSECURED CREDITORS MAY RECEIVE "SHARES IN EXCESS OF CAP." AS A RESULT, IN CERTAIN POTENTIAL SCENARIOS CERTAIN GENERAL UNSECURED CREDITORS MAY BE ALLOCATED ADDITIONAL SHARES IN EXCESS OF THE NUMBER OF SHARES REQUIRED FOR SUCH CREDITORS TO ACHIEVE PAR-PLUS-ACCRUED RECOVERIES.

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
N/A	Administrative Expenses	$290,400,000 Recovery: 100%	Except to the extent that New AAG and a holder of an Allowed Administrative Expense against any of the Debtors agree to a different treatment, on the Effective Date, or as soon thereafter as reasonably practicable, each holder of an Allowed Administrative Expense shall receive, in full satisfaction of such Allowed Administrative Expense, an amount in Cash equal to the Allowed amount of such Administrative Expense; *provided*, *however*, that Allowed Administrative Expenses against any of the Debtors representing liabilities incurred in the ordinary course by the Debtors, as debtors in possession, or liabilities arising under loans or advances to or other obligations incurred by any of the Debtors, as debtors in possession, whether or not incurred in the ordinary course, shall be paid by New AAG in the ordinary course, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.	N/A
N/A	Priority Tax Claims	$0 Recovery: 100%	Except to the extent that New AAG and a holder of an Allowed Priority Tax Claim against any of the Debtors agree to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Debtors, (i) Cash in an amount equal to such Allowed Priority Tax Claim on the Effective Date, or as soon thereafter as reasonably practicable, as to any Allowed Priority Tax Claim or (ii) in Cash, in equal semi-annual installments commencing on the first Business Day following the Effective Date (or if later, the first Distribution Date after such Claim becomes an Allowed Priority Tax Claim) and continuing over a period not exceeding five years from and after the Commencement Date, together with interest accrued thereon at the applicable nonbankruptcy rate as of the Confirmation Date, subject to the sole option of the Reorganized Debtors to prepay the entire amount of the Allowed Priority Tax Claim. All Allowed Priority Tax Claims against any of the Debtors that are not due and payable on or before the Effective Date shall be paid in the ordinary course as such obligations become due.	N/A

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
AMR Class 1	AMR Secured Claims	$0 Recovery: 100% Unimpaired	Except to the extent that a holder of an Allowed Secured Claim against any of the AMR Debtors agrees to a different treatment of such Claim, each holder of an Allowed Secured Claim against any of the AMR Debtors shall receive, at the option of the AMR Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Secured Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Secured Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Secured Claim is entitled, or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event a Secured Claim against any of the AMR Debtors is treated under clause (i) or (ii) ~~of this Section~~above, the liens securing such Secured Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any such distribution~~s made pursuant to this Section~~ shall be made on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) at least 20 calendar days after the date such Secured Claim becomes Allowed, and (iii) the date for payment provided by any agreement between the applicable AMR Debtor(s) and the holder of such Secured Claim.	No (Deemed to Accept)
AMR Class 2	AMR Priority Non-Tax Claims	$0 Full Recovery Unimpaired	~~Each~~Except to the extent that a holder of an Allowed Priority Non-Tax Claim ~~in~~against any of the AMR ~~Class 2 that has not already been paid will~~Debtors agrees to a different treatment of such Claim, each holder of an Allowed Priority Non-Tax Claim against any of the AMR Debtors shall receive, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the date such Priority Non-Tax Claim becomes Allowed, and (iii) the date for payment provided by any agreement between the applicable AMR Debtor(s) and the holder of such Allowed Priority Non-Tax Claim~~, except to the extent that New AAG and the holder of such Claim agrees to a different treatment~~.	No (Deemed to Accept)
AMR Class 3	AMR General Unsecured Guaranteed Claims	$967,129,000 Full Recovery Impaired	Each holder of an Allowed AMR General Unsecured Guaranteed Claim shall receive on the Initial Distribution Date (for AMR General Unsecured Guaranteed Claims that are Allowed as of the Effective Date) a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of such Claim's pro rata share of the Double-Dip Full Recovery Amount divided by the per share Initial Stated Value. Each holder of an Allowed AMR General Unsecured Guaranteed Claim shall receive a distribution under the Plan only on account of its Allowed AMR General Unsecured Guaranteed Claim as set forth in Section 4.3 of the Plan and ~~will~~shall not receive any distribution thereunder on account of such holder's Claim against American for American's guarant~~y~~ee of such AMR General Unsecured Guaranteed Claim.	Yes
AMR Class 4	AMR Other General Unsecured Claims	$700,000 Full Recovery Impaired	Each holder of an Allowed AMR Other General Unsecured Claim as of the Effective Date shall receive (i) on, or as soon as reasonably practicable after, the Initial Distribution Date, its Initial Pro Rata Share of ~~(A)~~ a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of (x) the Total Initial Stated Value, less the Double-Dip Full Recovery Amount, divided by (y) the per share Initial Stated Value, and (ii) as soon as reasonably practicable after the Final Mandatory Conversion Date, its Initial Pro Rata Share of a number of shares of New Common Stock equal to (I) the Creditor New Common Stock Allocation, less (II) the number of shares of New Common Stock issued upon conversion of all of the shares of New Mandatorily Convertible Preferred Stock, less (III) the Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed AMR Other General Unsecured Claim shall receive its Interim Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed AMR Other General	Yes

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
			Unsecured Claim shall receive its Final Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed AMR Other General Unsecured Claim to receive any distribution on a Final Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable; *provided*, *however*, that this sentence shall not apply to any shares of New Mandatorily Convertible Preferred Stock or the right to receive shares of New Common Stock pursuant to the conversion thereof.	
AMR Class 5	AMR Equity Interests	Recovery: $1,416,240,000 Impaired	Each holder of an Allowed AMR Equity Interest shall receive its pro rata share (i) on the Effective Date, or as soon as thereafter as reasonably practicable, of the Initial Old Equity Allocation and (ii) on each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, of the Market-Based Old Equity Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed AMR Equity Interest shall receive its pro rata share of the Market-Based Old Equity Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed AMR Equity Interest shall receive its pro rata share of the Market-Based Old Equity Allocation pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed AMR Equity Interest to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable.	Yes
AMR Class 6	AMR Other Equity Interests	Recovery: N/A Unimpaired	Subject to the Roll-Up Transactions, if any, the AMR Other Equity Interests shall not be cancelled, but shall be reinstated for the benefit of the respective Reorganized Debtor that is the holder thereof.	No (Deemed to Accept)
American Class 1	American Secured Aircraft Claims	$6,775,557,000 Full Recovery Unimpaired	Except to the extent that a holder of an Allowed Secured Aircraft Claim against any of the American Debtors agrees to a different treatment of such Claim (including, without limitation, pursuant to a Postpetition Aircraft Agreement), each holder of an Allowed Secured Aircraft Claim against any of the American Debtors shall receive, at the option of the American Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Secured Aircraft Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Secured Aircraft Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Secured Aircraft Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Secured Aircraft Claim is entitled, or (v) such other distribution as is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event a Secured Aircraft Claim against any of the American Debtors is treated under clause (i) or (ii) ~~of this Section~~above, the liens securing such Secured Aircraft Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any such distribution~~s made pursuant to this Section~~ shall be made on, or as soon as reasonably practicable after, the first Distribution Date occurring after the later of (a) the Effective Date, (b) at least 20 calendar days after the date such Secured Aircraft Claim becomes Allowed, and (c) the date for payment provided by any agreement between the applicable American Debtor(s) and the holder of such Secured Aircraft Claim.	No (Deemed to Accept)

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
American Class 2	American Other Secured Claims	$3,470,852,000 Full Recovery Unimpaired	Except to the extent that a holder of an Allowed Other Secured Claim against any of the American Debtors agrees to a different treatment of such Claim, each holder of an Allowed Other Secured Claim against any of the American Debtors shall receive, at the option of the American Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Other Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Other Secured Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Other Secured Claim is entitled, or (v) such other distribution as is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event an Other Secured Claim against any of the American Debtors is treated under clause (i) or (ii) ~~of this Section~~above, the liens securing such Other Secured Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any such distribution~~s made pursuant to this Section~~ shall be made on, or as soon as reasonably practicable after, the first Distribution Date occurring after the later of (a) the Effective Date, (b) at least 20 calendar days after the date such Other Secured Claim becomes Allowed, and (c) the date for payment provided by any agreement between the applicable American Debtor(s) and the holder of such Other Secured Claim.	No (Deemed to Accept)
American Class 3	American Priority Non-Tax Claims	$356,700,000 Full Recovery Unimpaired	~~Each~~Except to the extent that a holder of an Allowed Priority Non-Tax Claim ~~in~~against any of the American ~~Class 3 that has not already been paid will~~Debtors agrees to a different treatment of such Claim, each holder of an Allowed Priority Non-Tax Claim against any of the American Debtors shall receive, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the date such Priority Non-Tax Claim becomes Allowed, and (iii) the date for payment provided by any agreement between the applicable American Debtor(s) and the holder of such Priority Non-Tax Claim~~, except to the extent that New AAG and the holder of such Claim agrees to a different treatment~~.	No (Deemed to Accept)
American Class 4	American General Unsecured Guaranteed Claims	$1,970,383,000 Full Recovery Impaired	Each holder of an Allowed American General Unsecured Guaranteed Claim shall receive on the Initial Distribution Date (for American General Unsecured Guaranteed Claims that are Allowed as of the Effective Date), a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of such Claim's pro rata share of the Double-Dip Full Recovery Amount divided by the per share Initial Stated Value. Each holder of an Allowed American General Unsecured Guaranteed Claim shall receive a distribution under the Plan only on account of its Allowed American General Unsecured Guaranteed Claim as set forth in Section 4.1 of the Plan and ~~will~~shall not receive any distribution on account of such holder's Claim against AMR for AMR's guarant~~y~~ee of such American General Unsecured Guaranteed Claim.	Yes

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
American Class 5	American Other General Unsecured Claims	$2,598,946,000 Full Recovery Impaired	Each holder of an Allowed American Other General Unsecured Claim as of the Effective Date shall receive (i) on, or as soon as reasonably practicable after, the Initial Distribution Date, its Initial Pro Rata Share of a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of (x) the Total Initial Stated Value, less the Double-Dip Full Recovery Amount, divided by (y) the per share Initial Stated Value, and (ii) as soon as reasonably practicable after the Final Mandatory Conversion Date its Initial Pro Rata Share of a number of shares of New Common Stock equal to (I) the Creditor New Common Stock Allocation, less (II) the number of shares of New Common Stock issued upon conversion of all of the shares of New Mandatorily Convertible Preferred Stock, less (III) the Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed American Other General Unsecured Claim shall receive its Interim Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed American Other General Unsecured Claim shall receive its Final Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed American Other General Unsecured Claim to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable; provided, however, that this sentence shall not apply to any shares of New Mandatorily Convertible Preferred Stock or the right to receive shares of New Common Stock pursuant to the conversion thereof.	Yes

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
American Class 6	American Union Claims	Recovery: $1,719,760,000 Impaired	The APA shall receive, in full satisfaction of the APA Claim, shares of New Common Stock constituting 13.5% of the Creditor New Common Stock Allocation in accordance with the APA Section 1113 Agreement as follows: On the Initial Distribution Date, or as soon thereafter as reasonably practicable, the APA shall receive its pro rata share of the Initial Labor Common Stock Allocation. On each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, the APA shall receive its pro rata share of the applicable Incremental Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, the APA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, the APA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(b) of the Plan. The right of the APA to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable. The APFA shall receive, in full satisfaction of the APFA Claim, shares of New Common Stock constituting 3% of the Creditor New Common Stock Allocation in accordance with the APFA Section 1113 Agreement as follows: On the Initial Distribution Date, or as soon thereafter as reasonably practicable, the APFA shall receive its pro rata share of the Initial Labor Common Stock Allocation. On each Conversion Date, or as soon thereafter as reasonably practicable, the APFA shall receive the applicable Incremental Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, the APFA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, the APFA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(b) of the Plan. The right of the APFA to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable. The TWU shall receive, in full satisfaction of the TWU American Claim, shares of New Common Stock constituting 4.8% of the Creditor New Common Stock Allocation in accordance with the TWU American Section 1113 Agreement as follows: On the Initial Distribution Date, or as soon thereafter as reasonably practicable, the TWU shall receive its pro rata share of the Initial Labor Common Stock Allocation. On each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, the TWU shall receive its pro rata share of the applicable Incremental Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, the TWU shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, the TWU shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(b) of the Plan. The right of the TWU to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable.	Yes

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
American Class 7	American Convenience Class Claims	$7,500,000 Recovery: 100%~~-Recovery~~ Impaired	Except to the extent that a holder of an Allowed Convenience Class Claim against any of the American Debtors agrees to a different treatment of such Claim, each holder of an Allowed Convenience Class Claim against any of the American Debtors shall receive on, or as soon as reasonably practicable after, the later of (i) the Initial Distribution Date (for Claims that are Allowed as of the Effective Date) and (ii) the Distribution Date that is at least 20 calendar days after such Convenience Class Claim becomes an Allowed Convenience Class Claim, Cash in the amount of 100% of the amount of its Allowed American Convenience Class Claim as of the Commencement Date; *provided*, *however*, that if the aggregate amount of Allowed ~~American~~ Convenience Class Claims in American Class 7 and Allowed ~~Eagle~~ Convenience Class Claims in Eagle Class 4 exceed $25 million, the percentage Cash distribution to each holder of an Allowed ~~American~~ Convenience Class Claim against any of the American Debtors shall be reduced so that the aggregate amount of Cash distributable with respect to all Allowed ~~American~~ Convenience Class Claims against any of the American Debtors and Allowed ~~Eagle~~ Convenience Class Claims against any of the Eagle Debtors does not exceed $25 million.	Yes
American Class 8	American Equity Interests	Recovery: N/A Unimpaired	Subject to the Roll-Up Transactions, if any, the American Equity Interests shall not be cancelled, but shall be reinstated for the benefit of the respective Reorganized Debtor that is the holder thereof.	No (Deemed to Accept)
Eagle Class 1	Eagle Secured Claims	$0 Full Recovery Unimpaired	Except to the extent that a holder of an Allowed Secured Claim against any of the Eagle Debtors agrees to a different treatment of such Claim, ~~E~~each holder of an Allowed Secured Claim against any of the Eagle Debtors shall receive, at the option of the Eagle Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Secured Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Secured Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Secured Claim is entitled, or (v) such other distribution as is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event a Secured Claim against any of the Eagle Debtors is treated under clause (i) or (ii) ~~of this Section~~above, the liens securing such Secured Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any such distribution~~s made pursuant to this Section~~ shall be made on, or as soon as reasonably practicable after, the first Distribution Date occurring after the later of (~~a~~i) the Effective Date, (~~b~~ii) at least 20 calendar days after the date such Secured Claim becomes Allowed, and (~~c~~iii) the date for payment provided by any agreement between the applicable Eagle Debtor(s) and the holder of such Secured Claim.	No (Deemed to Accept)
Eagle Class 2	Eagle Priority Non-Tax Claims	$0 Full Recovery Unimpaired	Except to the extent that a holder of an Allowed Priority Non-Tax Claim~~s in~~against any of the Eagle ~~Class 2~~Debtors agrees to a different treatment of such Claim, each holder of an Allowed Priority Non-Tax Claim that ~~have~~has not already been paid ~~will~~shall receive, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the date such Priority Non-Tax Claim becomes Allowed, and (iii) the date for payment provided by any agreement between the applicable Eagle Debtor(s) and the holder of such Priority Non-Tax Claim~~, except to the extent that New AAG and the holder of such Claim agrees to a different treatment~~.	No (Deemed to Accept)

Class Number	Description of Class	Estimated Allowed Amount / Estimated Recovery / Impairment	Treatment Under the Plan	Entitlement to Vote
Eagle Class 3	Eagle General Unsecured Claims	$20,200,000 Full Recovery Impaired	Each holder of an Allowed Eagle General Unsecured Claim as of the Effective Date shall receive (i) on, or as soon as reasonably practicable after, the Initial Distribution Date, its Initial Pro Rata Share of a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of (x) the Total Initial Stated Value, less the Double-Dip Full Recovery Amount, divided by (y) the per share Initial Stated Value, and (ii) as soon as reasonably practicable after the Final Mandatory Conversion Date, its Initial Pro Rata Share of a number of shares of New Common Stock equal to (I) the Creditor New Common Stock Allocation, less (II) the number of shares of New Common Stock issued upon conversion of all of the shares of New Mandatorily Convertible Preferred Stock, less (III) the Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed Eagle General Unsecured Claim shall receive its Interim Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed Eagle General Unsecured Claim shall receive its Final Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed Eagle General Unsecured Claim to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable; *provided, however*, that this sentence shall not apply to any shares of New Mandatorily Convertible Preferred Stock or the right to receive shares of New Common Stock pursuant to the conversion thereof.	Yes
Eagle Class 4	Eagle Convenience Class Claims	$2,500,000 Recovery: 100%~~-Recovery~~ Impaired	Each holder of an Allowed Convenience Class Claim against any of the Eagle Debtors shall receive on, or as soon as reasonably practicable after, the later of (i) the Initial Distribution Date (for Claims that are Allowed as of the Effective Date) and (ii) the Distribution Date that is at least 20 calendar days after such Convenience Class Claim becomes an Allowed Convenience Class Claim, Cash in the amount of 100% of the amount of its Allowed Eagle Convenience Class Claim as of the Commencement Date; *provided, however*, that if the aggregate amount of Allowed ~~American~~ Convenience Class Claims in American Class 7 and Allowed ~~Eagle~~ Convenience Class Claims in Eagle Class 4 exceed $25 million, the percentage Cash distribution to each holder of an Allowed ~~Eagle~~ Convenience Class Claim against any of the Eagle Debtors shall be reduced so that the aggregate amount of Cash distributable with respect to all Allowed ~~American~~ Convenience Class Claims against any of the American Debtors and Allowed ~~Eagle~~ Convenience Class Claims against any of the Eagle Debtors does not exceed $25 million.	Yes
Eagle Class 5	Eagle Equity Interests	Recovery: N/A Unimpaired	Subject to the Roll-Up Transactions, if any, the Eagle Equity Interests shall not be cancelled, but shall be reinstated for the benefit of the respective Reorganized Debtor that is the holder thereof.	No (Deemed to Accept)

E. Foreign Ownership Restrictions Under Title 49 of the United States Code

On an ongoing basis, the Department of Transportation (the "**DOT**") reviews the fitness of air carriers upon the occurrence of certain events, including a substantial change in ownership. Title 49 of the United States Code, as amended from time to time, and as interpreted by the DOT (the "**Transportation Code**"), requires that United States certificated air carriers, such as the Debtors and New AAG, continuously qualify as a citizen of the United States (a "**Citizen**"). With respect to corporations, the Transportation Code defines a Citizen as:

> a corporation or association organized under the laws of the United States or a State, the District of Columbia, or a territory or possession of the United States, of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, which is under the actual control of citizens of the United States, and in which at least 75 percent of the voting equity interest is owned or controlled by persons that are citizens of the United States.

49 U.S.C. § 40102(a)(15)(C). When assessing whether an air carrier qualifies as a Citizen, the DOT determines whether each entity in an air carrier's chain of ownership qualifies as a Citizen, on a case-by-case basis considering the totality of the circumstances.

To ensure compliance with the foreign ownership provisions of the Transportation Code, the New AAG Certificate of Incorporation and New AAG Bylaws provide for certain procedures in the event Persons that do not qualify as a Citizen (a "**Non-Citizen**") acquire more than (a) 24.9% of the aggregate votes of all outstanding Equity Securities (as defined in the New AAG Certificate of Incorporation and New AAG Bylaws) of New AAG (the "**Voting Cap Amount**"), or (b) 49.9% of the aggregate number of outstanding Equity Securities of New AAG (the "**Absolute Cap Amount**"). In the event Non-Citizens come to own or have voting control of Equity Securities exceeding the Voting Cap Amount, the voting rights of such Equity Securities shall be subject to automatic suspension to the extent required to ensure compliance with applicable provisions governing ownership or control of air carriers. Further, in the event a transfer or issuance of Equity Securities to a Non-Citizen (or group of Non-Citizens) would result in Non-Citizens owning more than the Absolute Cap Amount, such transfer or issuance shall be void and of no effect.

The New AAG Certificate of Incorporation and New AAG Bylaws also require New AAG to maintain a separate stock record for the registration of Equity Securities held by Non-Citizens (the "**Foreign Stock Record**"). It is the duty of each Non-Citizen holder of an Equity Security of New AAG to register such Equity Security on the Foreign Stock Record. Equity Securities held by Non-Citizens that are not registered on the Foreign Stock Record may not be voted. Except with respect to the Registered Emergence Securities (defined below), in the event the Voting Cap Amount is exceeded, the voting rights of Equity Securities, held by Non-Citizens shall be suspended in reverse chronological order based upon the date of registration on the Foreign Stock Register. Except with respect to the Emergence Securities (defined below), if the Equity Securities registered on the stock record of New AAG or the Foreign Stock Record exceed the Absolute Cap Amount, shares will be removed from the applicable stock record, in reverse chronological order based upon the date of registration, so that the number of shares recorded thereon does not exceed the Absolute Cap Amount.

All Equity Securities that are (i) initially issued in accordance with, or pursuant to, the Plan or the Merger Agreement (all such Equity Securities, the "**Emergence Securities**") and (ii) registered on the Foreign Stock Record by the Non-Citizen initially

receiving such Emergence Securities on or prior to the date that is 10 business days following the Closing Date of the Merger (all such Emergence Securities, the "**Registered Emergence Securities**"), shall be deemed to have been registered on the Foreign Stock Record as of the Closing Date simultaneously with all other Registered Emergence Securities, and shall be deemed to have been registered on the Foreign Stock Record prior to any Equity Securities other than Registered Emergence Securities. Equity Securities shall only constitute Registered Emergence Securities for so long as they (i) remain on the Foreign Stock Record and (ii) continue to be owned by the Non-Citizen initially receiving such Registered Emergence Securities.

If the voting rights of all of the Registered Emergence Securities, taken together, exceed the Voting Cap Amount, the voting rights of the owners of the Registered Emergence Securities shall be suspended on a pro rata basis among all such owners so that voting rights afforded to all of the Registered Emergence Securities, taken together, are equal to the Voting Cap Amount, until such time as, absent such pro rata suspension, the voting rights of all of the Registered Emergence Securities, taken together, would not exceed the Voting Cap Amount.

In the event the number of Emergence Securities owned by Non-Citizens exceeds the Absolute Cap Amount, the New AAG shall be permitted to compel holders of Emergence Securities that are Non-Citizens and own more than 0.1% of the number of outstanding Emergence Securities (each, a "**Substantial Holder**"), on a pro rata basis among all Substantial Holders, to sell or otherwise transfer to Citizens a number of Emergence Securities held by such Substantial Holders such that the aggregate number of Emergence Securities held by Non-Citizens, taken together, is equal to the Absolute Cap Amount or, if any such Substantial Holder fails to promptly (and in any event within 5 business days of notice of such obligation to sell or otherwise transfer) so sell or otherwise transfer such number of Emergence Securities (or a portion thereof), to cause such number of Emergence Securities of such Substantial Holder (or such portion thereof) to be cancelled and to no longer be outstanding, without consideration or any other obligation of the New AAG with respect thereto (the "**Sell-Down Mechanism**"). The Debtors believe it is unlikely that ownership by Non-Citizens will exceed the Absolute Cap Amount. Furthermore, the Debtors intend to explore alternatives to the Sell-Down Mechanism to ensure compliance with applicable regulations should the need arise. Nevertheless, the Debtors reserve the right to implement the Sell-Down Mechanism if required.

Holders of New Common Stock may be required to certify or otherwise demonstrate citizenship in a form satisfactory New AAG and the DOT as a condition of holding New Common Stock. In accordance with the New AAG Certificate of Incorporation and the Plan, each share of New Common Stock will be entitled to one vote. Generally speaking, New Common Stock will be freely transferable, subject to, inter alia, the restrictions set forth in the AMR Trading Order, the New AAG Certificate of Incorporation, and the New AAG Bylaws; *however*, to maintain voting status, a transferee may be required to furnish New AAG with acceptable proof of citizenship upon request.

To comply with the various provisions regarding Non-Citizens, the Debtors encourage Non-Citizens who expect to receive New Common Stock under the Plan to consult an attorney.

In addition to any legends required by applicable federal and state securities law and as set forth herein, each certificate of New Common Stock shall contain a legend substantially to the effect of the following:

"THE [TYPE OF EQUITY SECURITIES] REPRESENTED BY THIS [CERTIFICATE/REPRESENTATIVE DOCUMENT] ARE SUBJECT TO VOTING RESTRICTIONS WITH RESPECT TO [SHARES/WARRANTS, ETC.] HELD BY PERSONS OR ENTITIES THAT FAIL TO QUALIFY AS "CITIZENS OF THE UNITED STATES" AS SUCH TERM IS DEFINED BY RELEVANT LEGISLATION. SUCH VOTING RESTRICTIONS ARE CONTAINED IN THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF AMR CORPORATION,[2] AS THE SAME MAY BE AMENDED OR RESTATED FROM TIME TO TIME. A COMPLETE AND CORRECT COPY OF SUCH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION SHALL BE FURNISHED FREE OF CHARGE TO THE HOLDER OF SUCH SHARES OF [TYPE OF EQUITY SECURITIES] UPON WRITTEN REQUEST TO THE SECRETARY OF AMR CORPORATION."

In the event the DOT determines that New AAG is not a Citizen, its air carrier subsidiaries would automatically be deemed Non-Citizens and may lose their eligibility to hold certain required DOT and FAA authorizations, which are subject to revocation.

F. ~~E.~~ Disclosure Statement Enclosures

The following three enclosures accompany this Disclosure Statement:

1. Disclosure Statement Approval Order

A copy of the Approval Order ~~that~~, without exhibits, which, among other things, approved this Disclosure Statement, established procedures for voting on the Plan (the "**Voting Procedures**"), and scheduled the Confirmation Hearing and the deadline for objecting to confirmation of the Plan.

2. Confirmation Hearing Notice

A copy of the notice of the Voting Deadline and, among other things, the date, time, and place of the Confirmation Hearing and the deadline for filing objections to confirmation of the Plan (the "**Confirmation Hearing Notice**").

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[2] The name "AMR Corporation" will be changed to "American Airlines Group Inc." in a subsequent amendment and restatement of the New AAG Certificate of Incorporation to be implemented in connection with the closing of the transactions contemplated by the Merger Agreement and the Plan.

3. Ballots

One or more Ballots (and return envelopes) for voting to accept or reject the Plan unless you are not entitled to vote because you are (i) not impaired under the Plan and are deemed to accept the Plan or (ii) a holder of a Claim subject to an objection filed by the Debtors, which Claim is temporarily disallowed for voting purposes. *See* Section VII.B, D of this Disclosure Statement for an explanation of which parties are entitled to vote and a description of the Voting Procedures.

The Bankruptcy Code provides that only the holders of Claims ~~and AMR~~or Equity Interests who are entitled to vote on the Plan will be counted for purposes of determining whether the requisite acceptances have been attained. Failure to timely deliver a Ballot by the Voting Deadline will constitute an abstention. Any Ballot that is executed and timely delivered but does not indicate an acceptance or rejection of the Plan will not be counted as either an acceptance or rejection.

G. ~~F.~~ Inquiries

If you have any questions about the packet of materials you have received, please contact GCG, Inc., the Debtors' voting agent (the "**Voting Agent**"), at 1-888-285-9438 (domestic toll-free) or 1-440-389-7498 (international).

Additional copies of this Disclosure Statement or copies of the Plan Supplement are available upon written request made to the Voting Agent at the following addresses:

If by overnight or hand delivery:	**If by standard ~~mailing~~mail:**
GCG, Inc.	GCG, Inc.
5151 Blazer Parkway, Suite A	P.O. Box 9852
Dublin, OH 43017	Dublin, OH 43017-5752
Attn: AMR Corp. Balloting Center	Attn: AMR Corp. Balloting Center

Copies of this Disclosure Statement, which includes the Plan, and the Plan Supplement (when filed) are also available on the Voting Agent's website, ~~www.~~http://amrcaseinfo.com.

II. OVERVIEW OF THE DEBTORS PRIOR TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. Corporate Structure

AMR was formed in February 1982. AMR is the direct parent company and owns 100% of the issued and outstanding stock of American, Eagle Holding, AGS, PMA, and SCI. AMR is also the indirect parent company of American Realty, AA Holding GP, AA Holding LP, Reno Air, American Marketing, American Vacations, Admirals Club,

American Supply, American Licensing, Eagle, Executive, EGS, EAS, and Business Express.[1] [3]

American was formed in 1934. American owns 100% of the issued and outstanding common stock of American Realty, Reno Air, and Admirals Club. In addition, American owns 100% of the membership interests in American Marketing, American Vacations, American Supply, American Licensing, and AA Holding GP (a general partner of AA Holding LP). American also owns 99.5% of the membership interests in AA Holding LP.[2] [4]

Eagle Holding is the direct parent company and owns 100% of the issued and outstanding stock of Eagle, Executive, EAS, and Business Express. Eagle is also the indirect parent company of EGS. Executive is the direct parent company and owns 100% of the issued and outstanding common stock of EGS.

A chart depicting the organizational structure of AMR, including direct and indirect subsidiaries, is set forth below:

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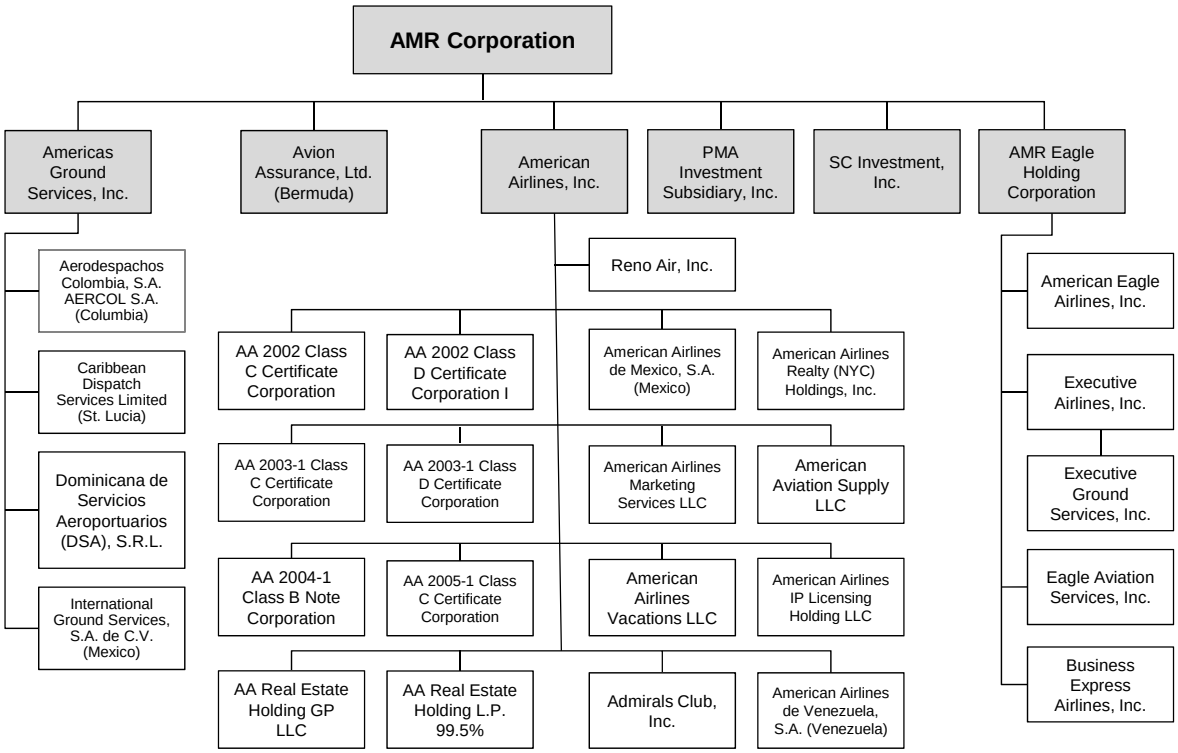
[1] [3] AMR is also (i) the direct parent company and owns 100% of the issued and outstanding stock of Avion Assurance, Ltd. and (ii) the indirect parent company of AA 2002 Class C Certificate Corporation ("**2C Corp.**"), AA 2002 Class D Certificate Corporation 1 ("**2D Corp.**"), AA 2003-1 Class C Certificate Corporation ("**3C Corp.**"), AA 2003-1 Class D Certificate Corporation ("**3D Corp.**"), AA 2004-1 Class B Note Corporation ("**4B Corp.**"), AA 2005-1 Class C Certificate Corporation ("**5C Corp.**"), American Airlines de Mexico, S.A. ("**AA Mexico**"), American Airlines de Venezuela, S.A. ("**Venezuela**"), Aerodespachos Colombia, S.A. AERCOL S.A. ("**Aero Columbia**"), Caribbean Dispatch Services Limited ("**Caribbean DSL**"), Dominicana de Servicios Aeroportuarios (DSA), S.R.L. ("**DSA**"), and International Ground Services, S.A. de C.V. ("**IGS**"), none of which are ~~d~~Debtors in the Chapter 11 Cases. AGS is the direct parent company and owns 100% of the issued and outstanding stock of Aero Columbia, Caribbean DSL, DSA, and IGS.

[2] [4] American also owns 100% of the issued and outstanding common stock of 2C Corp., 2D Corp., 3C Corp., 3D Corp., 4B Corp., 5C Corp., and AA Mexico.



B. Business Operations

Virtually all of AMR's business operations are within the global airline industry. AMR's principal subsidiary, American, has long been a premier airline in the United States. American operates on a hub-and-spoke traffic model by which American and partner airlines connect passengers to American's main airport facilities, allowing American to service a broader geographical region. American concentrates its operations in five domestic markets: Dallas/Fort Worth (DFW), Chicago O'Hare, Miami, New York City, and Los Angeles. In addition to its domestic service, American provides international service to Latin America, Europe, Asia, the Caribbean, and Canada. American's cargo network is one of the largest in the world. During 2011 American Airlines Cargo, a division of American, transported over 100 million pounds of cargo each week.

In addition to American, Eagle Holding, another AMR direct subsidiary, owned two regional airlines—Eagle and Executive—doing business as "**American Eagle**." American Eagle provides service throughout the United States, Canada, Mexico, and the Caribbean. American also contracted with an independently-owned regional airline doing business as "**AmericanConnection**." Both American Eagle and AmericanConnection fed passenger traffic to American's hub facilities.

Prior to the November 29, 2011 commencement of the Chapter 11 Cases (the "**Commencement Date**"), American, Eagle, and AmericanConnection served more than

270 cities in approximately 50 countries with approximately 3,400 flights daily. The combined network fleet totaled approximately 900 aircraft. American is also a founding member of the **one**world® alliance, whereby member airlines may offer their customers more services and benefits than any member airline can provide individually, including (i) a broader route network, (ii) opportunities to earn and redeem frequent flyer miles across the combined **one**world® network, and (iii) access to a greater number of airport lounges and clubs. As of the Commencement Date, the **one**world® member airlines collectively served more than 750 destinations in approximately 150 countries, with approximately 8,500 daily departures.

As of the Commencement Date, the Debtors employed more than 88,000 employees worldwide. Domestically, the Debtors employed approximately 65,000 employees, the majority of whom were represented by various labor unions. The bulk of American's unionized employees, approximately 50,000, were represented by (i) the Allied Pilots Association ("**APA**"), (ii) the Association of Professional Flight Attendants ("**APFA**"), and (iii) the Transport Workers Union of America, AFL-CIO ("**TWU**," and together with the APA and the APFA, the "**American Unions**"). While the TWU also represents certain American Eagle employees, American Eagle's pilots and flight attendants are represented by the Air Line Pilots Association, International ("**ALPA**") and the Association of Flight Attendants-CWA ("**AFA**," and together with the TWU and the ALPA, the "**Eagle Unions**"), respectively.

As of September 30, 2011, the Debtors had consolidated reported assets and liabilities of approximately $24.7 billion and $29.5 billion, respectively. For the year ended December 31, 2011, global consolidated revenues totaled approximately $24 billion.

C. Capital Structure

1. Equity Ownership

AMR and American are public reporting companies under section 12(b) of the Securities and Exchange Act of 1934. AMR's shares of common stock, par value $1 per share ("**AMR Common Stock**"), were publicly traded under the ticker symbol "AMR" on the New York Stock Exchange ("**NYSE**"). As of October 13, 2011, there were 335,227,024 shares of AMR Common Stock outstanding. Trading in AMR Common Stock and certain debt securities on the NYSE was suspended on January 5, 2012, and AMR Common Stock and such debt securities were delisted by the SEC from the NYSE on January 30, 2012. On January 5, 2012, AMR Common Stock began trading under the symbol "AAMRQ" on the OTCQB marketplace, operated by OTC Markets Group.

American's shares of common stock, par value $1, are not publicly traded. There are 1,000 shares of American common stock outstanding, all of which are owned by AMR. Eagle Holding's shares of common stock, par value $1, are not publicly traded. There are 1,000 shares of Eagle Holding common stock outstanding, all of which are owned by AMR.

2. AMR Debt Financing and Other Obligations

As of the Commencement Date, AMR had approximately $850 million in obligations accounted for as debt on the Debtors' consolidated balance sheet. Additionally, AMR had issued guarantees covering approximately $9.3 billion of American's debt financing and other obligations.

(a) *Unsecured Debt Financing*

As of the Commencement Date, AMR had approximately: (i) $460 million in 6.25% senior convertible notes outstanding, with a final maturity in 2014 (the "**6.25% Convertible Notes**"); (ii) $200,000 in 4.5% senior convertible notes outstanding, with a final maturity in 2024 (the "**4.5% Convertible Notes**"); (iii) $150 million in publicly traded 7.875% public income notes outstanding, with a final maturity in 2039 (the "**PINES**"); (iv) $16.4 million in publicly traded medium term notes outstanding in multiple issues, with a final maturity in 2021 and effective interest rates ranging from 9.14% to 10.55% per annum (the "**MTNs**"); and (v) $220 million in publicly traded debentures outstanding in multiple issues, with a final maturity in 2021and effective interest rates ranging from 9.0% to 10.2% per annum (the "**Debentures**").

(b) *Other AMR Obligations*

As of the Commencement Date, AMR was obligated under guarantees covering approximately: (i) $2.9 billion of American's Special Facility Revenue Bond debt (and interest thereon); (ii) $6.4 billion of American's secured debt (and interest thereon); and (iii) $115 million of American's leases of certain Super ATR aircraft, which were subleased to Eagle.

3. American Debt Financing and Other Obligations

As of the Commencement Date, American had approximately $10.2 billion in debt obligations accounted for as debt on the Debtors' consolidated balance sheet. Additionally, American had approximately $2.35 billion of other obligations, including off balance sheet financing and guarantees covering certain AMR debt.

(a) *Debt Financing*

(i) Secured Debt

As of the Commencement Date, American had approximately: (i) $6.6 billion of variable and fixed rate indebtedness outstanding, including debt underlying certain issuances of enhanced equipment trust certificates (the "**EETCs**"), secured primarily by Aircraft Equipment, with maturities through 2023~~,~~ and effective interest rates ranging from 1.0% to 13.0% per annum; and (ii) $1 billion of 7.50% senior secured notes outstanding, with a final maturity in 2016 (the "**Senior Secured Notes**") and secured by certain route

authorities, airport landing and takeoff slots, and rights to use or occupy space in airport terminals.

(ii) Citibank Arrangement

As discussed more fully in Section ~~III.C.5~~ III.C.4 of this Disclosure Statement, pursuant to certain agreements between American and Citibank, N.A. ("**Citibank**"), as successor-in-interest to Citibank (South Dakota), N.A., Citibank paid $1 billion to American in order to pre-purchase AAdvantage® Miles™ (the "**Advance Purchase Miles**") under the AAdvantage® frequent flyer program (the "**AAdvantage Program**"). As of the Commencement Date, approximately $890 million of the proceeds from the sale of the Advance Purchase Miles was accounted for by American as a loan from Citibank, with the remaining $~~[~~110~~]~~ million recorded as deferred revenue and credits. To secure certain obligations of American to Citibank, including obligations under the agreements, Citibank asserts a first priority lien on certain of American's AAdvantage Program assets and a subordinated lien on certain route authorities, airport landing and takeoff slots, and rights to use or occupy space in airport terminals.

(iii) Special Facility Revenue Bonds

As of the Commencement Date, American had approximately $1.7 billion of Special Facility Revenue Bonds accounted for as debt, of which approximately $1.5 billion was secured, with maturities through 2036 and effective interest rates ranging from 6.0% to 8.5% per annum. The Special Facility Revenue Bonds were issued by certain municipalities or other governmental authorities primarily to purchase equipment and/or improve airport facilities that are leased or otherwise used by American or its affiliates. Neither the full faith and credit, nor the taxing power, if any, of the respective governmental issuer of each such series of bonds is pledged to the payment of the principal of, premium, if any, or interest on the Special Facility Revenue Bonds. The Special Facility Revenue Bonds are payable solely from certain revenues derived from certain payments to be made by American, AMR, or both.

(b) *Other American Obligations*

(i) Off Balance Sheet Financings

As of the Commencement Date, American had approximately $1.5 billion in off balance sheet Special Facility Revenue Bonds, with maturities through 2035 and effective interest rates ranging from 5.40% to 9.05% per annum. Approximately $200 million was secured, $1.3 billion was unsecured, and $940 million was expensed and accrued in other liabilities, deferred gains, and deferred credits. These off balance sheet Special Facility Revenue Bonds have characteristics similar to other Special Facility Revenue Bonds; however, the accounting treatment of the off balance sheet Special Facility Revenue ~~b~~Bonds is similar to an operating lease.

(ii) Guarantees

As of the Commencement Date, American was obligated under guarantees covering approximately $850 million of AMR's unsecured debt and interest thereon.

4. Capital Lease Obligations and Trade Payables

As of the Commencement Date, American had approximately $600 million in capital lease obligations. The Debtors also had unsecured trade payables aggregating approximately $~~[~~600~~]~~ million.

D. Events Leading to Commencement of the Chapter 11 Cases

1. Airline Industry Experiences Fundamental Changes

As described more fully below, prior to the Commencement Date, several factors undermined the Debtors' ability to generate sufficient revenue and adequately control operating costs, which ultimately forced the Debtors to seek relief under chapter 11 of the Bankruptcy Code, including, among others:

- **Increased Competition**. The Airline Deregulation Act of 1978 triggered a massive transformation of the U.S. airline industry by allowing carriers to expand into markets from which they previously had been excluded, creating price competition on many routes, and facilitating the growth of low-cost carriers ("**LCCs**") within the industry. In addition, since deregulation, every other large domestic network carrier commenced a case under chapter 11 of the Bankruptcy Code at least once. By shedding debt, cutting operating expenses, freezing and/or terminating pension obligations, and modifying collective bargaining agreements ("**CBAs**") with unionized employees, these restructured airlines emerged from chapter 11 with renewed financial strength and increased operational flexibility, which improved their competitive position relative to the Debtors. Moreover, a number of the restructured airlines subsequently merged with another airline, further expanding their competitive advantage.

- **Increased Price Transparency**. Internet-based airfare search engines greatly increased the ability of consumers to quickly compare fares across most carriers and contributed to increased commoditization of airline travel, especially for price-sensitive customers.

- **External Events**. The past decade was marked by various events that negatively impacted both the demand for air travel and the operating costs borne by airlines, including, among other things: U.S. wars in Iraq and Afghanistan; outbreaks of both SARS and H1N1 influenza; the terrorist attacks of September 11th; devastating natural disasters, including

Hurricane Katrina, a volcanic blast that closed European air space, and a tsunami off the coast of Japan; record high oil prices; the European debt crisis; and a severe economic downturn that affected economies across the globe.

2. Continued Financial Burdens

Despite broad initiatives to reduce labor and fuel costs—initiatives that ultimately yielded annual savings of more than $6 billion between 2001 and 2011—the Debtors incurred aggregate losses exceeding $10 billion during the same period. In addition to facing relentless competition from LCCs and restructured large network carriers with dramatically improved balance sheets and substantially reduced costs, the Debtors faced certain challenges that undermined their competitive position.

(a) *Fuel Costs*

In 2011 fuel was American's largest single cost and constituted approximately 30% of its total operating costs. Despite successfully reducing fuel consumption by approximately 19% between 2000 and 2011, rising fuel prices increased American's fuel cost by approximately 211% over the same period.

(b) *Salary and Benefits Costs*

American's largest controllable cost—salary and benefits—constituted approximately 25% of American's total operating costs in 2011. As a percentage of revenue, American's labor costs were 27% higher than the average for other large network carriers and 66% higher than that of LCCs—the highest in the industry. One factor driving the Debtors' relatively high labor costs was the required contribution to four defined benefit pension plans (collectively, the "**Pension Plans**"), including: The Retirement Benefit Plan of American Airlines, Inc. for Agent, Management, Specialists, Support Personnel and Officers; American Airlines, Inc. Pilot Retirement Benefit Program – Fixed Income Plan (the "**Pilot A Plan**"); The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO; and The Retirement Benefit Plan of American Airlines, Inc. for Flight Attendants. During 2011 the Debtors contributed approximately $518 million to the Pension Plans. Moreover, the ~~Debtors'~~Pension ~~p~~Plans were underfunded by approximately $4.7 billion, and maintaining the Pension ~~p~~Plans would have required average annual contributions of approximately $450 million between 2012 and 2018.

(c) *Continued Losses*

An examination of the Debtors' prepetition operating results demonstrates the impact of the Debtors' inability to limit their operating costs in a manner commensurate with their competitors. In 2011 AMR was the only large network carrier that failed to operate at a profit, recording an operating loss in excess of $1 billion. In fact, AMR

experienced losses of more than $1 billion in three of the four years from 2008 through 2011. In light of its continued losses, assets that were virtually fully encumbered, high fuel costs, and exceptionally high labor costs, AMR was unable to make the necessary investments to remain competitive and was forced to seek relief under chapter 11 of the Bankruptcy Code.

III. OVERVIEW OF THE CHAPTER 11 CASES

A. Commencement of Chapter 11 Cases

On November 29, 2011, the Debtors commenced the Chapter 11 Cases. The Debtors continue to manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. Stabilization of Operations

Shortly after the Commencement Date, the Debtors formulated the principal terms of an initial business plan designed to restore American to industry leadership, profitability, and growth (the "**Business Plan**"). As originally formulated, the Business Plan called for the Debtors to generate $3.1 billion in annual Cash improvements by the year 2017, including (i) revenue and network enhancements, (ii) savings achieved through the restructuring of debt and other obligations, and (iii) reduction of vendor, fuel, and salary and benefit costs. Notable achievements since the Commencement Date—many of which are discussed more fully in Section III.C of this Disclosure Statement—include:

- Achieved annual operating revenues of approximately $24.8 billion during 2012—the highest in the Debtors' history.
- Added new and expanded routes in international markets that have strong growth prospects, including: Manaus and São Paulo, Brazil; Roatan, Honduras; Asuncion, Paraguay; Puebla, Mexico; Bogotá, Colombia; Dusseldorf, Germany; Dublin, Ireland; and Seoul, South Korea.
- Continued to develop joint business agreements ("**JBAs**") with British Airways, Iberia, Qantas, and Japan Airlines.
- Added two new members—Air Berlin and Malaysia Airlines—to the **one**world® alliance and two new members-elect—SriLankan Airlines and Qatar Airways. In addition, LAN Colombia and TAM Linhas Aereas (including its subsidiary TAM Paraguay) will join the **one**world® alliance as airline affiliates in 2013 and 2014, respectively, bringing all of LATAM Airlines Group under a single global alliance.
- Took delivery of 46 new aircraft, including 41 B737-800 aircraft and five B777-300ER aircraft.

- Rejected 32 mainline aircraft leases and eight spare engine leases, surrendered one aircraft subject to a mortgage, and renegotiated financing terms for more than 400 mainline and regional aircraft.
- Implemented, or began implementing, new onboard services to enhance customers' travel experience, including, among others, universal in-seat entertainment, Main Cabin Extra seating, in-flight Wi-Fi, expanded availability of tablet devices for entertainment in premium cabins, international premium dining offerings, and fully lie-flat seats in premium cabins in American's widebody fleet.
- Obtained Bankruptcy Court approval of a consensual agreement with the APA that permits additional large regional jets to be operated on behalf of American and allows American to engage in increased codesharing.
- Entered into capacity purchase agreements with (i) SkyWest Airlines, Inc. and ExpressJet Airlines, Inc. to provide 50-seat regional jet flying and (ii) Republic Airline Inc. to provide 76-seat regional jet flying.
- Implemented personnel changes that reduced the number of positions across all workgroups, including approximately 1,500 management positions.
- Obtained Bankruptcy Court approval to enter into consensual agreements with each of the American Unions and the Eagle Unions, ~~that~~which are expected to yield significant average annual savings.
- Effectuated a freeze of the Pension Plans and obtained Bankruptcy Court approval of an amendment to the Pilot A Plan that eliminated the lump-sum payment option.
- Evaluated and/or negotiated more than 700 facility leases and over 9,000 vendor and supplier agreements.
- Achieved balance sheet improvements of approximately $2.5 billion resulting in estimated principal and interest savings of approximately $1.3 billion over five years.

C. Significant Restructuring Activities During the Chapter 11 Cases

1. American Labor Cost Restructuring

(a) *Non-Union Employees*

As of the Commencement Date, approximately 30% of American's employees were not unionized (collectively, the "**~~American~~ Non-Union Employees**"), including Agents, Representatives, and Planners ("**ARPs**") and Management and Support Staff ("**MSS**"). The Business Plan required all employees, including ~~American~~the Non-Union Employees, to equally share additional cost reductions in connection with the Chapter 11

Cases. Accordingly, American implemented benefit reductions and other changes designed to reduce aggregate labor costs attributable to ARPs and MSS by 17%—approximately $220 million annually. To achieve the required cost savings, American took steps to reduce the number of ~~American~~ Non-Union Employees, including a program to reduce MSS headcount by approximately 15%. Additional cost saving measures affecting ~~American~~the Non-Union Employees include, among others, reductions in the number of benefit plans provided to employees, increased employee contributions to medical and early retiree medical benefit programs, revised pay bands, and reduced holiday and vacation benefits.

In light of the benefit reductions referenced above, ~~American~~the Non-Union Employees will receive under the Plan shares of New Common Stock constituting 2.3% of the Creditor New Common Stock Allocation.

(b) *Unionized Employees*

The Bankruptcy Code provides a process for modification and/or rejection of CBAs. In particular, section 1113 of the Bankruptcy Code ("**Section 1113**") permits a debtor to reject a CBA if the debtor satisfies a number of statutorily prescribed substantive and procedural prerequisites and obtains Bankruptcy Court approval. American commenced the Section 1113 process with the American Unions on February 1, 2012, and negotiated in good faith toward consensual agreements that would achieve the necessary level of labor cost reductions. On March 27, 2012, because consensual agreements had not been reached, the Debtors filed a motion pursuant to Section 1113 to reject the CBAs with the American Unions (the "**1113 Motion**").

The Bankruptcy Court hearing regarding the 1113 Motion began on April 23, 2012, and concluded the week of May 21, 2012. American continued negotiating with each of the American Unions to achieve consensual agreements while the Bankruptcy Court considered whether to grant the 1113 Motion. By mid-August 2012, American reached new consensual agreements with the APFA and all seven workgroups represented by the TWU. As of September 12, 2012, all of the new agreements with the TWU and the APFA had been approved by the Bankruptcy Court. American, however, was not able to reach a new consensual agreement with the APA.

(i) Allied Pilots Association

On August 15, 2012, the Bankruptcy Court issued a decision on the merits of the 1113 Motion, solely with respect to the APA. Although the Bankruptcy Court determined that two of American's proposed modifications to the ~~pilot~~ CBA with the APA failed to satisfy the standards required by Section 1113 and denied the 1113 Motion, the Bankruptcy Court invited the Debtors to modify and renew their motion. Accordingly, on August 17, 2012, the Debtors filed a renewed motion to reject the ~~pilot~~ CBA with the APA that included revised proposals addressing the two narrow deficiencies identified by the Bankruptcy Court in its August 15 decision. A hearing on the renewed motion was held on

September 4, 2012, and the Bankruptcy Court granted the Debtors' renewed request to reject the ~~pilot~~ CBA with the APA.

On December 7, 2012, after additional negotiations between American and the APA regarding the terms of a new consensual agreement, the APA announced that its membership voted to ratify a new CBA. On the same day, the Debtors filed a motion with the Bankruptcy Court seeking, among other things, approval to enter into the new CBA and a related letter agreement, dated November 16, 2012 (collectively, the "**APA Section 1113 Agreement**"). By order dated December 19, 2012, the Bankruptcy Court approved the Debtors' motion (ECF No. 5800).

The changes included in the APA Section 1113 Agreement are expected to yield approximately $315 million in annual labor cost reductions. In addition, the APA Section 1113 Agreement improves American's competitive position by permitting American to increase the number of large regional jets in its fleet and expand code-sharing relationships.

In full satisfaction and extinguishment of any and all Claims, interests, causes, or demands that the APA has or might arguably have, on behalf of itself or the pilots represented by the APA ~~(~~pursuant to the Railway Labor Act or under or with respect to the abrogated collective bargaining agreement between American and the APA or the existing pilot terms and conditions of employment against the Debtors as provided in that certain ~~exceptions~~Letter Agreement on Settlement Consideration and Bankruptcy Protections, dated November 16, 2012, as provided by such order; *provided, however*, that the APA Claim shall not include the claims and grievances or lawsuits (i) set forth in Sections 1, 3, and/or Exhibit 1 of the Bankruptcy Settlement Letter of Agreement and (ii) under that Letter Agreement, dated January 4, 2013 between American and the APA, the APA ~~will~~ received, on behalf of the pilots represented by the APA, the APA Claim entitling it to receive under the ~~p~~Plan shares of New Common Stock constituting 13.5% of the Creditor New Common Stock Allocation in accordance with the APA Section 1113 Agreement. The APA also received two Allowed ~~Claims for~~ Administrative Expenses, each subject to a $5 million cap, to reimburse the reasonable fees and expenses incurred by (i) the APA and (ii) the APA's investment banker in connection with the APA Section 1113 Agreement, the Plan, and the 1113 Motion.

(ii) Transport Workers Union

The TWU is the collective bargaining representative of certain American employees ~~that~~who are divided into the following workgroups (collectively, the "**TWU Workgroups**"): (i) Flight Dispatchers and Dispatcher's Assistants ("**Dispatch**"); (ii) Fleet Service Employees and Ground Service Employees ("**Fleet Service**"); (iii) Ground School and Pilot Simulator Instructors ("**Instructors**"); (iv) Maintenance Control Technician Employees ("**MCT**"); (v) Flight Simulator Technicians, Associate Simulator Technicians, and Technical Coordinators ("**Sim Techs**"); (vi) Mechanics and Related ("**M&R**"); and (vii) Stock Clerks ("**Stores**"). On May 15, 2012, the TWU announced that five of the

TWU Workgroups (Dispatch, Fleet Service, Instructors, MCT, and Sim Techs) voted to ratify the proposed CBAs. Accordingly, on June 14, 2012, the Debtors filed a motion with the Bankruptcy Court seeking approval to enter into the proposed CBAs. That motion was granted on June 28, 2012. A few weeks later, after continued negotiations with the TWU, the remaining TWU Workgroups (M&R and Stores) also voted to ratify new CBAs. On August 22, 2012, the Debtors filed a motion with the Bankruptcy Court seeking approval to enter into (i) American Airlines Settlement Proposal to the Transport Workers Union re: Mechanic & Related, dated July 10, 2012, (ii) American Airlines Settlement Proposal to the Transport Workers Union re: Stores, dated July 10, 2012, (iii) ~~l~~Letter ~~a~~Agreement on Settlement Consideration and Bankruptcy Protections, dated August ~~1~~22, 2012, between American and the TWU, and (~~ii~~iv) ~~l~~Letters of ~~m~~Memorandum on certain additional provisions between American and the TWU (~~together~~collectively, the "**TWU American Section 1113 Agreement**")~~, and (iii) the proposed CBAs with M&R and Stores~~. By order dated September 12, 2012, the Bankruptcy Court granted the Debtors' motion (ECF No. 4413).

The terms of the new CBAs between American and the TWU (the "**New TWU CBAs**") are expected to generate approximately $330 million in annual labor cost reductions. Although each of the TWU Workgroups is party to a separate CBA that includes terms specific to that workgroup, the New TWU CBAs generally provide substantial operating efficiencies. Furthermore, each of the New TWU CBAs contains common provisions providing for, among other things: (i) "early out" incentives to mitigate involuntary layoffs; (ii) a profit sharing program; and (iii) a new defined contribution retirement benefit.

In full satisfaction and extinguishment of any and all Claims, interests, causes, or demands that the TWU has or might arguably have, on behalf of itself or the employees of American represented by the TWU (other than any proofs of Claim filed in the Chapter 11 Cases by or on behalf of TWU-represented employees), the TWU ~~will~~ received, on behalf of the transport workers represented by the TWU, the TWU American Claim entitling it to receive under the Plan share of New Common Stock constituting 4.8% of the Creditor New Common Stock Allocation in accordance with the TWU American Section 1113 Agreement. The TWU also received two Allowed ~~Claims for~~ Administrative Expenses to reimburse reasonable fees and expenses incurred by (i) the TWU, subject to a $5 million cap, and (ii) the TWU's investment banker, subject to a $2 million cap, in connection with the TWU Section 1113 Agreement, the New TWU CBAs, the Plan, and the 1113 Motion.

(iii) Association of Professional Flight Attendants

The APFA is the collective bargaining representative of the flight attendants employed by American. On August 19, 2012, the APFA announced that its membership voted to ratify the proposed CBA. On August 24, 2012, the Debtors filed a motion with the Bankruptcy Court seeking approval to enter into (i) ~~the~~ letter agreement on settlement consideration and bankruptcy protection, dated August 22, 2012, between American and the APFA, (ii) ~~the~~ letter agreement on certain additional provisions, dated August 10,

2012, between American and the APFA, and (iii) the new CBA with the APFA (collectively, the "**APFA Section 1113 Agreement**"). By order dated September 12, 2012, the Bankruptcy Court approved the Debtors' motion (ECF No. 4414).

The changes included in the APFA Section 1113 Agreement are expected to yield approximately $195 million in annual labor cost reductions. The APFA Section 1113 Agreement provides a lump sum payment of $1,500 to every active employee, an early out program for employees with 15 or more years of service, annual base rate pay increases, and a new defined contribution retirement benefit.

In full satisfaction and extinguishment of any and all Claims, interests, causes, or demands that the APFA has or might arguably have, on behalf of itself or the flight attendants represented by the APFA (with certain exceptions), the APFA ~~will~~ received, on behalf of the flight attendants represented by the APFA, the APFA Claim entitling it to receive under the Plan shares of New Common Stock constituting 3% of the Creditor New Common Stock Allocation in accordance with the APFA Section 1113 Agreement. The APFA also received two Allowed ~~Claims for~~ Administrative Expenses to reimburse reasonable fees and expenses incurred by (i) the APFA, subject to a $5 million cap, and (ii) the APFA's investment banker, subject to a $2 million cap, in connection with the APFA Section 1113 Agreement and the 1113 Motion.

Pursuant to (i) the Letter Agreement on Settlement Consideration and Bankruptcy Protections, dated August 22, 2012, between American and the TWU and (ii) the Letter Agreement on Settlement Consideration and Bankruptcy Protections, dated August 22, 2012, between American and the APFA, the TWU and APFA each agreed "not to object to or contest the issuance of equity or other consideration in the Bankruptcy Cases to the Company's non-union and management employees; in respect of the sacrifices made by them in furtherance of the Company's effort to restructure or as incentive for the non-union and management employees' future service to the Company."

(c) *Pension Issues*

As of the Commencement Date, American sponsored and administered the Pension Plans as well as the American Airlines, Inc. Pilot Retirement Benefit Program – Variable Income Plan (the "**Pilot B Plan**"). On February 1, 2012, American announced its intention to terminate each of the four Pension Plans. The American Unions and the PBGC objected to the proposed termination, and American began working with each group to develop alternatives that would allow American to freeze, rather than terminate, the Pension Plans. On March 7, 2012, American announced its intention to (i) freeze the Pension Plans (other than the Pilot A Plan) and (ii) terminate the Pilot A Plan and the Pilot B Plan. American subsequently froze all the Pension Plans, effective November 1, 2012, and terminated the Pilot B Plan, effective November 30, 2012. The Pilot B Plan assets will be liquidated and distributed to participating pilots in or around June 2013.

American's proposed termination of the Pilot A Plan was the result of a provision included in the Pilot A Plan that permitted pilots to retire without notice and to receive their pension benefit in a single lump-sum payment or other optional benefit forms substantially similar to a lump-sum payment (together, the "**Lump Sum Benefit**"). As of January 1, 2013, approximately 2,400 pilots were eligible to retire, with an average Lump Sum Benefit of $500,000. Both American and the APA acknowledged that the retirement incentive created by the Lump Sum Benefit could create a significant impairment of American's operations if, as was likely, a large number of pilots were to exercise the Lump Sum Benefit option during a short period of time.

American, the APA, and the United States ~~Treasury~~ Department of the Treasury ("**Treasury**") worked together to find a solution to this problem. On November 8, 2012, Treasury issued 26 C.F.R. § 1.411(d)-4, A-2(b)(2)(xii) (the "**Final Regulation**") ~~that~~, which established a process for American to seek PBGC and Bankruptcy Court approval to amend the Pilot A Plan to remove the Lump Sum Benefit, thereby eliminating the threat to American's operations and the need to terminate the Pilot A Plan. Shortly thereafter, American applied to the PBGC for a determination that it met the standard required to amend the Pilot A Plan. In addition, on November 23, 2012, American filed a motion with the Bankruptcy Court seeking approval to amend the Pilot A Plan. On December 13, 2012, the PBGC issued its determination that American met the standard for amendment set forth in the Final Regulation. After a hearing on December 19, 2012, the Bankruptcy Court granted the Debtors' motion to amend the Pilot A Plan (ECF No. 5797). Shortly thereafter, the Pilot A Plan was amended, with such amendment applicable to all retirements occurring on or after December 31, 2012.

2. Eagle Labor Cost Restructuring

For several years, Eagle had attempted to lower its labor costs with very little success. In 2006, with input from the Eagle Unions, Eagle retained certain professionals (the "**Eagle Professionals**") to conduct a benchmarking analysis of Eagle's competitive position relative to other regional airlines. The benchmarking analysis revealed significant labor cost disadvantages compared to other regional airlines.

Following the Commencement Date, Eagle requested an update of the benchmarking analysis. The Eagle Professionals analyzed the profit margins achieved, and costs incurred by, other regional airlines during the five years preceding the Commencement Date. Based on the information derived from the benchmarking analysis, Eagle determined it had to reduce its annual labor costs by $75 million across all workgroups (collectively, the "**Eagle Workgroups**"), including pilots, flight attendants, aircraft maintenance technicians and related ("**Maintenance**"), fleet service ("**FSC**"), dispatchers ("**Dispatchers**"), ground school instructors ("**GSI**"), management and support staff ("**Management**"), agents, and EAS employees.

(a) *Non-Union Employees*

As of the Commencement Date, approximately 40% of Eagle's employees, including agents, Management, and EAS employees, were not unionized. Eagle committed to reducing Management labor costs by $7 million annually. To achieve such savings, Management headcount was reduced by 10%, including a 15% reduction among officer positions. With respect to its agents, Eagle decreased annual labor costs by an estimated $2 million through reduced vacation and holiday benefits and tighter eligibility requirements for company-provided health and welfare plans. Further, Eagle estimates an additional $1.5 million in annual labor cost savings will result from changes specific to EAS employees including, among other things, (i) reductions in vacation benefits, overtime pay, and contributions to defined contribution retirement plans and (ii) elimination of paid holidays and certain shift premiums.

(b) *Unionized Employees*

Eagle commenced the Section 1113 process with the Eagle Unions on March 21, 2012, and negotiated in good faith toward consensual agreements that would achieve the required level of labor cost reductions. By early September 2012 both the AFA and FSC (represented by the TWU) had voted to ratify new CBAs, and Eagle reached an agreement in principle with the ALPA regarding the terms of a new CBA for Eagle's pilots. On September 7, 2012, having failed to reach agreements with the remaining Eagle Workgroups represented by the TWU—Maintenance, Dispatchers, and GSI—Eagle filed motions with the Bankruptcy Court, pursuant to Section 1113, to reject the CBAs with those groups (the "**Eagle TWU 1113 Motions**"). After filing the Eagle TWU 1113 Motions, however, Eagle continued to negotiate with Maintenance, Dispatchers, and GSI toward consensual agreements. Because negotiations ultimately resulted in new consensual agreements between Eagle and each of Maintenance, Dispatchers, and GSI, the Eagle 1113 TWU Motions were subsequently withdrawn.

(i) Transport Workers Union

The TWU is the collective bargaining representative of FSC, Maintenance, Dispatchers, and GSI. The TWU Eagle Section 1113 Agreements with FSC, Maintenance, Dispatchers, and GSI are expected to generate annual savings of approximately $4.8 million, $7 million, $400,000, and $10,000, respectively. Such cost reductions are the result of various changes to compensation, benefits, and work rules. Separate motions to approve the TWU Eagle Section 1113 Agreements with (i) FSC, Maintenance, and GSI and (ii) Dispatchers were filed with the Bankruptcy Court on December 14, 2012 and December 17, 2012, respectively. The Bankruptcy Court granted both motions on December 21, 2012 (ECF Nos. 5841 and 5847).

In satisfaction and full extinguishment of any and all Claims, interests, causes, or demands that the TWU has or might arguably have, on behalf of itself or the transport workers represented by the TWU, the TWU ~~will~~ received, on behalf of the transport

workers represented by the TWU, the TWU Eagle Claim—an Allowed American Other General Unsecured Claim in the amount of $6.105 million. The TWU also received ~~an~~ Allowed ~~Claim for~~ Administrative Expenses totaling $700,000 to reimburse the TWU for reasonable fees and expenses incurred in connection with negotiations related to the TWU Eagle Agreements and the Plan.

(ii) Association of Flight Attendants

The AFA is the collective bargaining representative of the flight attendants employed by Eagle. On September 7, 2012, after months of negotiations, the AFA announced that its membership voted to ratify a new CBA with Eagle. Within three years of implementation, the new CBA and related letter agreements (collectively, the "**AFA Agreement**") are expected to generate annual savings of approximately $9.2 million through various changes to compensation, benefits, and work rules. A motion to approve the AFA Agreement was filed with the Bankruptcy Court on December 14, 2012 and granted on December 21, 2012 (ECF No. 5845).

In satisfaction and full extinguishment of any and all Claims, interests, causes, or demands that the AFA has or might arguably have, on behalf of itself or the flight attendants represented by the AFA, the AFA ~~will~~ received, on behalf of the flight attendants represented by the AFA, the AFA Claim—an Allowed American Other General Unsecured Claim in the amount of $4.6 million. The AFA also received ~~an~~ Allowed ~~Claim for~~ Administrative Expenses, subject to a $500,000 cap, to reimburse the AFA for reasonable fees and expenses incurred in connection with the AFA Agreement and the Plan.

(iii) Air Line Pilots Association

The ALPA is the collective bargaining representative of the pilots and pilot instructors employed by Eagle. On October 8, 2012, the ALPA announced that its membership voted to ratify a new CBA with Eagle. The new CBA and related letter agreements (collectively, the "**ALPA Agreement**") are expected to generate annual savings of approximately $43.1 million through various changes to compensation, benefits, and work rules. The ALPA Agreement also includes several provisions that establish certain processes and procedures in the event of a merger. A motion to approve the ALPA Agreement was filed with the Bankruptcy Court on December 14, 2012, and granted on December 21, 2012 (ECF No. 5844).

In satisfaction and full extinguishment of any and all Claims, interests, causes, or demands that the ALPA has or might arguably have, on behalf of itself or the pilots and pilot instructors represented by the ALPA, the ALPA ~~will~~ received, on behalf of the pilots and pilot instructors represented by the ALPA, the ALPA Claim—an Allowed American Other General Unsecured Claim in the amount of $21.6 million. The ALPA also received ~~an~~ Allowed ~~Claim for~~ Administrative Expenses, subject to a $1 million cap, to reimburse

the ALPA for reasonable fees and expenses incurred in connection with the ALPA Agreement and the Plan.

3. Executory Contracts and Unexpired Leases

As of the Commencement Date, the Debtors were parties to over 28,000 executory contracts and unexpired leases of non-residential real property and personal property. Under section 365 of the Bankruptcy Code, the Debtors may assume, assume and assign, or reject executory contracts and unexpired leases, subject to the approval of the Bankruptcy Court and certain other conditions. Secured financing and leases of Aircraft Equipment are afforded special treatment under section 1110 of the Bankruptcy Code ("**Section 1110**") and are discussed separately in Section III.C.6(c) of this Disclosure Statement.

By order dated March 23, 2012, the initial 120-day period for the Debtors to assume, assume and assign, or reject unexpired leases of non-residential real property was extended through June 26, 2012. As of February 28, 2013, the Bankruptcy Court ~~had~~ entered orders granting the Debtors' motions to assume 532 and reject 12 unexpired leases of non-residential real property. Further, the Bankruptcy Court ~~had~~ entered orders granting consensual extensions of the period within which the Debtors must assume or reject an additional 29 unexpired leases of non-residential real property.

4. Citi AAdvantage Program

American and Citibank are parties to that certain AAdvantage Participation Agreement, dated June 10, 2008 (as amended from time to time, the "**Participation Agreement**," and~~,~~ collectively with the other Citi AAdvantage Program documents, the "**Initial Agreements**"), in respect of Citibank's participation in the AAdvantage Program (the "**Citi AAdvantage Program**"). In September 2009~~,~~ Citibank and American amended the Participation Agreement and entered into an arrangement under which Citibank paid $1 billion to the Debtors to pre-purchase AAdvantage® Miles™ (the "**Advance Purchase Arrangement**," and~~,~~ together with the Initial Agreements, the "**Citi Agreements**"). As of February 28, 2013, a substantial majority of the $1 billion was still outstanding. Moreover, Citibank has asserted that the Citi Agreements provide that if they are breached or rejected by American, Citibank would also have a damages claim, which Citibank claims would be in excess of $2 billion (also secured by the Citibank Collateral, as ~~described~~defined below) in addition to the acceleration of the prepaid mileage balance.

On the Commencement Date, the Debtors filed the Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. § 365(a) and Fed. R. Bankr. P. 6006 Approving Assumption of Certain Executory Credit Card and Payment Agreements, dated November 29, 2011 (ECF No. 23) (the "**Assumption Motion**"), seeking entry of an order approving the Debtors' assumption of~~,~~ inter alia, the Citi Agreements. On November 30, 2011, the Bankruptcy Court entered an Interim Order Pursuant to 11 U.S.C. § 365(a) and Fed. R. Bankr. P. 6006 Approving Assumption of Certain Executory Credit Card and Payment

Agreements (ECF No. 68) (the "**Interim Order**"), which granted the relief requested in the Assumption Motion with respect to the Citi Agreements on an interim basis. The relief requested in the Assumption Motion with respect to the Citi Agreements has not been granted on a final basis.

American's obligations under the Citi Agreements (including any damage claim sustained thereunder by Citibank) are secured by Citibank's assertion of a second priority security interest in the following assets relating to the Scheduled Services:[3] [5](a) American's right and operational authority to conduct a take-off or landing at a specific time or during a specific period at certain slot slot-constrained U.S. airports and all foreign airports, in each case used as an origin or destination point for the Scheduled Services (collectively, the "**Slots**"); (b) the right to occupy space at U.S. and foreign airports used for the Scheduled airports used for the Scheduled Services (other than JFK and LAX) (the "**Gate Leaseholds**"); (c) the right to operate scheduled air service between the airports used for the Scheduled Services (the "**Route Authorities**"); (d) certain deposit accounts (and amounts on deposit therein) holding sale proceeds of other collateral; and (e) all proceeds of the foregoing ((a) through (e), collectively the "**SGR Collateral**"). The most recent appraisal, dated as of November 30, 2012, appraised the SGR Collateral at $2.58 billion.

At the time Citibank and American amended the Participation Agreement in September 2009, American granted Citibank a first priority security interest in a subset of the SGR Collateral—, i.e., (a) sSlots at Heathrow and Narita; (b) Gate Leaseholds at Heathrow and Narita; (c) the route authorities associated with American's service from (i) JFK, DFW, LAX, and BOS to Narita and (ii) all U.S. airports to Heathrow; and (d) all proceeds of the foregoing ((a) through (d), collectively the "**Initial SGR Collateral**"). However, this initial grant was subject to an agreement that Citibank subordinate its security interest in the Initial SGR Collateral if American could obtain alternative financing secured by such collateral. American subsequently entered into an Iindenture, dated March 15, 2011, with U.S. Bank National Association, as Trustee, pursuant to which American issued approximately $1 billion of the Senior Secured Notes, secured, on a first priority basis, by the SGR Collateral.

In addition, American's obligations to Citibank under the Citi Agreements (including any damage claim sustained thereunder by Citibank) are secured by a first priority security interest in (a) accounts receivable, chattel paper, instruments, and documents, in each case solely with respect to obligations of other participants in the AAdvantage Program; (b) equipment located in the United States, general intangibles, intellectual property, and inventory located in the United States, in each case to the extent used exclusively in, required to operate, or primarily related to, the AAdvantage Program;

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[3][5] Scheduled Services means non-stop air service between: (a) any U.S. airport and Narita (Japan); (b) any U.S. airport and Haneda (Japan); (c) any U.S. airport and London, Heathrow; (d) Chicago, O'Hare and Beijing Capital (China); and (e) Chicago, O'Hare and Shanghai Pudong (China).

and (c) all proceeds and all books and records relating to (a) and (b), but in each case excluding among other things (i) contracts between American and participants in the AAdvantage ~~p~~Program; (ii) goods located outside of the United States; (iii) foreign intellectual property; (iv) information relating to members of the AAdvantage Program located outside the United States; and (v) certain other assets (collectively, the "**Program Collateral**," and~~,~~ together with the SGR Collateral, the "**Citibank Collateral**").[~~4~~6]

On March 6, 2012, the Bankruptcy Court entered the Order Pursuant to 11 U.S.C. §§361, 362(d), 363(e), 506(c), and 507(b) and Fed. R. Bankr. P. 4001(a) Granting Adequate Protection and Other Related Relief (ECF No. 1623) (the "**Adequate Protection Order**"). Pursuant to the Adequate Protection Order, Citibank was granted a super-priority administrative ~~claim~~expense to the extent of any diminution in the value of its interest in the Collateral post February 15, 2012 (subject to certain carve-outs and reservations of rights of various parties, including Citibank, as set forth therein).

~~At this time, the~~The Debtors have ~~not made a final determination as to whether they intend~~agreed to assume ~~or reject~~ the Citi Agreements ~~under section 365 of the Bankruptcy Code. If the Debtors were to reject or breach the Agreements, Citibank has indicated that such rejection would result in a substantial claim being asserted by Citibank against American, secured by the Collateral, which, whether such Claim is valid or not, will have to be addressed under the Plan, and such Claim could have an impact on the ability of the Debtors to confirm the Plan and consummate the Merger. If the Debtors elect to assume the Agreements, they will continue in accordance with their existing terms and will be ongoing obligations of reorganized American subsequent to the E~~effective ~~Date of~~upon the ~~Plan. It is also possible that~~entry of the ~~Debtors and Citibank could agree to modifications of the existing Agreements that the Debtors would then assume under the provisions of the Bankruptcy Code, and, as such, those agreements, as modified, would be ongoing obligations of Reorganized American subsequent to the Effective Date of the Plan~~Confirmation Order.

5. Airport and Facility Restructuring

As of the Commencement Date, the Debtors were party to 576 leases governing the Debtors' use and occupancy rights at various airport facilities. During the Chapter 11 Cases, the Debtors undertook various initiatives to restructure their operations and obligations at many of those facilities in order to reduce costs and establish an airport footprint that serves the Debtors' future network plans. Such initiatives have been

[~~4~~6] In addition, Citibank has been granted an irrevocable, exclusive, sublicenseable, royalty free, and fully paid-up license through December 31, 2017 to use, reproduce, and otherwise exploit American's proprietary customer information and customer lists relating to the AAdvantage Program in connection with any and all credit card solicitations or the operation or administration of any credit card program in the U.S.

implemented in the Chapter 11 Cases and are projected to generate approximately $30 million in savings.

6. Fleet Restructuring

The Debtors developed a comprehensive fleet restructuring plan designed to generate increased revenue while reducing operating costs by accelerating the replacement of older, less efficient aircraft, restructuring current financing arrangements, providing increased flexibility to acquire large regional jets, and investing in premium service enhancements.

(a) *Modernizing American's Fleet*

At the end of 2011 the average age of American's fleet was approximately 14.9 years—one of the oldest fleets in the industry. Operating aging aircraft dramatically increases American's fuel and maintenance costs and undermines American's ability to provide its customers a premium in-flight experience. To address the inefficiencies of its aging fleet, American entered into prepetition agreements with The Boeing Company ("**Boeing**") and Airbus, S.A.S. ("**Airbus**") whereby American placed orders for more than 500 new aircraft and purchased options to acquire a similar number of additional new aircraft.

Pursuant to the prepetition agreements with Boeing (the "**Boeing Agreements**"), American has recently acquired, or plans to acquire, approximately 300 new aircraft, including B737, B777, and B787 aircraft, with deliveries scheduled between 2012 and 2022. The Boeing Agreements also provide American with options to acquire approximately 150 additional Boeing aircraft, which, if exercised, would be delivered between 2020 and 2025. In connection with the prepetition agreement with Airbus (the "**Airbus Agreement**," and together with the Boeing Agreements, the "**Purchase Agreements**"), American committed to (i) lease 130 current generation A320-Family aircraft, with deliveries scheduled between 2013 and 2017, and (ii) purchase 130 A320-Family neo aircraft,[5] [7] with deliveries scheduled between 2017 and 2022. American also acquired options to purchase or purchase rights for more than 350 additional Airbus aircraft, which, if exercised, would be delivered between 2014 and 2025.

(i) Periodic Pre-Delivery Payments

Although the Purchase Agreements require periodic pre-delivery payments ("**PDPs**") on account of the aircraft ordered from Boeing and Airbus, American temporarily ceased making PDPs after the Commencement Date. To maintain the delivery schedule and assure timely manufacture of the aircraft, however, the Debtors sought authority to resume ~~p~~ma~~y~~king PDPs in April 2012. By order dated May 17, 2012, the

[5] [7] Airbus 320-Family neo aircraft are to be equipped with new, more fuel efficient engines.

Bankruptcy Court authorized the Debtors to resume making PDPs in connection with the Purchase Agreements, including all PDPs scheduled, but not paid, after the Commencement Date (ECF No. 2820).

(ii) Amended Purchase Agreements

Following the Commencement Date, the Debtors engaged in extensive discussions with Boeing and Airbus with respect to the Purchase Agreements, the eClaims associated therewith, and their ongoing relationships with both manufacturers. As a result, the Debtors entered into a new agreement (the "**Boeing Restructuring Agreement**") with Boeing and certain affiliates of Boeing (the "**Boeing Affiliates**"), which that provides for a comprehensive settlement of the relationship among the Debtors, Boeing, and the Boeing Affiliates. Pursuant to the Boeing Restructuring Agreement, the Debtors: (i) assumed, subject to certain amendments, the Boeing Agreements and other related, prepetition agreements with Boeing; (ii) entered into certain new agreements with Boeing related to the purchase and financing of aircraft; (iii) assumed, and entered into, agreements with the Boeing Affiliates; and (iv) resolved various Claims of, and exchanged releases with, Boeing and the Affiliates. The Debtors also entered into an amended agreement with Airbus (the "**Amended Airbus Agreement**," and together with the Boeing Restructuring Agreement, the "**Amended Purchase Agreements**").

On January 2, 2013, the Debtors filed two separate motions with the Bankruptcy Court seeking approval of the Amended Purchase Agreements. By separate orders, each dated January 23, 2013, the Bankruptcy Court approved both motions (ECF Nos. 6315 and 6316). The Debtors estimate that the Amended Purchase Agreements will result in aggregate savings of approximately $300 million through 2017—which could increase based upon the number of options to purchase aircraft that are exercised by the Debtors—and $120 million in 2018 and beyond.

(b) *"Right-Sizing" the Debtors' Regional Fleet*

As of the Commencement Date, approximately 80% of the Debtors' regional fleet consisted of aircraft with seating capacity for 50 or fewer passengers. Over the past decade, however, the Debtors' major competitors have replaced many of their 50-seat regional jets with larger regional jets that will accommodate 70 or more passengers. To improve their competitive position, the Debtors need to increase the proportion of larger regional jets in their fleet, thereby maximizing efficiency and revenue in regional markets through improved matching of aircraft capacity with passenger demand. Although restrictions imposed by the prior CBA with the APA prohibited American from using or acquiring additional regional jets with more than 50 seats, the new CBA with the APA expands American's ability to acquire additional regional jets with more than 50 seats. Accordingly, the Debtors plan to accelerate the retirement of smaller regional aircraft—those with 50 seats or less—thereby increasing their ability to acquire a significant number of larger regional jets with 51 to 76 seats.

(c) *Section 1110*

As of the Commencement Date, American and ~~American~~ Eagle maintained a combined fleet of over 900 aircraft, substantially all of which were leased or subject to various secured financing arrangements. Under Section 1110 ~~of the Bankruptcy Code~~, beginning 60 days after filing a petition under chapter 11 of the Bankruptcy Code, certain secured parties, lessors, and conditional ~~sales~~ vendors have a right to take possession of certain qualifying Aircraft Equipment that is leased, or subject to a security interest or conditional sale contract, unless the Debtors, subject to approval by the Bankruptcy Court, agree to perform under the applicable agreement and cure certain defaults as provided in Section 1110. Any such action on the part of the Debtors will not preclude the Debtors from later rejecting the applicable lease or abandoning the Aircraft Equipment subject to the related security agreement or from later seeking to renegotiate the terms of the related financing. The Debtors may extend the 60-day period, with Bankruptcy Court approval, by agreement with the relevant financing party. The 60-day period under Section 1110 in the Chapter 11 Cases expired on January 27, 2012. In accordance with the Bankruptcy Court's Order Authorizing the Debtors to (i) Enter into Agreements Under Section 1110(a) of the Bankruptcy Code, (ii) Enter into Stipulations to Extend the Time to Comply with Section 1110 of the Bankruptcy Code, and (iii) File Redacted Section 1110(b) Stipulations (the "**Section 1110 Order**"), dated December 23, 2011 (ECF No. 455), the Debtors have entered into agreements to extend the automatic stay or agreed to perform and cure defaults under financing agreements with respect to substantially all Aircraft Equipment in their fleet.

With respect to certain Aircraft Equipment, the Debtors have reached agreements on, or agreements on key aspects of, renegotiated terms of the related financings, and the Debtors are continuing to negotiate terms with respect to certain of their Aircraft Equipment. The ultimate outcome of these negotiations cannot be predicted with certainty. To the extent the Debtors are unable to reach definitive agreements with the financing parties, those parties may seek to repossess the subject Aircraft Equipment. The loss of a significant number of aircraft could result in a material adverse effect on the Debtors' financial and operating performance.

As of January 31, 2013, and in accordance with the Section 1110 Order, the Debtors ~~had~~ (i) rejected 40 leases relating to 32 mainline aircraft and eight spare engines; (ii) relinquished one aircraft that was subject to a mortgage; (iii) made elections under Section 1110(a) to retain 340 mainline aircraft and 87 spare engines; and (iv) reached agreement on revised economic terms of the financing of 155 mainline aircraft (which agreements are generally subject to certain conditions, including reaching agreement on definitive documentation). In addition, the Debtors reached an agreement with the lessor to modify the leases of 39 Super ATR aircraft. As of ~~December 31~~April 5, 201~~2~~3, ~~30 of the~~all Super ATR aircraft had been returned to the lessor as allowed under the modified agreement~~, and the remaining Super ATR aircraft are expected to be returned to the lessor during 2013~~.

(d) *Key Restructurings*

(i) Embraer Fleet Restructuring

On August 31, 2011, American entered into a Master Purchase Agreement (the "**Eagle Aircraft Purchase Agreement**") with Eagle and Executive, whereby Eagle and Executive agreed to transfer certain aircraft and related assets to American in exchange for American's assumption of Eagle's outstanding debt obligations related to such aircraft (the "**Eagle Aircraft Transaction**"). More specifically, Eagle and Executive transferred, among other things, the Eagle Aircraft—comprised of 47 CRJ-700 aircraft (collectively, the "**CRJ Aircraft**") and 216 Embraer aircraft, comprised of 39 ERJ-135s, 59 ERJ-140s, and 118 ERJ-145s (each, an "**Embraer Aircraft**," and collectively, the "**Embraer Aircraft**"), to American in exchange for American's assumption of Eagle's outstanding debt obligations relating to both the CRJ Aircraft and the Embraer Aircraft (the "**Embraer Aircraft Obligations**") and certain other consideration.

The Embraer Aircraft were originally financed through certain prepetition mortgage financing arrangements with Agência Especial de Financiamento Industrial, as lender ("**FINAME**"), Banco Nacional de Desenvolvimento Econômico e Social ("**BNDES**," and together with FINAME, the "**Financing Parties**") and The Bank of New York Mellon Trust Company, N.A., as security trustee (the "**Security Trustee**"). Shortly after the Commencement Date, the Debtors and the Financing Parties began negotiating the restructuring of the Embraer Aircraft Obligations or the return of the Embraer Aircraft. The Debtors and the Financing Parties, while continuing negotiations for a long-term restructuring of the Embraer Aircraft Obligations, also reached an interim agreement, whereby the parties agreed, among other things, that the Debtors will (i) surrender 18 ERJ-135s (the "**Parked ERJ-135 Aircraft**") that were parked and not necessary to the Debtors' operations and (ii) make monthly security deposit payments with respect to the remaining Embraer Aircraft that will be credited toward payments in respect of Embraer Aircraft Obligations relating to such Embraer Aircraft. Pursuant to such interim agreement, the Debtors surrendered the Parked ERJ-135 Aircraft and transferred title to such Parked ERJ-135 Aircraft to the Security Trustee on June 21, 2012.

To facilitate a long-term restructuring of the remaining Embraer Aircraft Obligations, AMR, American, and Eagle, along with the Financing Parties, the Security Trustee, and certain other parties (collectively, the "**Restructuring Parties**"), agreed to enter into certain transactions (the "**Embraer Restructuring Transactions**"), the terms of which were embodied in the Master Restructuring Term Sheet Relating to 21 ERJ135, 59 ERJ140, and 118 ERJ145 Aircraft (the "**Master Term Sheet**") and the Lease Term Sheet Relating to 21 ERJ135 Aircraft (the "**Lease Term Sheet**," and together with the Master Term Sheet, the "**Term Sheets**"), each dated as of September 3, 2012.

The Embraer ~~Aircraft~~ Restructuring Transactions provided for in the Term Sheets include, among other things, the following:

- **Restructuring the Embraer Aircraft Obligations**.
  - American will transfer and lease back, subject to the terms and conditions set forth in the Lease Term Sheet (including reaching agreement on definitive documentation), the 21 remaining ERJ-135s (the "**Remaining ERJ-135 Aircraft**"), whereby American will pay $40,000/month under leases that will expire between January 1, 2013 and December 31, 2013 and, upon consummation of such transfer and lease back transaction with respect to a Remaining ERJ-135 Aircraft, American will no longer have any payment obligations in respect of the Embraer Aircraft Obligations relating to such Remaining ERJ135 Aircraft;
  - American will make payments, including monthly security deposit payments, in respect of the Embraer Aircraft Obligations relating to all 59 ERJ-140s as if such Embraer Aircraft Obligations have been reduced by 49%~~,~~; *provided, however*, such Embraer Aircraft Obligations will not be formally reduced until existing financing documents relating to such ERJ-140s are amended to implement such reduction in accordance with, and subject to, the terms and conditions (including reaching agreement on definitive documentation and the Debtors' emergence from the Chapter 11 Cases) set forth in the Master Term Sheet;
  - American will make payments, including monthly security deposit payments, in respect of the Embraer Aircraft Obligations relating to 68 of the ERJ-145s (the "**Newer ERJ-145 Aircraft**") as if such Embraer Aircraft Obligations have been reduced by 34%~~,~~; *provided, however*, such Embraer Aircraft Obligations will not be formally reduced until existing financing documents relating to such Newer ERJ-145 Aircraft are amended to implement such reduction in accordance with, and subject to, the terms and conditions (including reaching agreement on definitive documentation and the Debtors' emergence from the Chapter 11 Cases) set forth in the Master Term Sheet; and
  - American will make payments, including monthly security deposit payments, in respect of the Embraer Aircraft Obligations relating to the remaining 50 ERJ-145s without any reduction of such Embraer Aircraft Obligations.
- **Fees, Costs, and Security Deposits**. American will (i) pay certain fees and expenses of the Restructuring Parties, (ii) make monthly security deposit payments with respect to each Remaining ERJ-135 Aircraft until the consummation of the transfer and lease back ~~with~~of such Remaining ERJ-135 Aircraft, and (iii) make monthly security deposit payments with respect to each of the ERJ-140s and ERJ-145s until existing financing documents relating to such Embraer Aircraft are amended in accordance with, and subject to, the terms and conditions (including reaching agreement on

definitive documentation and the Debtors' emergence from the Chapter 11 Cases) set forth in the Master Term Sheet.

- **Bankruptcy Claims**. The Security Trustee will receive an Allowed General Unsecured Claim against both AMR and American in a stipulated amount related to the value of each Embraer Aircraft (i) in the case of a Parked ERJ-135 Aircraft, upon approval of the Term Sheets by the Bankruptcy Court, (ii) in the case of a Remaining ERJ-135 Aircraft, upon consummation of the transfer and lease back transaction with respect to such Remaining ERJ-135 Aircraft, and (iii) in the case of each of the remaining Embraer Aircraft, upon amendment of the existing financing documents associated with such Embraer Aircraft in accordance with, and subject to, the terms and conditions (including reaching agreement on definitive documentation and the Debtors' emergence from the Chapter 11 Cases) set forth in the Master Term Sheet, totaling approximately $650 million in the aggregate.

On October 9, 2012, the Debtors filed a motion with the Bankruptcy Court (the "**Embraer Restructuring Motion**") seeking authority to enter into the Embraer Restructuring Transactions pursuant to Bankruptcy Rule 9019. By order dated November 9, 2012, the Bankruptcy Court approved the Embraer Restructuring Motion (the "**Embraer Restructuring Order**") (ECF No. 5296). On November 9, 2012, the Restructuring Parties entered into the Amended and Restated Master Restructuring Term Sheet Relating to 21 ERJ135, 59 ERJ140 and 118 ERJ145 Aircraft, which amended and restated the Master Term Sheet to reflect the requirements of the Embraer Restructuring Order while preserving the terms of the Embraer Restructuring Transactions described above. The Debtors estimate that the Embraer Restructuring Transactions (including the transfer and lease back of the 21 Remaining ERJ-135 Aircraft as described above, all of which were consummated in December 2012) will reduce the Embraer Aircraft Obligations by approximately $670 million. In addition, by entering into the Embraer Restructuring Transactions, the Debtors are able to (i) avoid costly litigation regarding the value of the Embraer Aircraft, (ii) liquidate the amount of the Financing Parties' claims, and (iii) obtain the flexibility required to "right-size" their regional fleet in connection with the Business Plan.

(ii) EETC Refinancing

American's prepetition debt obligations include, among other things: (i) the secured notes issued in July 2009, with an interest rate of 13% and a final maturity in 2016 (the "**2009-2 Secured Notes**"); (ii) the EETC issued in July 2009, with an interest rate of 10.375% and a final maturity of the related certificates in 2019 (the "**2009-1 EETC**"); and (iii) the EETC issued in October 2011, with an interest rate of 8.625% and a final maturity of the related certificates in 20219 (the "**2011-2 EETC**," and together with the 2009-2 Secured Notes and 2009-1 EETC, the "**Prepetition Notes**"). Each of the Prepetition Notes is secured by different groups of Aircraft Equipment (the "**Aircraft**") and certain other assets. In addition to certain unpaid interest, fees, costs, and expenses owed in connection

with the Prepetition Notes, as of ~~September~~March 3~~0~~1, 201~~2~~3, the principal amount outstanding under each of the Prepetition Notes was $~~445,618,425~~424,335,588 for the 2009-1 EETCs, $~~174,163,156~~159,036,999 for the 2009-2 Secured Notes, and $~~703,645,330~~681,595,987 for the 2011-2 EETCs.

During the second half of 2012, interest rates available in the EETC financing market were at historic lows. As a result, the Debtors determined that obtaining new EETC financing was in the best interest of the Debtors, their estates, and their creditors. On October 9, 2012, the Debtors filed a motion (the "**EETC Motion**") with the Bankruptcy Court seeking an order that, among other things: (i) authorized the Debtors to obtain postpetition financing in an amount up to $1.5 billion secured on a first priority basis by the Aircraft as part of a new EETC financing (the "**New EETC**"); (ii) authorized the Debtors to use Cash on hand, including proceeds of the New EETC, to indefeasibly repay certain existing prepetition obligations secured by the Aircraft, including obligations under the Prepetition Notes, without the payment of any make-whole amount or other premium or prepayment penalty; and (iii) authorized and directed the release of the liens on the Aircraft and other assets that secured the Prepetition Notes and approved the grant of new liens in connection with the New EETC.

By Order dated February 1, 2013, the Bankruptcy Court granted the EETC Motion (the "**EETC Order**") (ECF No. 6521). Shortly thereafter, certain parties in interest (the "**Appellants**") appealed the EETC Order and judgments rendered in certain related adversary proceedings. To avoid the expense of a ~~multi-level~~multilevel appellate process, the Debtors filed a motion for certification for direct appeal to the United States Court of Appeals for the Second Circuit ~~(the "**Second Circuit**")~~ on February 14, 2013. On February 28, 2013, the Bankruptcy Court granted the motion. The Debtors subsequently filed a petition for authorization of the direct appeal and a motion for expedited appeal with the Second Circuit. On April 2, 2013, the Second Circuit granted the Debtors' petition for direct appeal and granted the Debtors' motion for an expedited appeal. Briefing of the appeal ~~will be~~was fully submitted ~~by~~on April 30, 2013, and oral arguments have been scheduled for June 20, 2013.

The Appellants also filed separate motions with the Bankruptcy Court seeking a stay of the EETC Order. On February 22, 2013, ~~The~~the Bankruptcy Court granted a limited stay of the EETC Order until May 1, 2013, provided that the Appellants post a $100 million bond and agree to an expedited briefing schedule ~~(the "**Stay Order**")~~. Because the Appellants ~~have~~did not post~~ed~~ a bond, ~~there is no~~the stay ~~in~~never went into effect. Accordingly, the Debtors may proceed with the EETC Refinancing (either prior to, or in connection with, the consummation of the Plan) unless the Bankruptcy Court's ruling is modified or reversed on appeal. Because the Debtors believe that they ultimately will prevail in such appeal, they may elect to proceed with the EETC Refinancing prior to an appellate decision by the Second Circuit. However, if the Debtors close the New EETC, and if, contrary to the Debtors' expectations, the Second Circuit ultimately modifies or reverses the Bankruptcy Court ruling, the Debtors could be required to pay a make-whole

amount (the "**Make-Whole Amount**") with respect to each issue of the Prepetition Notes that the Debtors have paid off prior to the Second Circuit's modification or reversal of the Bankruptcy Court ruling. The amount of the Make-Whole Amount would depend on, among other things, prevailing Treasury interest rates and the outstanding principal amount of the applicable Prepetition Notes on the applicable determination date. The Debtors estimate that the aggregate Make-Whole Amounts for the Prepetition Notes, calculated as of March 31, 2013, would have be approximately $450 million. A payment of this magnitude would substantially exceed the expected interest savings from the EETC Refinancing and could have a negative impact on the Debtors' liquidity, financial condition, and results of operations.

The Debtors can entirely avoid any negative consequences associated with the payment of the Make-Whole Amount by electing not to close the New EETC. In addition, the Debtors are considering various options that may mitigate the potential negative impact on the Debtors in the event the Prepetition Notes are repaid prior to a decision by the Second Circuit and the Bankruptcy Court's ruling is subsequently modified or reversed by the Second Circuit on appeal. One such option is to purchase by tender offers some or all of the Prepetition Notes. On May 23, 2013, the Debtors filed a motion with the Bankruptcy Court seeking approval to offer to purchase for Cash any and all validly tendered (and not validly withdrawn) Prepetition Notes upon the terms and conditions described in such motion. Such tender offers, to the extent successful, would reduce the ongoing interest costs associated with further delay in consummating the repayment of the Prepetition Notes. Also, to the extent successful, the tender offers would mitigate risks associated with repaying the Prepetition Notes without a ruling from the Second Circuit should the Debtors choose to take this step because, if the Second Circuit subsequently rules that the Make-Whole Amount would be payable in connection with the repayment of any Prepetition Notes, the Debtors would be entitled to the Make-Whole Amount, if any, payable by the Debtors with respect to the Prepetition Notes purchased by the Debtors in such tender offers, and therefore the net out-of-pocket amounts payable by the Debtors in respect of the Make-Whole Amount would be reduced accordingly.

There ~~can be~~is no assurance that (i) any such tender offers would be successful or (ii) the Debtors will be able to effectuate the New EETC on acceptable terms, or at all.

D. SGR Financing

The Debtors require ample liquidity to ensure both the successful continuation of their business operations and favorable pricing of the new equity securities to be issued in connection with the Plan. To meet these liquidity needs and obtain a competitive and sustainable capital structure, the Debtors considered various potential financing arrangements, including, among others, financings secured by certain Slots, Gate Leaseholds, and Route Authorities ("**Slots, Gates, and Routes Financings**").

During the first half of 2013, interest rates available in the market for Slots, Gates, and Routes Financings were at historic lows. Based on such historically low interest rates,

and the capacity of the market to accommodate a large Slots, Gates, and Route Financing, the Debtors concluded that proceeding with such a financing was in the best interest of the Debtors and their economic stakeholders. Accordingly, on April 25, 2013, the Debtors filed a motion (the "**SGR Motion**") with the Bankruptcy Court seeking an order that, among other things: (i) authorized the Debtors to obtain postpetition financing in an aggregate amount up to $2.25 billion and revolving financing in an aggregate amount up to $1 billion secured on a first priority basis by certain Slots, Gate Leaseholds, and Route Authorities of American used to operate non-stop scheduled air service between points in the United States and points in South America and, in the Debtors' discretion, Mexico and Central America (the "**SGR Financing**"); (ii) approved and authorized the Debtors to use Cash on hand (including the proceeds of the SGR Financing) to repay prepetition obligations under certain senior secured notes, with a final maturity in 2012 and an effective interest rate of 10.5% (the "**Prepetition Secured Notes**"); (iii) authorized and directed the release of liens and encumbrances that secured the Prepetition Secured Notes; and (iv) authorized and approved payment by the Debtors of certain costs, including, among others, costs, expenses, and fees in connection with the SGR Financing and repayment of the Prepetition Secured Notes. By order dated May 10, 2013 (the "**SGR Financing Order**") (ECF No. 8124), the Bankruptcy Court granted the SGR Motion.

In addition to the $3.25 billion of financing available to the Debtors pursuant to the SGR Financing Order, the Debtors have, and New AAG will have, multiple sources of liquidity sufficient to pay Allowed Claims and ensure the successful continuation of their business operations following the Effective Date, including: (i) approximately $5.2 billion in Cash and Cash equivalents held by the Debtors as of April 30, 2013; (ii) approximately $2.4 billion in Cash and Cash equivalents held by US Airways as of March 31, 2013; (iii) US Airways's May 2013 offer of $100 million of 2012-2C pass through trust certificates, with an interest rate of 5.45% and a final maturity in 2018; and (iv) US Airways's intention to offer ,subject to consummation of the Merger and market conditions, $500 million of senior secured notes with an interest rate of 6.125% and a final maturity in 2018, announced in May 2013.

E. ~~D.~~ Merger Agreement with US Airways

1. Exploration of Strategic Alternatives

Since the Commencement Date, the Debtors' fundamental goal has been to restore their financial condition and operations to achieve a competitive and sustainable cost structure and to preserve and enhance their going concern value. Accordingly, after consultation with the Creditors' Committee in February 2012, the Debtors adopted a business restructuring plan, a large portion of which has been pursued and successfully implemented during the Chapter 11 Cases. Specifically, as described above, the Debtors' restructuring efforts have encompassed labor cost savings, managerial efficiencies, fleet reconfiguration, and other economies.

The Debtors, in collaboration with the Creditors' Committee, have also expended significant time and resources thoroughly evaluating and analyzing strategic alternatives for their emergence from chapter 11, including strategic business combinations and a plan of reorganization under which the Debtors would emerge from chapter 11 on a ~~stand-alone~~standalone basis without entering into a strategic business combination (the "**Independent Emergence Alternative**"). As of May 1, 2012, the Debtors and the Creditors' Committee entered into the Joint Exploration Protocol Agreement, as amended, and, as of July 19, 2012, the Joint Exploration Protocol Side Letter Agreement, as amended (together, the "**Joint Protocol**"). The objective of the Joint Protocol was to identify and comprehensively evaluate strategic alternatives for the Debtors' emergence from chapter 11 ~~as well as~~, the feasibility of each alternative, and the financial and legal benefits and risks to the Debtors and their stakeholders of each alternative, and ~~to~~ determine the path that would maximize value for all parties in interest.

In furtherance of this objective, the Debtors were determined to explore each realistic alternative. Accordingly, in addition to their discussions with US Airways that ultimately culminated in the Merger Agreement, the Debtors and their advisors approached several other airlines to gauge their interest in a strategic combination. For various reasons, however, discussions with those airlines did not progress because a transaction with any of those airlines was not desirable. The Debtors and their advisors also had discussions with credible potential financial investors with experience in the airline industry to consider financing the Independent Emergence Alternative or a total purchase of American.

After evaluating the potential strategic alternatives, it appeared that a business combination with US Airways was the only viable option for American to consider versus the Independent Emergence Alternative. Notably, a combination with US Airways will, among other things, (i) create a number of synergies with resulting revenue benefits and cost savings to the merged company in an estimated aggregate amount of more than $1 billion in annual net synergies in 2015, (ii) improve traffic flows through, and expand service from, the existing hubs, (iii) increase liquidity and lower leverage as a result of the combined balance sheets of American and US Airways, and (iv) maximize recoveries to the Debtors' economic stakeholders.

2. US Airways

US Airways is a publicly-held ~~held~~ Delaware holding company, formed in 1982, whose primary business activity is the operation of a major network air carrier through its ~~wholly-owned~~wholly-owned subsidiaries US Airways, Inc., Piedmont Airlines, Inc. ("**Piedmont**"), PSA Airlines, Inc. ("**PSA**"), Material Services Company, Inc., and Airways Assurance Limited. Effective upon its emergence from chapter 11 on September 27, 2005, US Airways merged with America West Holdings Corporation, with US Airways as the surviving corporation.

US Airways operates the fifth largest airline in the United States as measured by domestic revenue passenger miles and available seat miles. It has hubs in Charlotte, Philadelphia, Phoenix, and Washington, D.C. US Airways offers scheduled passenger service on more than 3,000 flights daily to approximately 200 communities in the United States, Canada, Mexico, Europe, the Middle East, the Caribbean, and Central and South America. It also has an established East Coast route network, including the US Airways Shuttle service.

3. Negotiations with US Airways

In January 2012 US Airways began publicly asserting its interest in a combination with the Debtors. On April 20, 2012, US Airways announced that it had signed conditional agreements with the employees of American represented by the American Unions, the effectiveness of which was contingent upon a business combination involving US Airways and the Debtors in connection with the Chapter 11 Cases.

In early September 2012, with the support of the Creditors' Committee, US Airways and the Debtors commenced formal discussions regarding a potential merger to be effectuated pursuant to a chapter 11 plan of reorganization. US Airways and the Debtors, in collaboration with the Creditors' Committee, exchanged extensive confidential financial and business information in order to conduct their respective due diligence and assess whether a merger between the two entities was viable and in their respective best interests. Multiple proposals regarding the business terms of a proposed merger were exchanged among the parties, and numerous meetings, conferences, and negotiations were held.

The Debtors and their advisors engaged in an exhaustive evaluation of a merger with US Airways, including a full analysis of potential synergies to be realized, integration risks, costs attendant to implementation of a merger, and a host of other factors. The Debtors kept the advisors of the Creditors' Committee informed throughout the process. On February 13, 2013, after concluding that a merger with US Airways would maximize value for their economic stakeholders and should be expeditiously pursued, AMR, US Airways, and Merger Sub, a Delaware corporation and ~~wholly owned~~wholly-owned subsidiary of AMR, entered into the Merger Agreement, providing for a business combination of ~~AMR and US Airways~~the two airlines.

4. Negotiations with Labor

In order to assist the AMR ~~b~~Board of ~~d~~Directors in its evaluation of a potential merger transaction with US Airways, senior management from AMR and US Airways engaged in intensive negotiations with the leadership of both the APA and the collective bargaining representative of the pilots of US Airways, the US Airline Pilots Association (the "**USAPA**"), in an effort to reach an agreement, to be effective in the event of a merger, that would mitigate labor uncertainty and cost dis-synergies typically associated with airline mergers and the integration of employee work groups. These negotiations took

place over more than a ~~two-plus week~~two-week period in December 2012. On December 29, 2012, the Debtors and US Airways announced that they had reached a four-party Memorandum of Understanding ("**MOU**") with the APA and the USAPA that provided for, among other things, the terms and conditions of employment for the pilots of American and US Airways during the period of separate operations following a merger, processes and timelines for securing a single carrier, and single representative, determinations from the National Mediation Board (the "**NMB**"), and achieving a joint collective bargaining agreement covering the combined pilot group and an integrated pilot seniority list.

The Debtors and US Airways also engaged in discussions with the leaderships of the APFA and the TWU in an effort to further minimize labor risks and cost dis-synergies associated with a merger. Those discussions resulted in a tri-party MOU among the Debtors, US Airways, and the TWU (covering American's ground employees) and a letter of understanding and agreement between US Airways and the APFA (covering American's flight attendants), each of which outlines terms of employment in the event of a merger and processes and timelines for various steps of the integration. Separately, US Airways entered into a tentative agreement regarding the terms of a new collective bargaining agreement with the AFA (the representative of US Airways's ~~'~~ flight attendants) that includes support for a merger, which agreement was ~~recently~~ ratified by the AFA membership on February 28, 2013.

5. The Merger Agreement

(a) *Structure*

~~As noted above, on~~On February 13, 2013, AMR, US Airways, and Merger Sub entered into the Merger Agreement. The Merger Agreement provides that, upon the terms, and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into US Airways (the "**Merger**"), with US Airways as the surviving corporation and a ~~wholly owned~~wholly-owned subsidiary of AMR. Following the Merger, AMR will (i) own, directly or indirectly, all of the equity interests of American, Eagle Holding, US Airways, and their direct and indirect subsidiaries and (ii) be renamed American Airlines Group Inc. ("**New AAG**"). The Merger is to be effectuated pursuant to, and is conditioned on, the occurrence of the Effective Date under the Plan.

(b) *Consideration*

Subject to the terms and conditions of the Merger Agreement, when the Merger becomes effective (the "**Effective Time**"), existing US Airways stockholders will receive one share of common stock, par value $0.01 per share, of New AAG (the "**New Common Stock**") for each share of US Airways Common Stock. The aggregate number of shares of New Common Stock issuable to holders of US Airways equity instruments (including stockholders, holders of convertible notes, optionees, and holders of restricted stock units) will represent 28% of the fully diluted equity ownership of New AAG after giving effect to

the Plan. The remaining 72% fully diluted equity ownership of New AAG will be distributable~~, pursuant to the Plan,~~ to the Debtors' unsecured creditors, labor unions, certain employees, and holders of AMR Equity Interests as provided in the Plan.

All of the Equity Interests in New AAG will be issued solely pursuant to the Merger Agreement or the Plan. All existing AMR Common Stock and other Equity Interests in AMR will be cancelled pursuant to the Plan, although holders of such Equity Interests will receive a recovery under the Plan in the form of New Common Stock.

The Merger is intended to qualify, for federal income tax purposes, as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**").

(c) *Board of Directors*

The Merger Agreement provides that, upon consummation of the Merger, the board of directors of the combined company will initially consist of twelve (12~~-~~) members, composed of (i) five independent directors designated by a ~~s~~Search ~~c~~Committee comprised of certain members of the Creditors' Committee and certain other creditors, (ii) two independent directors designated by AMR, each of whom will be reasonably acceptable to the ~~s~~Search ~~c~~Committee, (iii) three independent directors designated by US Airways, (iv) Thomas W. Horton, ~~AMR's~~the current ~~c~~Chairman of the Board, ~~chief executive officer, and p~~President, and Chief Executive Officer of AMR, who will serve as the initial ~~c~~Chairman of the Board of Directors of New AAG in accordance with the New AAG Bylaws until the earlier of (A) one year after the occurrence of the Merger Closing and (B) the day immediately prior to the first annual meeting of stockholders of the combined company (provided such meeting will not occur prior to May 1, 2014), and (v) W. Douglas Parker, the current Chairman of the Board and Chief Executive Officer of US Airways~~' current chief executive officer~~, who will serve as ~~c~~Chief ~~c~~Executive ~~o~~Officer of New AAG and who will serve as ~~c~~Chairman of New AAG following the end of Mr. Horton's term.

(d) *Covenants*

AMR and US Airways have each made customary representations, warranties, and covenants in the Merger Agreement, including, among others, covenants to conduct their businesses in the ordinary and usual course between the execution of the Merger Agreement and the consummation of the Merger. In addition, the Merger Agreement contains "no shop" provisions that restrict each party's ability to initiate, solicit, or knowingly encourage or facilitate competing third-party proposals for any transaction involving a merger of such party or the acquisition of a significant portion of its stock or assets, although each party may consider competing, unsolicited proposals and enter into discussions or negotiations regarding such proposals, if its board of directors determines that any such acquisition proposal constitutes, or is reasonably likely to lead to, a superior proposal and that the failure to take such action is reasonably likely to be inconsistent with its fiduciary duties under applicable law.

US Airways has agreed, subject to certain exceptions, to certain additional customary covenants in the Merger Agreement, including, among others, (i) to cause a stockholder meeting to be held to consider adoption of the Merger Agreement and (ii) that its board of directors will recommend adoption of the Merger Agreement by US Airways's stockholders. AMR has also agreed, subject to certain exceptions, to certain additional customary covenants in the Merger Agreement, including, among others, (i) to pursue confirmation of the Plan and (ii) that its board of directors will include in this Disclosure Statement a recommendation of the acceptance of the Plan by the Debtors' stakeholders who are entitled to vote on the Plan.

(e) *Conditions*

Consummation of the Merger is subject to customary conditions, including, among others: (i) approval of the adoption of the Merger Agreement by the stockholders of US Airways; (ii) expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the receipt of certain other regulatory approvals; (iii) the absence of any order or injunction prohibiting the consummation of the Merger; (iv) entry of the Confirmation Order, which must contain certain specified provisions defined in the Merger Agreement; (v) subject to certain exceptions, the accuracy of representations and warranties with respect to the business of AMR or US Airways, as applicable; (vi) each of AMR and US Airways having performed their respective obligations pursuant to the Merger Agreement; (vii) the shares of New Common Stock having been authorized for listing on the NYSE or NASDAQ upon official notice of issuance; (viii) the form S-4 Registration Statement having become effective under the Securities Act of 1933, as amended, and (ix) receipt by each of the Debtors and US Airways of a customary tax opinion.

(f) *Termination*

The Merger Agreement contains certain termination rights for AMR and US Airways, and further provides that, upon termination of the Merger Agreement under specified circumstances, (i) AMR may be required to pay US Airways a termination fee of $135 million in the event it terminates the agreement to enter into a superior proposal and $195 million if US Airways terminates the Merger Agreement in the event of a knowing or deliberate material breach of the Merger Agreement by AMR with the actual knowledge of a specified officer of AMR of such breach and (ii) US Airways may be required to pay AMR a termination fee of $55 million in the event it terminates the agreement to enter into a superior proposal and $195 million if AMR terminates the Merger Agreement in the event of a knowing or deliberate material breach of the Merger Agreement by US Airways with the actual knowledge of a specified officer of US Airways of such breach.

(g) *Employee Arrangements*

In connection with the Merger, the Debtors have entered into certain employee compensation and benefit arrangements (collectively, the "**Employee Arrangements**")

affecting certain employees of the Debtors who are not represented by a union. The Employee Arrangements are designed to, among other things: (i) motivate the Debtors' managers to contribute to a successful Merger by offering market-appropriate variable compensation opportunities; (ii) unify the management teams of both the Debtors and US Airways by aligning the compensation provided to the Debtors' managers with programs in place for US Airways's ~~'~~ managers; and (iii) provide the same severance protections currently in place at US Airways for those managers who will not continue with American following the Merger.

(i) Ordinary Course Arrangements

Many of the Employee Arrangements will only come into effect upon the occurrence of the Merger Closing (the "**Merger-Contingent Arrangements**"); however, certain limited arrangements will be implemented in the ordinary course (the "**Ordinary Course Arrangements**"). Accordingly, only the Ordinary Course Arrangements will become effective prior to the Merger Closing and be paid by the Debtors. The Ordinary Course Arrangements encompass normal and customary salary and wage increases of no more than (i) 50 cents per hour or (ii) 1.5% to 3% of the ~~then current~~then-current base pay rates per individual.

(ii) Merger-Contingent Arrangements

Subject to ~~both~~ the occurrence of the Merger Closing ~~and the approval of the Bankruptcy Court~~, the Debtors will adopt and implement the Merger-Contingent Arrangements, including: (i) a profit sharing plan based on 2013 pre-tax profit; (ii) short term incentive plan awards based on both 2013 pre-tax profit and operational performance metrics to be determined by AMR; (iii) long term incentive plan awards, payable in either stock-settled restricted stock units or ~~c~~Cash; (iv) severance arrangements consistent with the terms, conditions, and benefits provided to similarly situated employees of US Airways; and (v) a key employee retention program. Each of these arrangements are described more fully below:

1. Short-Term Incentive Plans. Annual and other short term incentive plans will be adopted and put into effect as to each of the following groups of non-union employees of American and the Eagle Debtors as follows:

a. Profit Sharing. At an employer's sole discretion, with respect to employees levels 5 and below (analysts, supervisors and managers), either (a) profit sharing will be put into effect in respect of 2013 for such employees, agents, reservation and planners, and support staff, or (b) one or more of such groups of employees will receive, in lieu of the opportunity to participate in profit sharing, increase in base or similar compensation; and

b. Short-Term Incentive Plan. Effective for 2013, a short-term incentive plan ("**STI**") will be put in place for American and the Eagle Debtors' managers

at levels 6 and above (senior managers or directors, managing directors, vice presidents, Senior/Executive Vice President and President). Eighty percent of the STI will be based on 2013 pre-tax profit margin (excluding restructuring expenses, change in control transaction expenses and other extraordinary items). The target performance objective will be a two percent pre-tax profit margin with the minimum performance threshold being a positive pre-tax margin and the maximum performance objective being a four percent pre-tax margin. The remaining twenty percent will be based on operational performance metric as determined by AMR. The target performance objective is subject to approval of the compensation committee of the AMR Board.

c. STI amounts as a percentage of annual salary at target and at maximum thresholds are as follows:

Level	**Target**	**Maximum**
Senior Vice President and Executive Vice President (Level 10)	100%	200%
Vice Presidents (Level 9)	65%	130%
Managing Directors (levels 7 & 8)	40%	80%
Senior Managers or Directors (level 6)	18%	36%

2. 2013 Equity LTIP Award. A long term incentive program ("**LTIP**") award will be made to approximately 60% of level 6 employees (senior managers or directors) and 100% of level 7 and above employees in amounts equal to the dollar amounts to be awarded to similarly situated US Airways managers. The LTIP awards will be granted under the Newco 2013 Incentive Award Plan (as such term is defined in the Merger Agreement) in the form of stock-settled restricted stock units ("**RSUs**"), which may be in the form of cash awards (a) to the extent RSUs would have a material adverse effect on New AAG or its subsidiaries' ability to carry forward net operating losses (as determined by AMR prior to the Effective Date) and the Creditors' Committee provides its prior consent (not to be unreasonably withheld), or (b) to the extent that US Airways and the Creditors' Committee have otherwise consented to cash awards. Vesting will be in accordance with the vesting schedule applicable to similarly situated US Airways managers, with the first vesting date in April 2014, and a pro rata amount shall vest upon any termination of employment other than a termination of employment by the applicable employer for cause or resignation by the employee without good reason.

3. Alignment Awards. A long term incentive program award will be made available to approximately 60% of level 6 employees and 100% of level 7 and above employees in an amount equal to the multiple of the pre-petition target award value applicable to their position, as follows: 1.5x the prepetition EVP award for EVPs, SVPs and the Chief Restructuring Officer, and 2.0x for other eligible employees. One third of

such award shall vest on each of the Merger closing date, 12 months after the Merger closing date and 24 months after the Merger closing date. Such awards shall (a) fully vest on a termination of employment for which the employee becomes entitled to severance under the arrangements set forth in subsection (4) below, or (b) vest pro rata upon a termination as a result of retirement, death or disability. Alignment awards will be granted under the Newco 2013 Incentive Award Plan in the form of RSUs; *provided*, *however* (1) to the extent RSUs would have a material adverse effect on New AAG or its subsidiaries' ability to carry forward net operating losses (as determined by AMR prior to the Effective Date), such awards may be in the form of cash awards with prior approval of the Creditors' Committee and US Airways, and (2) alignment awards may be in the form of cash awards with the prior approval of the Creditors' Committee and US Airways.

4. Severance Arrangements. American and the Eagle Debtors will enter into a severance agreement with each employee at level 7 and above, which severance agreements will be substantially consistent with the terms, conditions and benefits of the severance agreements covering similarly situated employees US Airways, except (a) notional target long term incentive plan award amounts shall be utilized for purposes of calculating the amount of severance pay and (b) on termination of employment by the applicable employer without cause or resignation by the employee for good reason, all of an employee's unvested Alignment Awards shall fully vest and 2013 Equity LTIP awards shall vest pro rata. Copies of the forms of severance agreements are annexed as exhibits to Section 4.1(o) of the American Disclosure Letter. The Debtors' current severance plans for its non-union employees at level 6 and below shall continue, but will be amended effective as of the Merger closing date to provide for a minimum severance benefit of 6 months' pay for management employees and 3 months' pay for support staff employees.

5. Retention Program. A key employee retention program ("**KERP**") will be established, in which select groups of level 3, 4, and 6 employees, all level 5 employees, and a select group of up to fifteen level 7 and 8 employees, shall be eligible to participate. Payments under the KERP to any participant shall not exceed 50% of such participant's annual base salary, except with respect to a maximum of 10 participants for whom the KERP payment shall not exceed 100% of such participant's annual base salary. No more than one-third of such KERP payment shall vest on each of the Merger closing date and 6 months after the Merger closing date, with the remainder of the KERP payment vesting 12 months after the Merger closing date. The aggregate payments under the KERP shall not exceed $30 million. All KERP payments that remain unpaid shall fully vest and be payable in full in cash upon any termination of employment for which the employee becomes entitled to severance under subsection (4) described above.

6. Level 5/6 LTIP Program. Awards outstanding under the 2009-2011 LTIP, 2010-2012 LTIP and 2011-2013 LTIP for level 5 and 6 employees at the Debtors shall be assumed by New AAG. Payments will be paid in cash to eligible plan participants (a) under the 2009-2011 LTIP and 2010-2012 LTIP at Merger closing, and (b) under the

2011-2013 LTIP in April 2014. Aggregate payments under the 2009-2011 LTIP, the 2010-2012 LTIP and the 2011-2013 LTIP shall not exceed $29,000,000.

(iii) Chairman Letter Agreement

Pursuant to that certain letter agreement (the "**Chairman Letter Agreement**"), dated February 13, 2013, a copy of which is annexed as Exhibit G to the Merger Agreement, upon the occurrence of the Merger Closing, Mr. Thomas W. Horton's employment as the Chief Executive Officer of AMR shall terminate, and he will be appointed as chairman (the "**Chairman**") of the ~~b~~Board of ~~d~~Directors of New AAG. The Chairman Letter Agreement provides that, subject to the Closing of the Merger, Mr. Horton will be paid compensation of $19,875,000 by New AAG, which will be paid 50% in Cash and 50% in New Common Stock based on the fair market value of the New Common Stock on the Closing Date. This compensation is reflective of, among other things: (i) Mr. Horton's leadership of the Debtors through their restructuring and the strategic process that has culminated in the Merger; and (ii) his appointment as Chairman of New AAG following the Closing. In addition, this compensation is in lieu of any awards Mr. Horton would otherwise have been entitled to under any of the Employee Protection Arrangements as defined and set forth in Section 4.1(o) of the American Disclosure Letter.

The Chairman Letter Agreement also confirms that at the Closing of the Merger, ~~AMR~~ (i) AMR shall recognize all service credited to Mr. Horton under the Supplemental Executive Retirement Plan for Officers of American Airlines, Inc. (the "**SERP**") prior to the Closing; and (ii) Mr. Horton shall be fully vested in his accrued benefits under the SERP.

Pursuant to the Chairman Letter Agreement, Mr. Horton shall serve as the Chairman from the Closing through the earlier of (i) the first anniversary of the Closing and (ii) the day immediately preceding the first annual meeting of the shareholders of New AAG following the Closing (which shall in no event occur prior to May 1, 2014) (the "**Term**"). During the Term, Mr. Horton shall be entitled to receive the same ~~c~~Cash and equity compensation established for service on the New AAG board as a non-employee director pursuant to New AAG's policies as in effect from time to time. In addition, effective as of the Closing, Mr. Horton shall be entitled to lifetime flight and other travel benefits (including spousal and survivor benefits) at a level and on terms and conditions, in each case, that are no less favorable than those to which Mr. Horton was entitled under American's policies in effect prior to the Closing. Legal fees incurred by Mr. Horton in connection with the ~~American~~ Chairman Letter Agreement shall be reimbursed by AMR.

The Chairman Letter Agreement was approved by the AMR Board of Directors without Mr. Horton participating in the decision or the deliberations of the Board with respect thereto. In connection with such approval, the AMR Board of Directors considered, among other things, the advice of professionals retained by the Debtors. The Chairman Letter Agreement was the result of negotiations involving the AMR Board of

Directors, US Airways, and the Creditors' Committee and is an integral element of the Plan. The compensation provided under the Chairman Letter Agreement encompasses several items, including Mr. Horton's ongoing service to the merged enterprise, particularly related to the integration of AMR and US Airways. The AMR Board of Directors believed that Mr. Horton's involvement in this process was critical to a successful integration effort and to the ability to realize the synergies and substantial value to be achieved from the Merger for the benefit of holders of Claims and AMR Equity Interests. The Creditors' Committee supports the Chairman Letter Agreement.

It is a condition precedent to the effectiveness of the Plan and the Merger Agreement that the Chairman Letter Agreement and the proposed payments and benefits to Mr. Horton provided therein be approved by the Bankruptcy Court and be in effect. In connection with confirmation of the Plan, the Debtors are requesting Bankruptcy Court approval of the Chairman Letter Agreement and the payments and benefits provided therein.

(h) *Merger Support Motion*

On February 22, 2013, the Debtors filed a motion (the "**Merger Support Motion**") with the Bankruptcy Court seeking approval of the Merger Agreement, the Debtors' execution and performance under the Merger Agreement, the Employee Arrangements (as defined therein), termination fees related to the Merger Agreement, and other related relief. ~~On April~~By order dated May 1~~1~~0, 2013, the Bankruptcy Court ~~entered a Memorandum of Decision~~ grant~~ing~~ed the relief sought in the Merger Support Motion (including approval of the Employee Arrangements), except the Bankruptcy Court denied approval of the $19,875,000 payment to Mr. Horton, without prejudice to the ability to consider such payment in the context of confirmation of the Plan (ECF No. 8096). As stated above, it is a condition precedent to the effectiveness of the Plan and the Merger Agreement that the Chairman Letter Agreement and the proposed payments and benefits to Mr. Horton provided therein be approved by the Bankruptcy Court and be in effect. In connection with confirmation of the Plan, the Debtors are requesting Bankruptcy Court approval of the Chairman Letter Agreement and the payments and benefits provided therein.

6. The New American Airlines

Upon consummation of the Merger, the combined entity will operate under the American Airlines name, one of the most recognized brands in the world. The combined company expects to offer more than 6,700 daily flights to 336 destinations in 56 countries. The Merger will combine American's and US Airways's ~~'~~ complementary networks, increasing convenience and efficiency and providing more options for customers, as well as creating a network capable of more effectively competing with the now larger global networks operated by Delta and United and with the extensive domestic network operated by and cost advantage of Southwest Airlines. More specifically, as a result of the Merger, the combined company is expected to:

- Generate more than $1 billion in annual net synergies in 2015. Revenue synergies of $900 million are projected as ~~the~~a result of providing significantly enhanced network connectivity and scheduling to allow more passengers, particularly corporate customers and other business travelers, to use the combined airline for their travel needs; fleet optimization; alliance benefits; enhanced corporate travel share; and enhanced frequent flyer program penetration and scale. Additionally, the Merger is expected to provide cost synergies through more efficient use of station services and labor at overlapping stations; optimization of airport and office space and services; reducing management and administration; and the creation of purchasing efficiencies that are projected to total $550 million (or net synergies of $150 million after taking into account improved compensation arrangements for employees). Neither the revenue nor cost synergies would be possible without the Merger.

- ~~As the result of the restructuring of AMR, the profitability of US Airways' business, and those synergies, be~~Be a consistently profitable and financially stable company, with the financial strength and liquidity to invest in improved technology, products, services, and growth, and better able to compete and respond to the competitive challenges and cyclical business conditions of the airline industry.

- ~~As a result of the increased value expected to be created by the Merger would e~~Enable the filing of a proposed plan of reorganization by the Debtors providing for the potential for a full recovery by creditors of the Debtors and a distribution to holders of AMR Equity Interests of 3.5% of the aggregate ownership stake in the combined company with the potential for such Equity Interest holders to receive additional shares of the combined company ~~(the implementation of such a plan of reorganization is subject to confirmation and consummation in accordance with the provisions of the Bankruptcy Code and the closing of the Merger)~~.

- Provide its employees with improved job security, better opportunities for advancement, better pay, and a path to compensation and benefits comparable to those enjoyed by their counterparts at Delta and United.

- ~~As a result, have~~Have the support of both companies' employees and labor unions. That support for the merger has resulted in agreements with those unions that significantly mitigate the risk of future labor uncertainty.

- Benefit from an experienced and highly motivated management team lead by Doug Parker and assembled from the best executives of American and US Airways.

- Enhance connectivity with, the competitiveness of, and revenues generated by, the **one**world® alliance, by expanding joint businesses with British Airways and Iberia across the Atlantic and with Japan Airlines and Qantas

across the Pacific and providing the **one**world® partner airlines with access to connecting hubs in the Northeastern and Southeastern ~~U.S.~~United States, creating more opportunities for travel and benefits both domestically and internationally.

- Maintain current hubs of both American and US Airways, and service to all American and US Airways communities, resulting in improved traffic flow~~s~~, increased service to existing markets, and expansion of service to new markets, thus creating improved efficiency and more choices for customers.
- ~~As deliveries of new aircraft under American's agreements with Boeing and Airbus and US Airways' agreements with Airbus, o~~Operate one of the most modern and efficient fleets in the industry as deliveries of new aircraft are received under American's agreements with Boeing and Airbus and US Airways's agreements with Airbus.
- After the combination of the AAdvantage® and Dividend Miles frequent flyer programs, offer the industry's leading loyalty program with improved benefits through expanded opportunities to earn and redeem airline miles.

The combined companies expect to incur approximately $1.2 billion in transition and other one-time costs of integrating the two airlines. These costs include the standardization of the two companies' fleets, airport facility standardization and co-location, information technology integration, employee training, severance and relocation, and other one-time expenses. The integration costs are projected to take place within the first three years of the combination, with the majority of the costs occurring in the first two years.

The combined airline will be headquartered in Dallas-Fort Worth, Texas and will maintain a significant corporate and operational presence in Phoenix, Arizona. Thomas W. Horton, the current Chairman of the Board, ~~CEO and~~ President~~,~~ and Chief Executive Officer of AMR, will serve as the initial Chairman of the ~~new company's~~ Board of Directors of New AAG in accordance with the New AAG Bylaws until the earlier of (A) one~~w company's~~year after the occurrence of the Merger Closing and (B) the day immediately prior to the first annual meeting ~~in~~of stockholders of the combined company (provided such meeting will not occur prior to May 1, 2014). ~~Doug~~W. Douglas Parker, the current Chairman of the Board and ~~CEO for~~Chief Executive Officer of US Airways, will serve as ~~the CEO for the combined company,~~Chief Executive Officer of New AAG and who will serve as Chairman of New AAG following the ~~new company's Board after~~end of Mr. Horton's term.

7. Support and Settlement Agreement

On February 13, 2013, in conjunction with the Merger Agreement, the Debtors entered into the Support and Settlement Agreement with certain members (the "**Consenting Creditors**") of the Ad Hoc ~~Group~~Committee of AMR Corporation Creditors

(the **"Ad Hoc Committee**") and certain other creditors holding approximately $1.2 billion in aggregate prepetition unsecured Claims. Pursuant to the terms of the Support and ~~s~~Settlement ~~a~~Agreement, each Consenting Creditor has agreed, among other things, and subject to certain conditions, to vote in favor of the Plan, generally support confirmation and consummation of the Plan, and not to support or solicit any plan in opposition to the Plan.

The Support and Settlement Agreement may be terminated upon the occurrence of certain events, including: (a) certain breaches by the Debtors or the Consenting Creditors under the Support and Settlement Agreement; (b) termination of the Merger Agreement or the announcement by AMR or US Airways of ~~their~~its intent to terminate the Merger Agreement (in which case the Support and Settlement Agreement would terminate automatically); (c) the failure to meet certain milestones with respect to achieving confirmation and consummation of the Plan; (d) the filing, amendment, or modification of certain documents, including the Plan, in a manner materially inconsistent with the Support and Settlement Agreement and materially adverse to a Consenting Creditor (in which case the Support and Settlement Agreement can be terminated by such Consenting Creditor solely with respect to itself); (e) the amendment or modification of the Merger Agreement in a manner that is materially adverse to a Consenting Creditor (in which case the Support and Settlement Agreement can be terminated by such Consenting Creditor solely with respect to itself); and (f) if the volume weighted average price of US Airways Common Stock for the thirty (30~~-~~) trading days ending on the last trading day immediately prior to the date of termination is less than $10.40. Termination of the Support and Settlement Agreement would give the Consenting Creditors the right to withdraw their support of the Plan.

In addition, the Support and Settlement Agreement provides that the Debtors shall reimburse or pay, as the case may be, as ~~a~~Allowed ~~a~~Administrative ~~e~~Expenses pursuant to sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code, (A) all reasonable and documented fees and expenses reasonably incurred by all counsel and the financial advisors to the Ad Hoc Committee (i) prior to February 13, 2013, to the extent not already reimbursed, and (ii) from and after February 13, 2013, so long as either a Majority of the Initial Consenting Creditors (as defined in the Support and Settlement Agreement) that are members of the Ad Hoc Committee are obligated under the Support and Settlement Agreement to support the Plan and have not breached such obligation or a Majority of the Ad Hoc Committee Members (as defined in the Support and Settlement Agreement) are Consenting Creditors and have not breached such obligation, which shall include (a) the reasonable fees and expenses of counsel to the Ad Hoc Committee~~,~~ and (b) the monthly fees and reasonable expenses of the financial advisors to the Ad Hoc Committee, which shall consist of a monthly fee of $150,000, (B) a deferred fee to the financial advisors to the Ad Hoc Committee, in an amount equal to the lesser of (x) 0.50% of the aggregate recoveries under the Plan to the holders of certain identified funded debt obligations (the "**Noteholder Recoveries**"), and (y) $13 million (the "**Deferred Fee**"), payable within one Business Day following the calculation of the Noteholder Recoveries and pursuant to the

Plan, and (C) all reasonable fees and expenses of counsel and the financial advisors to Bank of New York Mellon and certain of its affiliates and Law Debenture Trust Company of New York (in accordance with the terms of their respective engagement letters), from and after November 9, 2012, to the extent such fees and expenses are allocable to negotiations with parties regarding the Plan term sheet, including, with respect to the aforementioned financial advisors, a monthly fee of no more than $200,000, and a completion fee of no more than $700,000 (the "**Completion Fee**") payable on the Effective Date. The Support and Settlement Agreement provides that all of the foregoing fees and expenses other than the Deferred Fee and the Completion Fee shall be paid promptly upon delivery of an invoice to the Debtors, but in no event later than ten (10) Business Days following such delivery and are, once paid, not refundable under any circumstances and will not be subject to counterclaim or set-off for, or be otherwise affected by, any claim or dispute relating to any other matter. The Support and Settlement Agreement further provides that the Completion Fee shall be paid on the Plan Effective Date and the Deferred Fee shall be paid within one Business Day following the calculation of the Noteholder Recoveries.

On [_____ __]May 14, 2013, the Debtors filed a motion (the "**Support Agreement Motion**") with the Bankruptcy Court seeking authority to enter into the Support and Settlement Agreement. By order dated [_____ __], 2013, the Bankruptcy Court granted the relief requested inObjections to the Support Agreement Motion were due May 28, 2013, and the hearing is scheduled for June 4, 2013.

F. E. Other Events During the Chapter 11 Cases

1. First Day Motions

On the Commencement Date, the Debtors filed certain motions seeking relief intended to ensure a seamless transition between the Debtors' prepetition and postpetition business operations and facilitate the smooth administration of the Chapter 11 Cases (the "**First Day Motions**"). The Bankruptcy Court granted substantially all of the relief requested in the First Day Motions and entered various orders authorizing the Debtors to, among other things:

- Continue paying employee wages and benefits;
- Continue the use of the Debtors' cash management system, bank accounts, and business forms;
- Continue insurance programs and modify the automatic stay as to workers' compensation Claims;
- Continue certain customer programs, including the AAdvantage Program;
- Pay certain prepetition taxes and assessments;
- Pay certain prepetition obligations to foreign creditors;

- Pay certain critical vendors and certain vendors for prepetition orders of goods to be delivered postpetition;
- Pay prepetition Claims of certain contractors and certain Claims related to ongoing improvement projects at certain airport facilities;
- Restrict certain transfers of Claims against, and Equity Interests in, the Debtors' estates;
- Establish procedures for utility companies to request adequate assurance of payment and to prohibit utility companies from altering or discontinuing service;
- Continue performance under certain derivative contracts, including fuel hedging contracts; and
- Continue letter of credit and surety bond programs.

2. Appointment of Creditors' Committee

On December 5, 2011, the Creditors' Committee was appointed by the Office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") pursuant to section 1102 of the Bankruptcy Code to represent the interests of unsecured creditors in the Chapter 11 Cases. The Creditors' Committee currently consists of the following nine members:

Allied Pilots Association	**The Bank of New York Mellon**
Transport Workers Union of America – AFL-CIO	**Pension Benefit Guarant~~y~~ee Corporation**
Association of Professional Flight Attendants	**Hewlett-Packard Enterprise Services, LLC**
Manufacturers and Traders Trust Company	**Boeing Capital Corporation**
Wilmington Trust Company	

The Creditors' Committee retained Skadden, Arps, Slate, Meagher & Flom LLP, as its attorneys; Togut, Segal & Segal LLP, as its co-counsel; Mesirow Financial Consulting, LLC, as its financial advisors; Moelis & Company LLC, as its investment banker; Epiq Bankruptcy Solutions, LLC, as its information agent; Collateral Verifications, LLC, as its valuation consultant; and Hay Group, Inc., as its compensation consultant. The Creditors' Committee has actively participated in all aspects of the Chapter 11 Cases.

3. Appointment of Retiree Committee

On March 23, 2012, the Retiree Committee was appointed by the U.S. Trustee pursuant to section 1114 of the Bankruptcy Code to represent the interests of retired

persons in the Chapter 11 Cases. The Retiree Committee currently consists of the following five members:

James Sovich (member of Allied Pilots Association)	**Charles MarLett (Non-Union Retirees)**
Transport Workers Union of America – AFL-CIO	**Rita Kepple (Non-Union Retirees)**
Association of Professional Flight Attendants	

The Retiree Committee retained Jenner & Block LLP, as its attorneys, The Segal Company, as its actuarial consultants, and Zolfo Cooper LLC, as its financial advisors.

4. Appointment of Fee Examiner

On May 24, 2012, the U.S. Trustee, the Debtors, and the Creditors' Committee filed a stipulation with respect to the appointment of Robert J. Keach as fee examiner, which was "so ordered" by the Bankruptcy Court on June 12, 2012, effectuating Mr. Keach's appointment as the fee examiner in the Chapter 11 Cases.

5. Requests for Appointment of Committee of Equity Security Holders

During the initial stages of the Chapter 11 Cases and in early 2013, the U.S. Trustee received requests from, or on behalf of, holders of AMR Common Stock for the appointment of an Official Committee of Equity Security Holders in the Chapter 11 Cases. Those requests were declined by the U.S. Trustee.

6. Protection of Tax Benefits/AMR Trading Order

(a) *Entry of AMR Trading Order*

The Debtors' net operating loss ("**NOL**") carryforwards, alternative minimum tax ("**AMT**") credits, and certain other tax attributes are valuable assets of the Debtors' estates. As of December 31, 2012, AMR and its domestic corporate subsidiaries (the "**AMR Group**") had consolidated NOL carryforwards, for U.S. federal income tax purposes, of approximately $6.6 billion, and AMT credits of approximately $370 million. These tax attributes are valuable because, for U.S. federal income tax purposes, a corporation can carry forward NOLs and AMT credits to offset future income or tax, thereby reducing its tax liability in future periods. The Debtors believe that, even after taking account of any cancellation of debt impact of the Plan on the Debtors (which is not expected to be significant), the Debtors' NOL carryforwards and other tax attributes may result in significant future tax savings. These savings would enhance the Debtors' Cash position and significantly contribute to the successful reorganization of the Debtors.

The ability of the Debtors to use their NOL carryforwards and other tax attributes is subject to certain statutory limitations. In particular, section 382 (in coordination with

section 383) of the Tax Code limits a corporation's ability to use its NOLs and certain other tax attributes after the corporation undergoes a proscribed change of ownership. Although an ownership change of the Debtors is (and was) expected to occur upon implementation of the Plan, the limitations imposed by section 382 of the Tax Code upon a change of ownership pursuant to a confirmed plan are significantly more relaxed than those otherwise applicable, particularly, under section 382(l)(5) of the Tax Code, if the plan involves the retention or receipt of at least half of the stock of the reorganized debtor by its shareholders and/or qualified creditors.

Accordingly, on the Commencement Date, in order to protect the value of their NOL carryforwards and other tax attributes, the Debtors sought and obtained relief from the Bankruptcy Court to (i) ~~to~~ restrict the accumulation of Equity Interests above a specified threshold and (ii) ~~to~~ monitor and potentially restrict the accumulation of unsecured Claims above a specified threshold (subject to adjustment) and, under certain circumstances, upon a further order of the Bankruptcy Court, require certain large holders of unsecured Claims to sell all or a portion of any such Claims acquired during the Chapter 11 Cases (as amended, the "**AMR Trading Order**"). A Final Order was entered by the Bankruptcy Court on January 27, 2012 (effective as of the Commencement Date) (ECF No. 890), and amended on April 11, 2013 (ECF No. 7591). The provisions of the AMR Trading Order with respect to Claims (the "**Claims Trading Procedures**") did not originally envision the Merger and, thus, did not contemplate that persons holding Claims also may receive New Common Stock as a result of being a stockholder of US Airways. Although the original provisions had sufficient flexibility to accommodate the Merger, to rely on the original order without modification would have unduly restricted the amount of Claims that certain parties could accumulate or retain. Thus, the Debtors sought and obtained an amended trading order in light of the Merger, as well as the potential distribution of New Common Stock to holders of Equity Interests. The AMR Trading Order is attached as Exhibit "C" to the Plan, which is annexed hereto as **Exhibit "A."**

(b) *Application of Claims Trading Procedures*

The following summarizes certain aspects of the Claims Trading Procedures, which are set forth in their entirety in the AMR Trading Order, attached as Exhibit "C" to the Plan, which is annexed hereto as **Exhibit "A."** This summary is qualified in its entirety by reference to the AMR Trading Order, and any defined terms used in this section and not otherwise defined have the meaning set forth in the AMR Trading Order. **YOU SHOULD READ THE AMR TRADING ORDER IN ITS ENTIRETY BEFORE DETERMINING WHETHER OR NOT THE CLAIMS TRADING PROCEDURES APPLY TO YOU.**

The Claims Trading Procedures establish a process pursuant to which holders of unsecured Claims in excess of a threshold amount are required to file one or more Notices of Substantial Claim Ownership, and, under certain circumstances, may be required to sell all or a portion of any unsecured Claims acquired during the Chapter 11 Cases. The notification requirements of these procedures apply in the event the Debtors (or any other

plan proponent) propose a 382(l)(5) Plan. The Plan constitutes a 382(l)(5) Plan in that the Debtors have determined that they likely will benefit from the application of section 382(l)(5) of the Tax Code and reasonably anticipate utilizing such section. For a discussion of the material U.S. federal income tax consequences of the Plan to the Debtors and the potential impact on the Debtors' tax attributes, *see* Section ~~VI~~VI of this Disclosure Statement.

Notice of Substantial Claim Ownership. In accordance with the Claims Trading Procedures, any person (or in certain cases, group of persons) that beneficially owns (within the meaning of the AMR Trading Order) a Large Amount (defined below) of unsecured Claims as of the ~~Initial~~Final Determination Date must file a Notice of Substantial Claim Ownership on or before the ~~Initial~~Final Reporting Deadline. The ~~Initial~~Final Determination Date and ~~Initial~~Final Reporting Deadline are required to be set forth in the ~~proposed~~ disclosure statement as finally approved with respect to the 382(l)(5) Plan. **Accordingly, as disclosed above (*see* Section ~~I.B.~~I.B of this Disclosure Statement), all holders of a Large Amount of unsecured Claims as of ~~May 24~~July 1, 2013 (the ~~Initial~~"Final Determination Date") must file a Notice of Substantial Claim Ownership no later than ~~May 31~~July 8, 2013 (the ~~Initial~~"Final Reporting Deadline").**

~~In addition, any person (or in certain cases, group of persons) that beneficially owns a Large Amount of unsecured Claims as of the Final Determination Date must file a Notice of Substantial Claim Ownership on or before the Final Reporting Deadline. As required by the Claims Trading Procedures, the Final Determination Date and the Final Reporting Deadline will be set forth in the disclosure statement approved by the Bankruptcy Court.~~

In accordance with the Claims Trading Procedures, and pursuant to the proposed Disclosure Statement filed on April 15, 2013 (ECF No. 7632) (which served as the operative document for this purpose), holders of unsecured Claims in excess of a specified amount as set forth therein were required to file a Notice of Substantial Claim Ownership on or before the Initial Reporting Deadline.[8] Regardless of whether a holder of a Large Amount of unsecured Claims previously filed such notice, a new Notice of Substantial Claim Ownership reflecting ownership as of the Final Determination Date must be filed by the Final Reporting Deadline.

In addition to disclosing certain Claim and stock ownership information, any persons required to file a Notice of Substantial Claim Ownership must indicate whether they agree to refrain from acquiring beneficial ownership of additional Owned Interests (i.e., AMR Equity Interests and US Airways Common Stock), and options to acquire the

[8] Any person (or in certain cases, group of persons) that beneficially owned in excess of $190 million of unsecured Claims as of May 24, 2013 (the Initial Determination Date), or such lesser amount as set forth in the proposed disclosure statement, was required to file a Notice of Substantial Claim Ownership on or before May 31, 2013 (the Initial Reporting Deadline).

same, until after the Effective Date, and to dispose of any Owned Interests acquired since February 22, 2013. If a holder does not so agree, the amount of unsecured Claims that such holder may be required to sell under certain circumstances may be greater than would otherwise be the case. A holder that previously filed a Notice of Substantial Claim Ownership indicating its agreement must continue to reflect its agreement on any subsequent Notice of Substantial Claim Ownership.

All holders of a substantial amount of unsecured Claims are urged to consult their tax advisors in connection with (i) determining whether they beneficially own a Large Amount of unsecured Claims and (ii) completing the Notice of Substantial Claim Ownership (the form of which is an exhibit to the AMR Trading Order).

A person (or if applicable, group of persons) beneficially owns (directly or indirectly) a Large Amount of unsecured Claims if such person (or group) beneficially owns: ~~(~~

i. ~~i)~~ more than $190 million of unsecured Claims (including postpetition interest through June 21, 2013); or ~~(~~

ii. ~~ii) a~~such lower amount of unsecured Claims which (based on the information set forth below), when taken together with any Equity Interests or US Airways Common Stock ~~or Equity Interests~~ beneficially owned by such person(s), would result in such person(s) holding a 4.5% stock ownership in New AAG (i.e., the "Applicable Percentage of Post-Emergence AMR," as defined below).

See paragraph (b)(ii)(1) of the Claims Trading Procedures (which describes which holders must file a Notice of Substantial Claim Ownership). For purposes of determining whether a person (or group of persons) is required to file a Notice of Substantial Claim Ownership (if not otherwise required to do so by reason of beneficially owning more that $190 million of unsecured Claims), such person (or group of persons) must determine whether it beneficially owns a Large Amount of unsecured Claims as of the ~~Initial~~Final Determination Date on the basis of the following:

- AMR Equity Interests and US Airways Common Stock shall constitute "Owned Interests".
- The "Applicable Percentage of Post-Emergence AMR" is a 4.5% stock ownership in New AAG, determined based on:
  - Each $[~~5~~68.~~5~~9] million of Double-Dip General Unsecured Claims (~~ex~~including postpetition interest through June 21, 2013) as equal to a one-percent interest in the equity of New AAG.
  - Each $[92.6] million of Single-Dip General Unsecured Claims (including postpetition interest through June 21, 2013) other than DFW

1.5x Unsecured Special Facility Revenue Bond Claims as equal to a one-percent interest in the equity of New AAG.

- Each $[67.6] million of DFW 1.5x Unsecured Special Facility Revenue Bond Claims (including postpetition interest through June 21, 2013) as equal to a one-percent interest in the equity of New AAG.

- Each [4.3-] million shares of US Airways Common Stock as equal to a one-percent interest in the equity of New AAG (with any US Airways convertible debt or options taken into account based on the number of shares of US Airways Common Stock into which they may be converted or for which they may be exercised).

- Each [~~5~~7.~~5~~2] million shares of AMR Common Stock as equal to a one-percent interest in the equity of New AAG (with any AMR options taken into account based on the number of shares of AMR Common Stock for which they may be exercised).

~~These numbers may be updated for purposes of the Final Determination Date.~~

For purposes of the Claims Trading Procedures, a "Claim" means any unsecured ~~c~~Claim under which any of the Debtors is the obligor, which for this purpose shall include (i) the unsecured portion of any tax-exempt bonds and (ii) all ETCs, PTCs, and EETCs to the extent of their interest in any unsecured ~~c~~Claims against the Debtors (other than certain leveraged lease structures). In the case of a ~~s~~Secured ~~c~~Claim, that portion of the ~~c~~Claim (including such portion attributable to accrued and unpaid interest) that exceeds the current fair market value of the security shall be considered an unsecured Claim.

The above amounts of unsecured Claims and shares of US Airways Common Stock or AMR Common Stock expected to result in a one-percent interest in the equity of New AAG were computed based, in part, on the following assumptions: (i) an assumed Effective Date of August 31, 2013, (ii) an estimate of the aggregate amount of Double-Dip General Unsecured Claims and Single-Dip General Unsecured Claims projected to be ultimately allowed, (iii) a reasonable range of values for the New Common Stock as of the projected Effective Date with a corresponding value for the New Mandatorily Convertible Preferred Stock, and (iv) in accordance with applicable Treasury regulations, the maximum potential percentage ownership that may be acquired per dollar of unsecured Claim or share of AMR Common Stock taking into account the additional shares of New Common Stock that could be received (other than pursuant to the conversion of the New Mandatorily Convertible Preferred Stock). The computation was done separately for each class of unsecured Claims, and for the AMR Equity Interests and US Airways Common Stock.

Please note that a holder of a Large Amount of unsecured Claims may or may not be a "Substantial Claimholder" for purposes of determining whether such holder may,

under certain circumstances, be required to sell down all or any portion of an unsecured ~~c~~Claim acquired during the Chapter 11 Cases. The standard for having to file a Notice of Substantial Claim Ownership is different than the definition of a Substantial Claimholder.

Limitation on Acquiring Claims After the Final Determination Date. Following the Final Determination Date, any acquisition of unsecured Claims by a Substantial Claimholder (as defined in the AMR Trading Order), or by a person or Entity who would become a Substantial Claimholder as a result of the contemplated transaction, is not permitted unless the potential transferee files a Claims Acquisition Request at least ten (10) business days prior to the proposed transfer date and such request is approved by the Debtors in writing. If not approved within eight (8) business days after such filing, the request will be deemed rejected.

Accordingly, any person or Entity that beneficially owns a Large Amount of unsecured Claims and who wishes to acquire additional unsecured Claims after the Final Determination Date is urged to consult with the Debtors as to its potential status as a Substantial Claimholder.

Sell-Down Procedures. Following the Final Determination Date, if the Debtors determine that Substantial Claimholders (as defined in the AMR Trading Order) must sell or transfer all or a portion of their beneficial ownership of unsecured Claims in order to reasonably ensure that the requirements of section 382(l)(5) of the Tax Code will be satisfied, the Debtors may request, after notice to the Creditors' Committee and the relevant Substantial Claimholder(s) and a hearing, that the Bankruptcy Court enter an order approving the issuance of a notice (each, a "**Sell-Down Notice**") that such Substantial Claimholder must sell, cause to sell, or otherwise transfer a specified amount of its beneficial ownership of Claims (by class or other applicable breakdown) equal to the excess of (x) the amount of unsecured Claims beneficially owned by such Substantial Claimholder over (y) the Maximum Amount for such Substantial Claimholder (such excess amount, an "**Excess Amount**"). The motion will be heard on expedited notice such that the Bankruptcy Court can render a decision at or before the hearing on confirmation of the 382(l)(5) Plan. If the Bankruptcy Court approves the Debtors' issuance of a Sell-Down Notice, the Debtors will provide the Sell-Down Notice to the relevant Substantial Claimholder.

No Substantial Claimholder will be required to sell, cause to sell, or otherwise transfer any beneficial ownership of unsecured Claims if such sale or transfer would result in the Substantial Claimholder having beneficial ownership of an aggregate amount of unsecured Claims (by class or other applicable breakdown) that is less than such Substantial Claimholder's Protected Amount.

Each Sell-Down Notice will direct the Substantial Claimholder to sell, cause to sell, or otherwise transfer its beneficial ownership of the amount of unsecured Claims specified in the Sell-Down Notice to permitted transferees (the "**Sell-Down**"); *provided, however*, that such Substantial Claimholder shall not have a reasonable basis to believe that any such

permitted transferee would own, immediately after the contemplated transfer, an Excess Amount of unsecured Claims; and *provided, further*, that a Substantial Claimholder that has properly notified the transferee of the existence of the AMR Trading Order and its equity forfeiture provisions in the event of a violation will not be treated as having such reasonable basis in the absence of notification or actual knowledge that such transferee would own, after the transfer, an Excess Amount of unsecured Claims.

Each Substantial Claimholder subject to the Sell-Down must, as a condition to receiving any stock of New AAG (or options to acquire stock), serve upon the Debtors, its attorneys, and the attorneys for the Creditors' Committee, a notice (in the form prescribed) that such Substantial Claimholder has complied with the terms and conditions of the Sell-Down and that such Substantial Claimholder does not and will not hold an Excess Amount of Claims as of the Sell-Down Date and at all times through the effective date of the 382(l)(5) Plan. Any Substantial Claimholder who fails to comply with this provision will not receive any New Mandatorily Convertible Preferred Stock and/or New Common Stock (or options to acquire such stock) with respect to any Excess Amount of its unsecured Claims. The date by which the Sell-Down must occur, and the described notice must be served, is the later of (i) five (5) Business Days after the entry of an order approving the 382(l)(5) Plan and (ii) such other date specified in the Sell-Down Notice, as applicable, but before the effective date of the 382(l)(5) Plan.

7. Reclamation Claims and 503(b)(9) Claims

During the initial stages of the Chapter 11 Cases, the Debtors received demands from 115 parties (the "**Reclamation Claimants**") asserting the right, pursuant to section 546(c) of the Bankruptcy Code, to reclaim an aggregate of approximately $79 million in goods purportedly delivered to the Debtors prior to the Commencement Date (the "**Reclamation Claims**"). The Debtors believe~~d that~~ only 89 of such Reclamation Claims are valid.

In an effort to avoid costly litigation regarding the Reclamation Claims, the Debtors formulated procedures (the "**Reclamation Procedures**") whereby the Reclamation Claimants could substantiate, and the Debtors could assess, the validity of such Reclamation Claims. On December 14, 2011, the Bankruptcy Court entered an order approving the Reclamation Procedures, which, among other things, required (i) the Reclamation Claimants to file a written demand asserting their Reclamation Claims in accordance with the procedures and time periods prescribed in section 546(c) of the Bankruptcy Code and (ii) the Debtors to file a notice with the Bankruptcy Court stating the amounts of the timely filed Reclamation Claims that the Debtors determined to be valid. The Reclamation Procedures permitted the Reclamation Claimants to object to the amounts set forth in the notice. Absent an objection, the Reclamation Claims identified in the notice are deemed Allowed in the amounts set forth therein. The Debtors are also authorized to settle any outstanding Reclamation Claims after notice and expiration of an objection period. To date, Reclamation Claims have been Allowed in the aggregate amount of approximately $36.6 million.

In addition to the Reclamation Claims, over 400 parties (the "**503(b)(9) Claimants**") have filed 661 Claims (the "**503(b)(9) Claims**") asserting that the value of any goods sold to the Debtors in the ordinary course of the Debtors' business and received by the Debtors within twenty (20-) days prior to the Commencement Date should be allowed as an administrative expense pursuant to section 503(b)(9) of the Bankruptcy Code. The filed 503(b)(9) Claims total over $1 billion.

In order to avoid piecemeal litigation regarding the 503(b)(9) Claims, the Debtors formulated procedures (the "**503(b)(9) Procedures**") whereby the 503(b)(9) Claimants could substantiate their Claims. On December 14, 2011, the Bankruptcy Court entered an order approving the 503(b)(9) Procedures, which set February 13, 2012 as the deadline for the 503(b)(9) Claimants to file their proofs of Claim and granted the Debtors a 75-day period to object to such Claims. In accordance with the 503(b)(9) Procedures, the Debtors filed five omnibus objections seeking to allow, reclassify, and/or disallow certain 503(b)(9) Claims. On September 21, 2012 and March 18, 2013, the Bankruptcy Court entered orders allowing, disallowing, and/or reclassifying approximately 350 those 503(b)(9) Claims, respectively. To date, 503(b)(9) Claims have been Allowed in the aggregate amount of approximately $23 million.

8. Claims Process

On May 4, 2012, the Bankruptcy Court entered an order (the "**Bar Date Order**"), which, among other things, (i) established July 16, 2012 (the "**Bar Date**") as the deadline for certain persons and entities to file proofs of Claim in the Chapter 11 Cases and (ii) approved the form and manner of the Bar Date notice. The Debtors provided notice of the Bar Date as required by the Bar Date Order. To date, approximately 13,500 proofs of Claim have been filed against the Debtors in the aggregate amount of approximately $290 billion. Of those proofs of Claim, approximately 5~~00~~31, aggregating approximately $~~59~~13.5 ~~m~~billion, were filed after the Bar Date.[9] The Debtors expect new and amended proofs of Claim to be filed in the future, including amended proofs of Claim originally filed with no designated value.

On March 28, 2012, the Bankruptcy Court entered an order authorizing the Debtors to settle certain Claims in accordance with the procedures (the "**Claim Settlement Procedures**") approved therein. In accordance with the Claim Settlement Procedures, the Debtors are authorized to settle certain Claims for which the aggregate Allowed amount (the "**Settlement Amount**") is less than or equal to $1 million without prior approval of the Bankruptcy Court or any other party in interest. In addition, with the consent of the Creditors' Committee, the Debtors are authorized to settle Claims for which the Settlement Amount is (a) between $1 million and $10 million or (b) within 10% of the non-

[9] Of the 531 late-filed Claims, 99 Claims, aggregating approximately $54.2 million, have been Disallowed or expunged. Additionally, 57 Claims, aggregating $13,435,900,576.19, have been identified for, or are currently subject to, an objection, including the Claims of one individual totaling $13,435,341,715.00.

contingent, liquidated amount listed on the Debtors' Schedules (so long as the difference in amount does not exceed $1 million and the Settlement Amount is $20 million or less). The Debtors are also authorized to settle Claims where some or all of the consideration is being provided by a third party and/or where the Debtors are releasing ordinary course Claims against creditors or third parties related to the liquidation of the Claim. Pursuant to the Claim Settlement Procedures, the Debtors have filed and served quarterly reports of all Claim settlements entered into during the prior quarter, unless such settlements were the subject of a separate motion pursuant to Bankruptcy Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**").

On September 21, 2012, the Bankruptcy Court entered an order authorizing the Debtors to object to Claims in accordance with the procedures (the "**Claim Objection Procedures**") approved therein. In addition to the grounds set forth in Bankruptcy Rule 3007(d), the Claim Objection Procedures authorize the Debtors to file omnibus objections to Claims seeking reduction, reclassification, or disallowance of Claims based on the following grounds: (i) the amount claimed contradicts the Debtors' books and records; (ii) the Claims were incorrectly classified; (iii) the Claims seek recovery of amounts for which the Debtors are not liable; (iv) the Claims do not include sufficient documentation to ascertain the validity of the Claims; (v) the Claims have been waived or withdrawn pursuant to an agreement with the Debtors; and (vi) the Claims are objectionable under section 502(e)(1) of the Bankruptcy Code.

The Debtors continue to review, analyze, and reconcile the filed Claims. The Debtors have identified many Claims they believe should be Disallowed because they are, among other things, duplicative, without merit, or overstated. Pursuant to the Claim Objection Procedures, the Debtors have filed ~~47~~53 omnibus objections to approximately 2,~~7~~900 Claims. As of ~~February~~May 27, 2013, the Bankruptcy Court has disallowed approximately $10~~2~~3 billion of Claims and has yet to rule on other objections to Claims, the disputed portions of which aggregate to an additional $~~16~~57 billion. Because the process of analyzing and objecting to Claims is ongoing, the amount of ~~d~~Disallowed Claims may increase significantly in the future.

9. Exclusivity

Section 1121(b) of the Bankruptcy Code provides for a period of 120 days after the commencement of a chapter 11 case during which time a debtor has the exclusive right to file a plan of reorganization (the "**Exclusive Plan Period**"). In addition, section 1121(c)(3) of the Bankruptcy Code provides that if the debtor files a plan within the Exclusive Plan Period, it has a period of 180 days after commencement of the chapter 11 case to obtain acceptances of such plan (the "**Exclusive Solicitation Period**," and together with the Exclusive Plan Period, the "**Exclusivity Periods**"). Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend the Exclusivity Periods.

The Debtors' Exclusive Plan Period and Exclusive Solicitation Period were initially set to expire on March 28, 2012 and May 29, 2012, respectively. During the pendency of the Chapter 11 Cases, the Bankruptcy Court granted six separate motions filed by the Debtors to extend the Exclusive Plan Period and Exclusive Solicitation Period pursuant to section 1121(d) of the Bankruptcy Code. By order dated March 27, 2013, the Bankruptcy Court granted the Debtors' latest request, filed on March 13, 2013, to extend the Exclusive Plan Period and Exclusive Solicitation Period through and including May 29, 2013 and July 29, 2013, respectively.

10. Retiree Health and Welfare Benefits

As of the Commencement Date, the Debtors provided certain medical and life insurance benefits ("**retiree health and welfare benefits**") to five groups of retired employees: (~~1~~i) retired non-union employees; (~~2~~ii) retired pilots; (~~3~~iii) retired ground employees who had been employed in a variety of different positions; (~~4~~iv) retired flight attendants; and (~~5~~v) retired employees of Trans World Airlines (the "**TWA Retirees**"). Although the specific benefits vary among retiree groups, the retiree health and welfare benefits in question all are provided under "welfare plans" as defined by section 3(1) of the Employee Retirement Income Security Act of 1974, as amended~~,~~ 29 U.S.C. § ~~1001, *et seq.*~~ ("**ERISA**").

American provided employees with "pre-65" and "65 and over" medical coverage, funded in whole or in part by American, and with life insurance coverage, funded by American. AMR also provided "pre-65" and "65 and over" medical coverage to the TWA Retirees. Coverage for pre-65 TWA Retirees was funded with a combination of retiree and company contributions, while the 65 and over benefit was funded solely through retiree contributions. Life insurance for the TWA Retirees was paid for by American. Effective November 1, 2012, retiring employees have been, or will be, placed into a new retiree medical program. For those who retire before age 65, two medical options will be available; however, the Debtors will not subsidize any portion of the cost of such programs. Employees who retire at age 65 and over may purchase a guaranteed-issue Medicare supplement plan.

On July 6, 2012, the Debtors commenced an adversary proceeding styled *AMR Corporation and American Airlines, Inc. v. Committee of Retired Employees*, Adv. Pro. No. 2-01744 (the "**Retiree Adversary Proceeding**") against the Retiree Committee seeking a declaratory judgment that, among other things, the retiree health and welfare benefits are unvested benefits, which may be modified unilaterally by the Debtors. On August 15, 2012, the Debtors filed a motion in the Retiree Adversary Proceeding seeking ~~a~~ partial summary judgment as a matter of law that the retiree health and welfare benefits are unvested benefits because (i) ~~the~~ governing plan documents reserved the Debtors' rights to modify the benefits, and/or (ii) such documents did not contain a promise of lifetime benefits. The Retiree Committee objected to the Debtors' motion for partial summary judgment, arguing that (i) governing documents did not reserve the Debtors' right to modify benefits and/or (ii) governing documents contained a promise of lifetime

benefits. On January 23, 2013, the Bankruptcy Court heard argument on the Debtors' motion for partial summary judgment. The Bankruptcy Court has not yet ruled on the motion. The Debtors intend to continue to prosecute the Retiree Adversary Proceeding and, to the extent the Retiree Adversary Proceeding has not been finally resolved by the Effective Date, New AAG shall continue to prosecute the Retiree Adversary Proceeding subsequent to the Effective Date and the Retiree Committee intends to continue defending the interests of American's retirees. To the extent the Debtors or New AAG, as applicable, are unsuccessful in whole or in part in obtaining the relief requested in the Retiree Adversary Proceeding, any remaining vested retiree health and welfare benefits will be treated in accordance with the provisions of section 1129(a)(13) of the Bankruptcy Code.

11. GDS Litigation

On January 10, 2011, American filed a lawsuit in Tarrant County, Texas State Court (the "**Texas Action**") against Sabre Inc., Sabre Holdings Corp., and Sabre Travel International, Ltd. d/b/a Sabre Travel Network (together, "**Sabre**"), alleging, among other claims, that Sabre's actions of introducing bias against the display of American's services in its global distribution system ("**GDS**") and substantially increasing the rates that it would charge American for bookings made through the Sabre GDS breached its agreement with American. On July 8, 2011, American filed a new breach of contract and Texas antitrust claims in the Texas Action. On June 8, 2011 and October 7, 2011, Sabre filed counterclaims against American alleging that American ~~has~~ breached its agreement and violated antitrust laws. On October 30, 2012, Sabre and American settled their disputes. Under the terms of the settlement (the "**Sabre Settlement**"), (i) the parties renewed their current distribution agreement for multiple years, (ii) American agreed to negotiate with Sabre for additional technology services in the future, (iii) Sabre agreed to provide a monetary payment to American, and (iv) American may continue to pursue its direct connect initiative. The terms of the Sabre Settlement were approved by the Bankruptcy Court on December 5, 2012.

On April 12, 2011, American filed an antitrust lawsuit against Travelport Limited and Travelport, L.P. (together "**Travelport**") and Orbitz Worldwide LLC ("**Orbitz**") in Federal District Court for the Northern District of Texas (the "**Federal Action**"). On June 1, 2011, Sabre filed a request to intervene in the Federal Action, and American amended its lawsuit to add Sabre as a defendant on June 1, 2011. American's claims against Sabre in the Federal Action were ultimately resolved pursuant to the Sabre Settlement. In addition, American entered into a settlement agreement with each of Travelport and Orbitz in March 2013. Under the terms of the settlement with Travelport, (i) the parties amended their current distribution and content agreements and extended such agreements for multiple years, (ii) Travelport agreed to provide certain monetary payments to American, and (iii) the parties released claims against each other. Under the terms of the settlement with Orbitz, the parties released claims against each other. ~~The~~ By order dated April, 25, 2013, the Bankruptcy Court approved the settlement agreements with

Travelport and Orbitz ~~are subject to approval by the Bankruptcy Court, and hearings to consider the settlement agreements are expected in April~~(ECF No. 78201~~0~~13~~)~~.

IV. OVERVIEW OF THE PLAN OF REORGANIZATION

A. General

This Section of the Disclosure Statement summarizes the Plan, which is set forth in its entirety as **Exhibit "A"** hereto. This summary is qualified in its entirety by reference to the Plan. **YOU SHOULD READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN**.

In general, a chapter 11 plan (i) divides claims and equity interests into separate classes, (ii) specifies the consideration that each class is to receive under the plan, and (iii) contains other provisions necessary to implement the plan. Under the Bankruptcy Code, "claims" and "equity interests," rather than "creditors" and "shareholders," are classified because creditors and shareholders may hold claims and equity interests in more than one class. Under section 1124 of the Bankruptcy Code, a class of claims is "impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable, and contractual rights of each holder of a claim in such class or (b) provides, among other things, for the cure of certain existing defaults and reinstatement of the maturity of claims in such class. AMR Classes 3, 4, and 5, American Classes 4, 5, 6, and 7, and Eagle Classes 3 and 4 are impaired under the Plan, and holders of Claims or Equity Interests in such Classes are entitled to vote to accept or reject the Plan unless such Claims or Equity Interests are subject to an objection filed by the Debtors. Ballots are being furnished herewith to all holders of Claims or Equity Interests in AMR Classes 3, 4, and 5, American Classes 4, 5, 6, and 7, and Eagle Classes 3 and 4 that are entitled to vote to facilitate their voting to accept or reject the Plan.

A chapter 11 plan may also specify that certain classes of claims or equity interests are to have their claims or equity interests remain unaltered by the plan. Such classes are referred to as "unimpaired," and, because of the treatment accorded to such classes, they are conclusively deemed to have accepted the plan and, therefore, need not be solicited to vote to accept or reject the plan. Holders of Claims and Equity Interests in AMR Classes 1, 2, and 6, American Classes 1, 2, 3, and 8, and Eagle Classes 1, 2, and 5 are not impaired, and such Classes, therefore, are conclusively deemed to accept the Plan. No Ballot is enclosed for holders of Claims or Equity Interests in such Classes.

The "Effective Date" of the Plan means the date on which the conditions precedent to the occurrence of the Effective Date of the Plan specified in Section 9.2 of the Plan have been satisfied and the Plan is implemented.

B. Classification and Treatment of Claims and Equity Interests Under the Plan

Claims and Equity Interests are divided into 19 Classes under the Plan, and the proposed treatment of Claims and Equity Interests in each Class is described in the Plan and briefly summarized below. Such classification takes into account the different nature and priority of the Claims and Equity Interests. The Plan consists of four Classes of unimpaired Secured Claims (AMR Class 1, American Classes 1 and 2, and Eagle Class 1) ~~that are unimpaired~~, three Classes of unimpaired Priority Non-Tax Claims (AMR Class 2, American Class 3, and Eagle Class 2), five Classes of impaired General Unsecured Claims (AMR Classes 3 and 4, American Classes 4 and 5, and Eagle Class 3), one Class of impaired American Union Claims (American Class 6), two Classes of impaired Convenience Class Claims (American Class 7 and Eagle Class 4), one Class of impaired Equity Interests (AMR Class 5), and three Classes of unimpaired Equity Interests (AMR Class 6, American Class 8, and Eagle Class 5).

Unless otherwise indicated, the characteristics and estimated amount of the Claims or Equity Interests in the following Classes are based on the books and records of the Debtors. Each subclass is treated as a separate Class for purposes of the Plan and the Bankruptcy Code. However, the following discussion may refer to a group of subclasses as a single Class for ease of reference.

1. The AMR Debtors

(a) *AMR Secured Claims (AMR Class 1)*

(Estimated Amount of Allowed AMR Secured Claims is $0~~.~~)

This Class consists of Claims against ~~an~~any of the AMR Debtors that are (i) secured by Collateral, to the extent of the value of such Collateral (a) as set forth in the Plan, (b) as agreed to by the holder of such Claim and the Debtors, or (c) as determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code or (ii) secured by the amount of any valid rights of setoff of the holder thereof under section 553 of the Bankruptcy Code.

Except to the extent that a holder of an Allowed Secured Claim against any of the AMR Debtors agrees to a different treatment of such Claim, each holder of an Allowed Secured Claim against any of the AMR Debtors shall receive, at the option of the AMR Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Secured Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Secured Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Secured Claim is entitled, or (v) such other distribution as is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code.

In the event a Secured Claim against any of the AMR Debtors is treated under clause (i) or (ii) of ~~this Section~~the immediately preceding paragraph, the liens securing such ~~Allowed~~ Secured Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any distributions made pursuant to ~~this~~ Section 4.1 of the Plan shall be made on, or as soon as reasonably practicable after, the first (1st) Distribution Date occurring after the latest of (~~a~~i) the Effective Date, (~~b~~ii) at least twenty (20~~.~~) calendar days after the date such Secured Claim becomes Allowed, and (~~c~~iii) the date for payment provided by any agreement between the applicable AMR Debtor(s) and the holder of such Secured Claim.

(b) *AMR Priority Non-Tax Claims (AMR Class 2)*

(Estimated Amount of Allowed AMR Priority Non-Tax Claims is $0~~.~~)

The Claims in this Class are the types of Claims identified in section 507(a) of the Bankruptcy Code that are entitled to priority in payment (other than Administrative Expenses and Priority Tax Claims). Except to the extent that the holder of such Claim agrees to a different treatment, ~~E~~each holder of an Allowed Priority Non-Tax Claim ~~in~~against any of the AMR ~~Class 2 that has not already been paid will~~Debtors shall receive, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the date such Priority Non-Tax Claim becomes Allowed, and (iii) the date for payment provided by any agreement between the applicable AMR Debtor(s) and the holder of such ~~Allowed~~ Priority Non-Tax Claim~~, except to the extent that New AAG and the holder of such Claim agrees to a different treatment~~.

(c) *AMR General Unsecured Guaranteed Claims (AMR Class 3)*

(Estimated Amount of AMR General Unsecured Guaranteed Claims is approximately $967,129,000~~.~~)

Claims in this Class include any AMR General Unsecured Claim that is also an American General Unsecured Claim, as set forth on Schedule "1" to the Plan, because the General Unsecured Claim against AMR is guaranteed by American, excluding any such Claim for which a Single-Dip Treatment Election to have such Claim treated as an AMR Other General Unsecured Claim in AMR Class 4 has been made in accordance with the procedures set forth in Section 4.3(b) of the Plan. Each holder of an Allowed AMR General Unsecured Guaranteed Claim shall receive distributions under the Plan only on account of its General Unsecured Claim against AMR in AMR Class 3 ~~(AMR General Unsecured Guaranteed Claims)~~.

Each holder of an Allowed AMR General Unsecured Guaranteed Claim shall receive on the Initial Distribution Date (for AMR General Unsecured Guaranteed Claims that are Allowed as of the Effective Date) a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of such Claim's pro rata share of the

Double-Dip Full Recovery Amount divided by the per share Initial Stated Value. Each holder of an Allowed AMR General Unsecured Guaranteed Claim shall receive a distribution under the Plan only on account of its Allowed AMR General Unsecured Guaranteed Claim as set forth in Section 4.3 of the Plan and ~~will~~shall not receive any distribution thereunder on account of such holder's Claim against American for American's guarant~~y~~ee of such AMR General Unsecured Guaranteed Claim.

At any time prior to the fifth (5th) Business Day before the Effective Date, a holder of an Allowed AMR General Unsecured Guaranteed Claim may irrevocably elect to have all or any portion of its Allowed AMR General Unsecured Guaranteed Claim treated as an Allowed AMR Other General Unsecured Claim in AMR Class 4. Such election shall be made on the form included in the Plan Supplement and, to be effective, must be actually received by the attorneys for the Debtors prior to such fifth (5th) Business Day. Any election not complying with the foregoing shall have no force or effect.

The AMR Note Claims shall be Allowed as AMR General Unsecured Guaranteed Claims in amounts equal to (i) the respective prepetition amounts listed next to each Indenture set forth on Schedule "1" to the Plan plus (ii) interest (including interest on overdue interest) at the respective rates set forth on Schedule "1" to the Plan from the Commencement Date through the Effective Date (the "**AMR Fixed Allowed Guaranteed Note Claims**"). The AMR Fixed Allowed Guaranteed Note Claims shall override and supersede any individual Claims filed by Registered Holders or beneficial owners of debt securities with respect to the AMR Note Claims. Distributions to holders of AMR Fixed Allowed Guaranteed Note Claims shall be made in accordance with Section 5.2 of the Plan. As provided in Section 5.15 ~~thereof~~of the Plan, any holder of an AMR Fixed Allowed Guaranteed Note Claim with respect to a Note that is a Convertible Note may irrevocably elect to have such Convertible Note treated as an Allowed AMR Equity Interest in AMR Class 5 (subject to the terms and provisions of the Revised Final Order Pursuant to 11 U.S.C. §§ 105(a) and 362 Establishing Notification Procedures for Substantial Claimholders and Equity Security Holders and Approving Restrictions on Certain Transfers of Interests in the Debtors' Estates, entered by the Bankruptcy Court on April 11, 2013 (ECF No. 7591)) in an amount that corresponds to the number of shares of AMR Common Stock that would have been issued to such holder if such Convertible Note had been converted into shares of AMR Common Stock as of the Effective Date pursuant to the definitive documentation for such Convertible Note.

(d) *AMR Other General Unsecured Claims (AMR Class 4)*

(Estimated Amount of Allowed AMR Other General Unsecured Claims is approximately $700,000~~.~~)

The Claims in AMR Class 4 consist of AMR General Unsecured Claims that are not AMR General Unsecured Guaranteed Claims. AMR Class 4 does not include Secured Claims, Priority Non-Tax Claims, AMR General Unsecured Guaranteed Claims (unless the holder~~s~~ of ~~such Claims elected to have such~~an AMR General Unsecured Guaranteed

Claims ~~be~~elected to have such Claim treated as an AMR Other General Unsecured Claims), or Convenience Class Claims.

Each holder of an Allowed AMR Other General Unsecured Claim as of the Effective Date shall receive (i) on, or as soon as reasonably practicable after, the Initial Distribution Date, its Initial Pro Rata Share of ~~(A)~~ a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of (x) the Total Initial Stated Value, less the Double-Dip Full Recovery Amount, divided by (y) the per share Initial Stated Value and (ii) as soon as reasonably practicable after the Final Mandatory Conversion Date, its Initial Pro Rata Share of a number of shares of New Common Stock equal to (I) the Creditor New Common Stock Allocation, less (II) the number of shares of New Common Stock issued upon conversion of all of the shares of New Mandatorily Convertible Preferred Stock, less (III) the Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed AMR Other General Unsecured Claim shall receive its Interim Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed AMR Other General Unsecured Claim shall receive its Final Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed AMR Other General Unsecured Claim to receive any distribution on a Final Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable; *provided, however*, that this sentence shall not apply to any shares of New Mandatorily Convertible Preferred Stock or the right to receive shares of New Common Stock pursuant to the conversion thereof.

(e) *AMR Equity Interests (AMR Class 5)*

The Equity Interests in AMR Class 5 are comprised of (i) the interest of any holder of an equity security of AMR, including any issued and outstanding shares of common or preferred stock or other present ownership interest in AMR, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest (including any right to receive any such shares issued or issuable under any plans for the benefit of employees or directors of any of the Debtors in effect on the Commencement Date), but excluding any such shares that are held as treasury stock and any debt obligation relating to a Note that has not been converted into an AMR Equity Interest prior to or as of the Effective Date, and (ii) any Claim or Cause of Action against AMR (a) arising from rescission of a purchase or sale of shares of AMR Common Stock, (b) for damages arising from the purchase or sale of any such shares, (c) for violation of the securities laws, misrepresentations of any similar Claims related to the foregoing, or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, (d) for reimbursement, contribution, or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim, including Claims based upon allegations that the Debtors made false and misleading statements or engaged in other deceptive acts in connection with the

offer or sale of securities, or (e) for attorneys' fees, other charges, or costs incurred on account of any of the foregoing Claims or Causes of Action.

AMR Class 5 also includes existing AMR Equity Interests attributable to certain pre-Commencement Date employee incentive and benefit plan stock-based awards that have vested since of the Commencement Date. These Equity Interests are held by approximately 265 (two hundred sixty five) active and inactive officers and managing directors of the Debtors and constitute approximately 1.7% of the aggregate outstanding Equity Interests included in AMR Class 5, and would share ratably in the distribution to such Class under the Plan. Mr. Horton has agreed to waive his right to such awards subject to approval of the Chairman Letter Agreement.

Each holder of an Allowed AMR Equity Interest shall receive its pro rata share (i) on the Effective Date, or as soon as thereafter as reasonably practicable, of the Initial Old Equity Allocation and (ii) on each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, of the Market-Based Old Equity Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed AMR Equity Interest shall receive its pro rata share of the Market-Based Old Equity Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed AMR Equity Interest shall receive its pro rata share of the Market-Based Old Equity Allocation pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed AMR Equity Interest to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable.

(f) *AMR Other Equity Interests (AMR Class 6)*

The Equity Interests in AMR Class 6 are comprised of those interests of any holder of an equity security of any of the AMR Debtors other than AMR, including any issued and outstanding shares of common or preferred stock or other present ownership interest in any of the AMR Debtors other than AMR, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest, but excluding any such shares that are held as treasury stock.

Subject to the Roll-Up Transactions, if any, the AMR Other Equity Interests shall not be cancelled, but shall be reinstated for the benefit of the respective Reorganized Debtor that is the holder thereof.

2. The American Debtors

(a) *American Secured Aircraft Claims (American Class 1)*

(Estimated Amount of Allowed American Secured Aircraft Claims is approximately $6,775,557,000.)

This Class consists of any Claims that are secured by a security interest in, or lien on, any Aircraft Equipment (to the extent such Aircraft Equipment has not been abandoned by the American Debtors without agreeing to re-release or repurchase such Aircraft Equipment) in which an American Debtor's ~~'~~ estate has an interest to the extent of the value of the interest of the holder of such Claim~~'s interest~~ in the American Debtor's ~~'~~ estate's interest in such Aircraft Equipment.

Except to the extent that a holder of an Allowed Secured Aircraft Claim against any of the American Debtors agrees to a different treatment of such Claim (including, without limitation, pursuant to a Postpetition Aircraft Agreement), each holder of an Allowed Secured Aircraft Claim against any of the American Debtors shall receive, at the option of the American Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Secured Aircraft Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Secured Aircraft Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Secured Aircraft Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Secured Aircraft Claim is entitled, or (v) such other distribution as is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. For the avoidance of doubt, each Allowed Claim arising under or in connection with (i) the Prepetition Notes, (ii) the Prepetition Secured Notes, (iii) the Series 2011-1A EETC issued in January 2011, with an interest rate of 5.25% and a final maturity of the related certificates in 2021; and (iv) the Series 2011-1B EETC issued in January 2018, with an interest rate of 7.0% and a final maturity of the related certificates in 2021 (collectively, the "**Secured Aircraft Note Claims**") shall be classified as an American Secured Aircraft Claim. Further, at the option of American, (i) each holder of an Allowed Secured Aircraft Note Claim shall receive Cash in an amount equal to the full amount of such Allowed Secured Aircraft Note Claim as of the Commencement Date, plus interest at the nondefault contract rate (including interest on overdue interest), or (ii) each Allowed Secured Aircraft Note Claim shall be reinstated so as to leave unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Secured Aircraft Note Claim is entitled.[10]

In the event a Secured Aircraft Claim against any of the American Debtors is treated under clause (i) or (ii) of ~~this Section~~the immediately preceding paragraph, the liens securing such Secured Aircraft Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any distributions made pursuant to ~~this~~ Section 4.7 of the Plan shall be made on, or as soon as reasonably practicable after, the first (1st) Distribution Date occurring after the late~~r~~st of (~~a~~i) the Effective Date, (~~b~~ii) at least twenty (20~~-~~) calendar days after the date such Secured Aircraft Claim becomes

[10] For the avoidance of doubt, in the event an Allowed Claim arising under or in connection with 2009-1 EETC or 2011-2 EETC is reinstated, AMR will continue to be liable on the guarantee related to such Allowed Claim.

Allowed, and (eiii) the date for payment provided by any agreement between the applicable American Debtor(s) and the holder of such Secured Aircraft Claim.

(b) *American Other Secured Claims (American Class 2)*

(Estimated Amount of Allowed American Other Secured Claims is approximately $3,470,852,000.)

This Class consists of Secured Claims against anany of the American Debtors, other than Secured Aircraft Claims. Except to the extent that a holder of an Allowed Other Secured Claim against any of the American Debtors agrees to a different treatment of such Claim, each holder of an Allowed Other Secured Claim against any of the American Debtors shall receive, at the option of the American Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Other Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Other Secured Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Other Secured Claim is entitled, or (v) such other distribution as is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. For the avoidance of doubt, (i) each Allowed Claim arising under or in connection with the Senior Secured Notes ("**Senior Secured Note Claim**") shall be classified as an American Other Secured Claim and, (ii) except to the extent that a holder of such Claim agrees to different treatment, at the option of the American Debtors, (y) each holder of an Allowed Senior Secured Note Claim shall receive Cash in an amount equal to the full amount of such Allowed Claim as of the Commencement Date, plus interest at the nondefault contract rate (including interest on overdue interest) or (z) each Allowed Senior Secured Note Claim shall be reinstated so as to leave unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Senior Secured Note Claim is entitled.

In the event an Other Secured Claim against any of the American Debtors is treated under clause (i) or (ii) of this Sectionthe immediately preceding paragraph, the liens securing such Other Secured Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any distributions made pursuant to this Section 4.8 of the Plan shall be made on, or as soon as reasonably practicable after, the first (1st) Distribution Date occurring after the later of (a) the Effective Date, (b) at least twenty (20) calendar days after the date such Other Secured Claim becomes Allowed, and (c) the date for payment provided by any agreement between the applicable American Debtor(s) and the holder of such Other Secured Claim.

(c) *American Priority Non-Tax Claims (American Class 3)*

(Estimated Amount of Allowed American Non-Tax Priority Claims is approximately $356,700,000.)

The Claims in this Class are the types of Claims identified in section 507(a) of the Bankruptcy Code that are entitled to priority in payment (other than Administrative Expenses and Priority Tax Claims). ~~Each~~Except to the extent that a holder of an Allowed Priority Non-Tax Claim ~~in~~against any of the American ~~Class 3 that has not already been paid will~~ Debtors agrees to a different treatment of such Claim, each holder of an Allowed Priority Non-Tax Claim against any of the American Debtors shall receive, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the date such Priority Non-Tax Claim becomes Allowed, and (iii) the date for payment provided by any agreement between the applicable American Debtor(s) and the holder of such Priority Non-Tax Claim~~, except to the extent that New AAG and the holder of such Claim agrees to a different treatment~~.

(d) *American General Unsecured Guaranteed Claims (American Class 4)*

(Estimated Amount of Allowed American General Unsecured Guaranteed Claims is approximately $1,970,383,000~~.~~)

Claims in this Class include any American General Unsecured Claim that is also an AMR General Unsecured Claim, as set forth on Schedule "2" to the Plan, because the General Unsecured Claim against American is guaranteed by AMR, excluding any such Claim for which a Single-Dip Treatment Election to have such Claim treated as an American Other General Unsecured Claim in American Class 5 has been made in accordance with the procedures set forth in Section 4.10(b) of the Plan. Each holder of an Allowed American General Unsecured Guaranteed Claim shall receive distributions under the Plan only on account of its General Unsecured Claim against American in American Class 4 ~~(American General Unsecured Guaranteed Claims)~~.

Each holder of an Allowed American General Unsecured Guaranteed Claim shall receive on the Initial Distribution Date (for American General Unsecured Guaranteed Claims that are Allowed as of the Effective Date), a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of such Claim's pro rata share of the Double-Dip Full Recovery Amount divided by the per share Initial Stated Value. Each holder of an Allowed American General Unsecured Guaranteed Claim shall receive a distribution under the Plan only on account of its Allowed American General Unsecured Guaranteed Claim as set forth in Section 4.10 of the Plan and ~~will~~shall not receive any distribution on account of such holder's Claim against AMR for AMR's guarant~~y~~ee of such American General Unsecured Guaranteed Claim.

At any time prior to the fifth (5th) Business Day before the Effective Date, a holder of an Allowed American General Unsecured Guaranteed Claim may irrevocably elect to have all or any portion of its Allowed American General Unsecured Guaranteed Claim treated as an Allowed American Other General Unsecured Claim in American Class 5. Such election shall be made on the form included in the Plan Supplement and, to be

effective, must be actually received by the attorneys for the Debtors prior to such fifth (5th) Business Day. Any election not complying with the foregoing shall have no force or effect.

The American Note Claims that are Double-Dip General Unsecured Claims shall be Allowed as American General Unsecured Guaranteed Claims in amounts equal to (i) the respective prepetition amounts listed next to each Indenture set forth on Schedule "2" to the Plan plus (ii) interest (including interest on overdue interest) at the respective rates set forth on Schedule "2" to the Plan from the Commencement Date through the Effective Date (the "**American Fixed Allowed Guaranteed Note Claims**"). The American Fixed Allowed Guaranteed Note Claims shall override and supersede any individual Claims filed by Registered Holders or beneficial owners of debt securities with respect to the American Note Claims. Distributions to holders of American Fixed Allowed Guaranteed Note Claims shall be made in accordance with Section 5.2 of the Plan.

The Unsecured Special Facility Revenue Bond Claims that are Double-Dip General Unsecured Claims against the American Debtors shall be Allowed as American General Unsecured Guaranteed Claims in amounts equal to (i) the respective prepetition amounts listed next to each Special Facility Revenue Bond Agreement set forth on Schedule "2" to the Plan plus (ii) interest (including interest on overdue interest) at the respective rates set forth on Schedule "2" to the Plan from the Commencement Date through the Effective Date (the "**American Fixed Allowed Guaranteed Unsecured Special Facility Revenue Bond Claims**"). The American Note Claims that are Double-Dip General Unsecured Claims shall be Allowed as American General Unsecured Guaranteed Claims in the respective amounts listed next to each Indenture set forth on Schedule "2" to the Plan (the "**American Fixed Allowed Guaranteed Note Claims**"). The American Fixed Allowed Guaranteed Unsecured Special Facility Revenue Bond Claims shall override and supersede any individual Claims filed by Registered Holders or beneficial owners of debt securities with respect to the Unsecured Special Facility Revenue Bond Claims against the American Debtors. Distributions to holders of Unsecured Special Facility Revenue Bond Claims against the American Debtors shall be made in accordance with Section 5.2 of the Plan.

Each holder of a Triple-Dip General Unsecured Claim shall receive distributions under the Plan only on account of its Allowed Double-Dip General Unsecured Claim.

(e) *American Other General Unsecured Claims (American Class 5)*

(Estimated Amount of Allowed American Other General Unsecured Claims is approximately $2,598,946,000.)

The Claims in American Class 5 consist of American General Unsecured Claims that are not American General Unsecured Guaranteed Claims. American Class 5 does not include Secured Claims, Priority Non-Tax Claims, American Union Claims, American Retiree Claims, American General Unsecured Guaranteed Claims (unless the holders of such Claims elected to have suchan American General Unsecured Guaranteed Claims

~~be~~elects to have such Claim treated as an American Other General Unsecured Claim~~s~~), or Convenience Class Claims.

Each holder of an Allowed American Other General Unsecured Claim as of the Effective Date shall receive (i) on, or as soon as reasonably practicable after, the Initial Distribution Date, its Initial Pro Rata Share of a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of (x) the Total Initial Stated Value, less the Double-Dip Full Recovery Amount, divided by (y) the per share Initial Stated Value, and (ii) as soon as reasonably practicable after the Final Mandatory Conversion Date its Initial Pro Rata Share of a number of shares of New Common Stock equal to (I) the Creditor New Common Stock Allocation, less (II) the number of shares of New Common Stock issued upon conversion of all of the shares of New Mandatorily Convertible Preferred Stock, less (III) the Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed American Other General Unsecured Claim shall receive its Interim Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed American Other General Unsecured Claim shall receive its Final Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed American Other General Unsecured Claim to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable; *provided, however*, that this sentence shall not apply to any shares of New Mandatorily Convertible Preferred Stock or the right to receive shares of New Common Stock pursuant to the conversion thereof.

The American Note Claims that are Single-Dip General Unsecured Claims shall be Allowed as American Other General Unsecured Claims in American Class 5 in amounts equal to (i) the respective prepetition amounts listed next to each Indenture set forth on Schedule "3" to the Plan plus (ii) interest (including interest on overdue interest) at the respective rates set forth on Schedule "3" to the Plan from the Commencement Date through the Effective Date (the "**American Fixed Allowed Other Note Claims**"). The American Fixed Allowed Other Note Claims shall override and supersede any individual Claims filed by Registered Holders or beneficial owners of debt securities with respect to the American Note Claims. Distributions to holders of American Fixed Allowed Other Note Claims shall be made in accordance with Section 5.2 of the Plan.

The Unsecured Special Facility Revenue Bond Claims that are Single-Dip General Unsecured Claims against the American Debtors shall be Allowed as American Other General Unsecured Claims in American Class 5 in amounts equal to (i) the respective prepetition amounts listed next to each Special Facility Revenue Bond Agreement set forth on Schedule "3" to the Plan plus (ii) interest (including interest on overdue interest) at the respective rates set forth on Schedule "3" to the Plan from the Commencement Date through the Effective Date (the "**American Fixed Allowed Unsecured Special Facility Revenue Bond Claims**"). The American Fixed Allowed Unsecured Special Facility

Revenue Bond Claims shall override and supersede any individual Claims filed by Registered Holders or beneficial owners of debt securities with respect to the Unsecured Special Facility Revenue Bond Claims against the American Debtors. Distributions to holders of Unsecured Special Facility Revenue Bond Claims against the American Debtors shall be made in accordance with Section 5.2 of the Plan.

The DFW 1.5x Unsecured Special Facility Revenue Bond Claims against the American Debtors shall be Allowed as American Other General Unsecured Claims in American Class 5 in amounts equal to (i) the respective prepetition amounts listed next to each DFW 1.5x Special Facility Revenue Bond Agreement set forth on Schedule "3" to the Plan plus (ii) interest (including interest on overdue interest) at the respective rates set forth on Schedule "3" to the Plan from the Commencement Date through the Effective Date (the "**American Fixed Allowed DFW 1.5x Unsecured Special Facility Revenue Bond Claims**"). The American Fixed Allowed DFW 1.5x Unsecured Special Facility Revenue Bond Claims shall override and supersede any individual Claims filed by Registered Holders or beneficial owners of debt securities with respect to the DFW 1.5x Unsecured Special Facility Revenue Bond Claims against the American Debtors. Distributions to holders of DFW 1.5x Unsecured Special Facility Revenue Bond Claims against the American Debtors shall be made in accordance with Section 5.2 of the Plan; *provided, however*, under no circumstances shall the holders thereof receive more (in New Common Stock value based on the formulas provided in the Plan) than a single satisfaction.

The treatment provided under the Plan to holders of Allowed DFW 1.5x Unsecured Special Facility Revenue Bond Claims is the result of a compromise and settlement (the "**DFW 1.5x Settlement**"). The DFW 1.5x Settlement provides that each holder of an Allowed DFW 1.5x Unsecured Special Facility Revenue Bond Claim shall be treated under the Plan as having (i) an Allowed American Other General Unsecured Claim in an amount equal to the par amount of such Claim plus all nondefault rate interest accrued through the Effective Date and (ii) an Allowed American Other General Unsecured Claim on account of the guarantee by American of such Claim in an amount equal 50% of the par amount of such Claim plus all nondefault rate interest accrued through the Effective Date; *provided, however*, that (A) the amount Allowed on account of the guarantee by American shall not increase the aggregate distributions to holders of Allowed Single-Dip General Unsecured Claims under the Plan or the amount of the Single-Dip Full Recovery Amount, and (B) the distributions to holders of Allowed DFW 1.5x Unsecured Special Facility Revenue Bond Claims shall be not more than a single satisfaction.

(f) *American Union Claims (American Class 6)*

APA Claim. The APA shall receive, in full satisfaction of the APA Claim, shares of New Common Stock constituting 13.5% of the Creditor New Common Stock Allocation in accordance with the APA Section 1113 Agreement as follows: On the Initial Distribution Date, or as soon thereafter as reasonably practicable, the APA shall receive its pro rata share of the Initial Labor Common Stock Allocation. On each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, the APA shall receive its

pro rata share of the applicable Incremental Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, the APA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, the APA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(b) of the Plan. The right of the APA to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable.

APFA Claim. The APFA shall receive, in full satisfaction of the APFA Claim, shares of New Common Stock constituting 3% of the Creditor New Common Stock Allocation in accordance with the APFA Section 1113 Agreement as follows: On the Initial Distribution Date, or as soon thereafter as reasonably practicable, the APFA shall receive its pro rata share of the Initial Labor Common Stock Allocation. On each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, the APFA shall receive its pro rata share of the applicable Incremental Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, the APFA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, the APFA shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(b) of the Plan. The right of the APFA to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable.

TWU American Claim. The TWU shall receive, in full satisfaction of the TWU American Claim, shares of New Common Stock constituting 4.8% of the Creditor New Common Stock Allocation in accordance with the TWU American Section 1113 Agreement as follows: On the Initial Distribution Date, or as soon thereafter as reasonably practicable, the TWU shall receive its pro rata share of the Initial Labor Common Stock Allocation. On each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, the TWU shall receive its pro rata share of the applicable Incremental Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, the TWU shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, the TWU shall receive its pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(b) of the Plan. The right of the TWU to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable.

(g) *American Convenience Class Claims (American Class 7)*

(Estimated Amount of Allowed American Convenience Class Claims is approximately $7,500,000.)

This Class consists of Claims against any of the American Debtors, other than Note Claims, Special Facility Revenue Bond Claims, American Union Claims, and ~~Retiree~~Eagle Union Claims, ~~against any of the American Debtors~~ that would otherwise be a General Unsecured Claim and that is (i) greater than $0 and less than or equal to $10,000 in Allowed amount or (ii) irrevocably reduced to $10,000 at the election of the holder of the Claim evidenced on the Ballot submitted by such holder; *provided, however*, that an American General Unsecured Claim may not be subdivided into multiple Claims of $10,000 or less for purposes of receiving treatment as an American Convenience Class Claim.

Except to the extent that a holder of an Allowed Convenience Class Claim against any of the American Debtors agrees to a different treatment of such Claim, each holder of an Allowed Convenience Class Claim against any of the American Debtors shall receive on, or as soon as reasonably practicable after, the later of (i) the Initial Distribution Date (for Claims that are Allowed as of the Effective Date) and (ii) the Distribution Date that is at least twenty (20~~-~~) calendar days after such Convenience Class Claim becomes an Allowed Convenience Class Claim, Cash in the amount of 100% of the amount of its Allowed ~~American~~ Convenience Class Claim as of the Commencement Date; *provided, however*, that if the aggregate amount of Allowed ~~American~~ Convenience Class Claims in American Class 7 and Allowed ~~Eagle~~ Convenience Class Claims in Eagle Class 4 exceed $25 million, the percentage Cash distribution to each holder of an Allowed ~~American~~ Convenience Class Claim against any of the American Debtors shall be reduced so that the aggregate amount of Cash distributable with respect to all Allowed ~~American~~ Convenience Class Claims against any of the American Debtors and Allowed ~~Eagle~~ Convenience Class Claims against any of the Eagle Debtors does not exceed $25 million.

(h) *American Equity Interests (American Class 8)*

The Equity Interests in American Class ~~9~~8 are comprised of those interests of any holder of an equity security of any of the American Debtors, or any direct or indirect subsidiaries of the American Debtors, including any issued and outstanding shares of common or preferred stock or other present ownership interest in any of the American Debtors, or any direct or indirect subsidiaries of the American Debtors, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest, but excluding any such shares that are held as treasury stock.

Subject to the Roll-Up Transactions, if any, the American Equity Interests shall not be cancelled, but shall be reinstated for the benefit of the respective Reorganized Debtor that is the holder thereof.

3. The Eagle Debtors

(a) *Eagle Secured Claims (Eagle Class 1)*

(Estimated Amount of Allowed Eagle Secured Claims is $0~~.0.~~)

This Class consists of Claims against ~~an~~any of the Eagle Debtors that are (i) secured by Collateral, to the extent of the value of such Collateral (a) as set forth in the Plan, (b) as agreed to by the holder of such Claim and the Debtors, or (c) as determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code or (ii) secured by the amount of any valid rights of setoff of the holder thereof under section 553 of the Bankruptcy Code.

Except to the extent that a holder of an Allowed Secured Claim against any of the Eagle Debtors agrees to a different treatment of such Claim, ~~E~~each holder of an Allowed Secured Claim against any of the Eagle Debtors shall receive, at the option of the Eagle Debtors, and in full satisfaction of such Claim, either (i) Cash in an amount equal to 100% of the unpaid amount of such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Secured Claim, net of the costs of disposition of such Collateral, (iii) the Collateral securing such Allowed Secured Claim, (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the holder of such Allowed Secured Claim is entitled, or (v) such other distribution as is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code.

In the event a Secured Claim against any of the Eagle Debtors is treated under clause (i) or (ii) of ~~this Section~~the immediately preceding paragraph, the liens securing such Secured Claim shall be deemed released immediately upon payment of the Cash or proceeds as provided in such clauses. Any distributions made pursuant to ~~this~~ Section 4.15 of the Plan shall be made on, or as soon as reasonably practicable after, the first (1st) Distribution Date occurring after the late~~r~~st of (~~a~~i) the Effective Date, (~~b~~ii) at least twenty (20~~.~~) calendar days after the date such Secured Claim becomes Allowed, and (~~c~~iii) the date for payment provided by any agreement between the applicable Eagle Debtor(s) and the holder of such Secured Claim.

(b) *Eagle Priority Non-Tax Claims (Eagle Class 2)*

(Estimated Amount of Allowed Eagle Non-Tax Priority Claims is $0~~.0.~~)

The Claims in this Class are the types of Claims identified in section 507(a) of the Bankruptcy Code that are entitled to priority in payment (other than Administrative Expenses and Priority Tax Claims). Except to the extent that a holder of an Allowed Priority Non-Tax Claim~~s~~ ~~in~~against any of the Eagle ~~Class 2~~Debtors agrees to a different treatment of such Claim, each holder of an Allowed Priority Non-Tax Claim that ~~have~~has not already been paid will receive, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim on, or as soon as reasonably practicable after, the later of (i) the Effective Date, (ii) the date such Priority Non-Tax Claim becomes Allowed, and (iii) the date for payment provided by any agreement between the applicable Eagle Debtor(s) and the holder of such Priority Non-Tax Claim~~, except to the extent that New AAG and the holder of such Claim agrees to a different treatment~~.

(c) *Eagle General Unsecured Claims (Eagle Class 3)*

(Estimated Amount of Allowed Eagle General Unsecured Claims is approximately $20,200,000~~.~~)

The Claims in Eagle Class 3 include any Claim against any of the Eagle Debtors that is (i) not an Administrative Expense, Priority Tax Claim, Secured Claim, Priority Non-Tax Claim, or Eagle Union Claim, or (ii) otherwise determined by the Bankruptcy Court to be an Eagle General Unsecured Claim.

Each holder of an Allowed Eagle General Unsecured Claim as of the Effective Date shall receive (i) on, or as soon as reasonably practicable after, the Initial Distribution Date, its Initial Pro Rata Share of a number of shares of New Mandatorily Convertible Preferred Stock equal to the quotient of (x) the Total Initial Stated Value, less the Double-Dip Full Recovery Amount, divided by (y) the per share Initial Stated Value, and (ii) as soon as reasonably practicable after the Final Mandatory Conversion Date, its Initial Pro Rata Share of a number of shares of New Common Stock equal to (I) the Creditor New Common Stock Allocation, less (II) the number of shares of New Common Stock issued upon conversion of all of the shares of New Mandatorily Convertible Preferred Stock, less (III) the Labor Common Stock Allocation. In connection with each Interim True-Up Distribution, each holder of an Allowed Eagle General Unsecured Claim shall receive its Interim Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(a) of the Plan. In connection with the Final True-Up Distribution, each holder of an Allowed Eagle General Unsecured Claim shall receive its Final Pro Rata Share of the distribution allocated to Allowed Single-Dip General Unsecured Claims pursuant to Section 7.4(b) of the Plan. The right of a holder of an Allowed Eagle General Unsecured Claim to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable; *provided, however*, that this sentence shall not apply to any shares of New Mandatorily Convertible Preferred Stock or the right to receive shares of New Common Stock pursuant to the conversion thereof.

(d) *Eagle Convenience Class Claims (Eagle Class 4)*

(Estimated Amount of Allowed ~~American~~Eagle Convenience Class Claims is $2,500,000~~.~~)

This Class consists of Claims, other than Note Claims, Special Facility Revenue Bond Claims, American Union Claims, and ~~Retiree~~Eagle Union Claims, against any of the Eagle Debtors that would otherwise be a General Unsecured Claim and that is (i) greater than $0 and less than or equal to $10,000 in Allowed amount or (ii) irrevocably reduced to $10,000 at the election of the holder of the Claim evidenced on the Ballot submitted by such holder; *provided, however*, that an Eagle General Unsecured Claim may not be subdivided into multiple Claims of $10,000 or less for purposes of receiving treatment as an Eagle Convenience Class Claim.

Each holder of an Allowed Convenience Class Claim against any of the Eagle Debtors shall receive on, or as soon as reasonably practicable after, the later of (i) the Initial Distribution Date (for Claims that are Allowed as of the Effective Date) and (ii) the Distribution Date that is at least twenty (20) calendar days after such Convenience Class Claim becomes an Allowed Convenience Class Claim, Cash in the amount of 100% of the amount of its Allowed ~~Eagle~~ Convenience Class Claim as of the Commencement Date; *provided, however*, that if the aggregate amount of Allowed ~~American~~ Convenience Claims in American Class 7 and Allowed ~~Eagle~~ Convenience Class Claims in Eagle Class 4 exceed $25 million, the percentage Cash distribution to each holder of an Allowed ~~Eagle~~ Convenience Class Claim against any of the Eagle Debtors shall be reduced so that the aggregate amount of Cash distributable with respect to all Allowed ~~American~~ Convenience Class Claims against any of the American Debtors and Allowed ~~Eagle~~ Convenience Class Claims against any of the Eagle Debtors does not exceed $25 million.

(e) *Eagle Equity Interests (Eagle Class 5)*

The Equity Interests in Eagle Class 5 are comprised of those interests of any holder of an equity security of any of the Eagle Debtors, or any direct or indirect subsidiaries of the Eagle Debtors, including any issued and outstanding shares of common or preferred stock or other present ownership interest in any of the Eagle Debtors, or any direct or indirect subsidiaries of the Eagle Debtors, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest.

Subject to the Roll-Up Transactions, if any, the Eagle Equity Interests shall not be cancelled, but shall be reinstated for the benefit of the respective Reorganized Debtor that is the holder thereof.

C. Reservation of "Cram Down" Rights

The Bankruptcy Code permits the Bankruptcy Court to confirm a chapter 11 plan over the dissent of any class of claims or equity interests as long as the standards in section 1129(b) are met. This power to confirm a plan over dissenting classes – often referred to as "cram down" – is an important part of the reorganization process. It assures that no single group (or multiple groups) of claims or interests can block a restructuring that otherwise meets the requirements of the Bankruptcy Code and is in the interests of the other constituents in the case.

The Debtors reserve the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by any Class entitled to vote. In the event a Class votes to reject the Plan, the Debtors will request the Bankruptcy Court to rule that the Plan meets the requirements specified in section 1129(b) of the Bankruptcy Code with respect to such Class.

D. Administrative Expenses and Priority Tax Claims

In order to confirm the Plan, Allowed Administrative Expenses must be paid in full or in a manner otherwise agreeable to the holders of such ~~Claims~~Administrative Expenses. Administrative Expenses are the actual and necessary costs and expenses of the Chapter 11 Cases. Those expenses include, but are not limited to, compensation for individuals working on behalf of the Debtors, postpetition rent, amounts owed to vendors providing goods and services during the Chapter 11 Cases, tax obligations incurred after the Commencement Date, 503(b)(9) Claims, management costs, and certain statutory fees and expenses. Other Administrative Expenses include the actual, reasonable, necessary, and unpaid fees and expenses of the professionals retained by the Debtors, the Creditors' Committee, and the Retiree Committee.

Additionally, the Plan provides that, except as may be otherwise provided in a Final Order of the Bankruptcy Court previously entered in the Chapter 11 Cases or as set forth in Schedule "2" to the Plan, the reasonable prepetition and postpetition fees and expenses of each of the Indenture Trustees, to the extent payable by any of the Debtors pursuant to the terms of the applicable Bond Documents (which includes the reasonable fees and expenses of any counsel and/or other professionals retained by the Indenture Trustees in connection with such duties) shall be deemed Allowed Administrative Expenses and shall be paid in Cash on the Effective Date, or as soon thereafter as reasonably practicable, upon submission of documented invoices (in customary form) to the Debtors and the Creditors' Committee, subject to a review for reasonableness by the Debtors and the Creditors' Committee, without the necessity of making application to the Bankruptcy Court. The Indenture Trustees shall provide the Debtors and the Creditors' Committee with an estimate of such fees and expenses no later than thirty (30~~-~~) days prior to the Confirmation Hearing. Notwithstanding the foregoing, under no circumstances shall any such fees and expenses (including counsel and/or other professionals) include fees and expenses associated with Avoidance Actions. Subject to Section 6.14 of the Plan, each Indenture Trustee's charging lien, if any, shall be discharged solely upon payment in full of the respective fees and expenses of the Indenture Trustees and termination of the respective Indenture Trustee's duties. Nothing in the Plan shall be deemed to impair, waive, or discharge the Indenture Trustees' respective charging liens, if any, for any fees and expenses not paid by the Debtors or the Reorganized Debtors, as applicable. In addition, upon submission of documented invoices (in customary form) to New AAG and without the necessity of making application to the Bankruptcy Court, New AAG shall pay the reasonable fees and expenses of the Indenture Trustees in connection with making distributions under the Plan. Any fees and expenses owing under the Support and Settlement Agreement shall be deemed Allowed Administrative Expenses and shall be paid in Cash on the Effective Date or as otherwise provided in the Support and Settlement Agreement to the extent provided in any order of the Bankruptcy Court.

The Debtors estimate that the aggregate amount of Allowed Administrative Expenses as of the Effective Date will be approximately $290,400,000~~ million~~. Consistent

with the requirements of the Bankruptcy Code, ~~the Plan generally provides for Allowed Administrative Expenses to be paid in full~~ on the Effective Date, or as soon thereafter as ~~is~~ reasonably practicable, each holder of an Allowed Administrative Expense shall receive, in full satisfaction of such Allowed Administrative Expense, an amount in Cash equal to the Allowed amount of such Administrative Expense; *provided*, *however*, Allowed Administrative Expenses against any of the Debtors representing liabilities incurred in the ordinary course by the Debtors, as debtors in possession, or liabilities arising under loans or advances to or other obligations incurred by any of the Debtors, as debtors in possession, whether or not incurred in the ordinary course, shall be paid by New AAG in the ordinary course, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. Administrative Expenses relating to compensation of the professionals retained by the Debtors, the Creditors' Committee, and the Retiree Committee, or for the reimbursement of expenses for certain members of the Creditors' Committee and certain members of the Retiree Committee, will, unless otherwise agreed by the claimant, be paid following entry of an order allowing such Administrative Expenses.

Except to the extent that New AAG and a holder of an Allowed Priority Tax Claim against any of the Debtors agree to a different treatment of such Claim, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Debtors, (i) Cash in an amount equal to such Allowed Priority Tax Claim on the Effective Date, or as soon thereafter as reasonably practicable, as to any Allowed Priority Tax Claim or (ii) ~~in~~ Cash, in equal semi-annual installments commencing on the first (1st) Business Day following the Effective Date (or if later, the first Distribution Date after such Claim becomes an Allowed Priority Tax Claim) and continuing over a period not exceeding five (5) years from and after the Commencement Date, together with interest accrued thereon at the applicable nonbankruptcy rate, which as to any Allowed Priority Tax Claim of the Internal Revenue Service on behalf of the United States shall be the applicable rate specified by the Tax Code, as of the Confirmation Date, applied pursuant to section 511 of the Bankruptcy Code, subject to the sole option of the Reorganized Debtors to prepay the entire amount of the Allowed Priority Tax Claim. All Allowed Priority Tax Claims against any of the American Debtors that are not due and payable on or before the Effective Date shall be paid in the ordinary course as such obligations become due.

E. Provisions Governing Distributions Under the Plan

1. Distribution Record Date

Except with respect to any publicly-traded securities as to which distributions shall be treated as set forth in Section 5.13 of the Plan, (i) as of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims or Equity Interests, as maintained by the Debtors or their agents, shall be deemed closed, (ii) there shall be no further changes in the record holders of any of such Claims or Equity

Interests, and the Debtors shall have no obligation to recognize any transfer of such Claims or Equity Interests occurring on or after the Distribution Record Date, and (iii) the Debtors shall be entitled to recognize and deal for all purposes under the Plan only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable.

2. Disbursing Agent

The Disbursing Agent shall make all distributions required under the Plan, except with respect to a holder of a Claim whose distribution is governed by an agreement and is administered by an Indenture Trustee or Servicer, which distributions shall be deposited by the Disbursing Agent with the appropriate Indenture Trustee or Servicer for distribution to holders of Claims in accordance with the provisions of the Plan and the terms of the governing agreement (except with respect to distributions on Claims where the Indenture Trustee or Servicer, the Debtors, and the holder of a Claim may have agreed otherwise). Distributions on account of such Claims shall be deemed complete upon delivery to the appropriate Indenture Trustee or Servicer; *provided, however*, that if any such Indenture Trustee or Servicer is unable to make such distributions, the Disbursing Agent, with the cooperation of such Indenture Trustee or Servicer, shall make such distributions to the extent reasonably practicable. With respect to holders of ~~the~~ American Union Claims in American Class 6, the Disbursing Agent shall make the distributions required under the Plan to the APA, the APFA, and the TWU, as applicable, and distributions on account of such American Union Claims shall be deemed complete upon delivery to the APA, the APFA, and the TWU, as applicable.

The Debtors shall be authorized, without further Bankruptcy Court approval, to reimburse any Servicer for its reasonable and customary servicing fees and expenses incurred in providing postpetition services directly related to distributions under the Plan. Such reimbursement~~s~~ shall be made on terms agreed to with the Debtors and shall not be deducted from distributions to be made under the Plan to holders of Allowed Claims receiving distributions from such Servicer.

3. Timing of Distributions

Subject to any reserves or holdbacks established under the Plan, on the appropriate Distribution Date, or as soon thereafter as is practicable, holders of Allowed Claims and Allowed AMR Equity Interests shall receive the distributions provided for in the Plan. Distributions on account of General Unsecured Claims that are Allowed as of the Effective Date, including delivery to The Depository Trust Company of the global certificate(s) representing the shares of Mandatorily Convertible Preferred Stock to be issued under the Plan, shall be made on the Initial Distribution Date~~,~~ or, other than with respect to distributions of Plan Shares, as soon thereafter as reasonably practicable (and shall receive the additional true-up distributions provided for in Section 7.4 of the Plan at the times provided for therein). Distributions on account of any Disputed Claim as of the Effective Date that subsequently becomes Allowed shall be made on the next Distribution Date that

is at least twenty (20-) calendar days after the date such Claim becomes Allowed, or as soon thereafter as is reasonably practicable; *provided, however*, that distributions on account of Administrative Expenses and Priority Tax Claims shall be made as set forth in Article II of the Plan. **Upon making distributions under the Plan, in no event shall any of the Debtors, the Reorganized Debtors, or the Disbursing Agent be liable for the subsequent acts of third parties regarding such distributions. Notwithstanding compliance by the Debtors or the Reorganized Debtors, as applicable, with their obligations under the Plan, there can be no assurance that an active trading market for the New Common Stock will develop or as to the prices at which the New Common Stock will trade.**

4. Delivery of Distributions and Undeliverable Distributions

All distributions to any holder of an Allowed Claim shall be made by the Disbursing Agent at the address of such holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtors or their agents or in a letter of transmittal, unless the Debtors have been notified in writing of a change of address, including, without limitation, by the filing of a proof of Claim by such holder that contains an address for such holder different from the address reflected on the Schedules for such holder. In the event that any distribution to any holder is returned as undeliverable, no further distributions to such holder shall be made unless and until such distributions are claimed, at which time all missed distributions shall be made to such holder, without interest; *provided, however*, that, except as otherwise provided in Article VII of the Plan, if any such distribution consists of New Common Stock, all dividends declared and paid in respect of such New Common Stock shall be included. The Disbursing Agent shall make reasonable efforts to locate holders of undeliverable distributions and, if located, assist such holders in complying with Section 5.5 of the Plan. All demands for undeliverable distributions must be made on or before the later to occur of (i) the first (1st) anniversary of the Effective Date or (ii) six (6) months after such holder's Claim becomes an Allowed Claim. Thereafter, the amount represented by such undeliverable distribution (including any dividends) shall be contributed by the Disbursing Agent to one or more charitable organizations exempt from U.S. federal income tax under section 501(c)(3) of the Tax Code to be selected by, and unrelated to, the Disbursing Agent (provided that the recipient charitable organization is not, and would not become by reason of the contribution, a "Substantial Stockholder" within the meaning of the New AAG Certificate of Incorporation), and any Claim in respect of such undeliverable distribution shall be discharged and forever barred from assertion against the Debtors, the Reorganized Debtors, and their respective property, notwithstanding any federal or state escheat laws to the contrary.

If any shares of New Mandatorily Convertible Preferred Stock or New Common Stock are to be issued in a name other than that in which the holder of an Allowed Claim is identified in the immediately preceding ~~sub~~paragraph, it shall be a condition of such issuance that the Person requesting such name shall pay any transfer or other taxes required

by reason of the issuance of shares of New Mandatorily Convertible Preferred Stock or New Common Stock in a name other than that in which such holder is identified in the Plan or shall establish to the satisfaction of New AAG or the Disbursing Agent, as applicable, that such taxes have either been paid or are not applicable.

Any distribution on account of Allowed Claims made to any of the Indenture Trustees or Servicers in accordance with the Plan shall be (i) deemed a distribution to the respective registered holders thereunder, (ii) subject to the applicable Indenture Trustee's or Servicer's right to assert its charging lien against such distributions, and (iii) in accordance with Section 5.10 of the Plan. Each Indenture Trustee and Servicer shall make such distributions, as soon as reasonably practicable after receipt thereof and pursuant to the terms of the applicable Indenture or other governing agreement, (A) with respect to Indenture Trustees, in accordance with Section 5.2 of the Plan to the registered holders as of the date of surrender of the debt securities pursuant to Section 5.13 of the Plan and (B) with respect to Servicers, in accordance with Section 5.2 of the Plan to the registered holders as provided in the applicable governing agreement.

All distributions to any holder of an Allowed AMR Equity Interest shall be made by the Disbursing Agent to the transfer agent for AMR Common Stock, who shall be responsible for making the appropriate distributions to the registered holders as of the Distribution Record Date. In the event that any distribution of New Common Stock to any holder of an Allowed AMR Equity Interest is returned as undeliverable, no further distributions to such holder shall be made unless and until such distributions are claimed, at which time all missed distributions shall be made to such holder without interest but together with any dividends that have been declared and paid in respect of such New Common Stock prior to the date such distributions are claimed. All demands for such undeliverable New Common Stock must be made on or before the first (1st) anniversary of the Effective Date. Thereafter, the New Common Stock constituting such undeliverable distribution (including any dividends declared thereon) shall be contributed to one or more charitable organizations exempt from U.S. federal income tax under section 501(c)(3) of the Tax Code to be selected by, and unrelated to, the Disbursing Agent (provided that the recipient charitable organization is not, and would not become by reason of the contribution, a "Substantial Stockholder" within the meaning of the New AAG Certificate of Incorporation), and any Claim or Equity Interest in respect of such undeliverable distribution shall be discharged and forever barred from assertion against the Debtors, the Reorganized Debtors, and their respective property, notwithstanding any federal or state escheat laws to the contrary.

5. Withholding and Reporting Requirements

(a) *Withholding Rights*

In connection with the Plan and all instruments issued in connection therewith and distributed thereon, any party issuing any instrument or making any distribution described in the Plan shall comply with all applicable withholding and reporting requirements

imposed by any federal, state, or local taxing authority, and all distributions pursuant to the Plan and all related agreements shall be subject to any such withholding or reporting requirements. In the case of a non-Cash distribution that is subject to withholding, the distributing party may withhold an appropriate portion of such distributed property and sell such withheld property to generate Cash necessary to pay over the withholding tax. Any amounts withheld pursuant to the preceding sentence shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan. Notwithstanding the foregoing, each holder of an Allowed Claim or Allowed AMR Equity Interest or any other Person that receives a distribution pursuant to the Plan shall have responsibility for any taxes imposed by any governmental unit, including, without limitation, income, withholding, and other taxes, on account of such distribution. Any party issuing any instrument or making any distribution pursuant to the Plan has the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

(b) *Forms*

Any party entitled to receive any property as an issuance or distribution under the Plan shall be required to deliver to the Disbursing Agent (or such other Person designated by the Debtors, which Person shall subsequently deliver to the Disbursing Agent any applicable Form W-8 or Form W-9 received) an appropriate Form W-9 or (if the payee is a foreign Person) Form W-8, unless such Person is exempt under the Tax Code and so notifies the Disbursing Agent. If the holder has not otherwise made a demand for an undeliverable distribution as set forth in Section 5.4 of the Plan and fails to comply with such a ~~request~~requirement within six (6) months, such distribution shall be deemed an undeliverable distribution.

6. Cash Payments

At the option of the Debtors, any Cash payment to be made under the Plan may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

7. Distributions on Behalf of Subsidiaries

The Disbursing Agent shall make distributions under the Plan on behalf of the applicable Reorganized Debtor. Where the applicable Reorganized Debtor is a subsidiary of New AAG, New AAG shall make a direct or indirect capital contribution (through the chain of relevant entities) to the applicable Reorganized Debtor of an amount of Plan Shares or Cash to be distributed to holders of Allowed Claims against such Debtor or to be placed in the Disputed Claims Reserve on account of Disputed Claims against such Debtor, but only at such time as the amounts are actually distributed to holders of Allowed Claims or placed into the Disputed Claims Reserve; *provided, however*, that the preceding portion of this sentence shall not apply to any shares of New Common Stock into which the New Mandatorily Convertible Preferred Stock actually converts, which New Common

Stock shall be issued and distributed directly by or on behalf of New AAG. Any distributions of Plan Shares or Cash that revert to New AAG or are otherwise cancelled shall revest solely in New AAG, and no other Reorganized Debtor shall have any ownership interest in the amounts distributed.

8. Allocation of Plan Distribution Between Principal and Interest

Except as otherwise required by law (as reasonably determined by the Debtors), distributions with respect to an Allowed General Unsecured Claim shall be allocated first to the principal portion of such Allowed Claim (as determined for U.S. federal income tax purposes) and, thereafter, to the remaining portion of such Allowed Claim, if any.

9. Time Bar to Cash Payments

Checks issued by the Debtors in respect of Allowed Claims shall be null and void if not negotiated within one hundred eighty (180) days after the date of issuance thereof. Requests for re-issuance of any check shall be made to the Debtors by the holder of the Allowed Claim to whom such check originally was issued. Any Claim in respect of such a voided check shall be made on or before thirty (30) days after the expiration of the one hundred eighty (180) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to New AAG, and any Claim in respect of such voided check shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

10. Minimum Distributions and Fractional Shares

No payment of Cash in an amount less than $25 shall be made to any holder of an Allowed Claim, and no fractional shares of New Mandatorily Convertible Preferred Stock or New Common Stock shall be distributed; *provided, however,* that (i) any fractional shares of New Mandatorily Convertible Preferred Stock shall be rounded down to the next whole number or zero, as applicable and (ii) any fractional shares of New Common Stock shall be rounded up or down to the next whole number or zero, as applicable (with one-half being closer to the next lower whole number for this purpose). No consideration shall be provided in lieu of fractional shares that are rounded down.

In the event any New Common Stock remains in the Disputed Claims Reserve after the Final Distribution Date and the Disbursing Agent determines that the distribution thereof to holders of Allowed Claims and Allowed AMR Equity Interests is not justified (i) based on the cost of distribution or (ii) because it would contravene Section 5.10(a) of the Plan, the Disbursing Agent shall contribute such New Common Stock to one or more charitable organizations exempt from U.S. federal income tax under section 501(c)(3) of the Tax Code to be selected by, and unrelated to, the Disbursing Agent (provided that the recipient charitable organization is not, and would not become by reason of the contribution, a "Substantial Stockholder" within the meaning of the New AAG Certificate of Incorporation).

11. Setoff and Recoupment

The Debtors and the Reorganized Debtors, as applicable, may, but shall not be required to, set off or recoup against any Claim, and any distribution to be made on account of such Claim, any and all claims, rights, and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable nonbankruptcy law; *provided, however*, that neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver, abandonment, or release by the Debtors or the Reorganized Debtors, as applicable, of any such claims, rights, and Causes of Action that the Debtors or the Reorganized Debtors, as applicable, may have against the holder of such Claim.

12. Transactions on Business Days

If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, the transactions contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

13. Surrender of Existing Publicly-Traded Debt Securities

On the Effective Date, or as soon thereafter as reasonably practicable, each Registered Holder of debt securities with respect to the Note Claims or the Unsecured Special Facility Revenue Bond Claims, as applicable, shall surrender its debt securities to the applicable Indenture Trustee or, in the event such debt securities are held in the name, or by a nominee, of The Depository Trust Company or other securities depository (each, a "**Depository**"), the Debtors shall seek the cooperation of the Depository to provide appropriate instructions to the applicable Indenture Trustee. No distributions under the Plan shall be made for or on behalf of such Registered Holder unless and until (i) such debt securities are received by the applicable Indenture Trustee or appropriate instructions from the Depository are received by the applicable Indenture Trustee or (ii) the loss, theft, or destruction of such debt securities is established to the reasonable satisfaction of the applicable Indenture Trustee, which satisfaction may require such Registered Holder to submit (a) a lost instrument affidavit and (b) an indemnity bond holding the Debtors, the Reorganized Debtors, and the applicable Indenture Trustee harmless in respect of such debt securities and distributions made with respect thereto. Upon compliance with Section 5.13 of the Plan by a Registered Holder of the debt securities, for all purposes under the Plan, such Registered Holder shall be deemed to have surrendered such debt securities. Any Registered Holder that fails to surrender such debt securities or satisfactorily explain the loss, theft, or destruction of such debt securities to the applicable Indenture Trustee within one year of the Effective Date shall be deemed to have no further Claim against the Debtors, the Reorganized Debtors, or the applicable Indenture Trustee in respect of such Claim and shall not participate in any distribution under the Plan. All property in respect of such forfeited distributions, including interest thereon, shall be promptly returned to the Debtors or the Reorganized Debtors, as applicable, by the applicable Indenture Trustee

(notwithstanding any federal or state escheat laws to the contrary), and any such debt securities shall be cancelled.

14. Class Proofs of Claim

If a class proof of ~~c~~Claim is Allowed, it shall be treated as a single Claim for purposes of Article V of the Plan.

15. Conversion of Convertible Notes

Subject to the Revised Final Order Pursuant to 11 U.S.C. §§ 105(a) and 362 Establishing Notification Procedures for Substantial Claimholders and Equity Security Holders and Approving Restrictions on Certain Transfers of Interests in the Debtors' Estates, entered by the Bankruptcy Court on April 11, 2013 (ECF No. 7591), any holder of a Convertible Note Claim may, at any time prior to the fifth (5th) Business Day before the Effective Date, irrevocably elect to have all or any portion of a Convertible Note be treated as an Allowed AMR Equity Interest in AMR Class 5 in an amount that corresponds to the number of shares of AMR Common Stock that would have been issued to such holder if such Convertible Note (or portion thereof) had been converted into shares of AMR Common Stock pursuant to the definitive documentation for such Convertible Note, with such number of shares determined as if such conversion became effective as of the Effective Date. Such election shall be made on the form included in the Plan Supplement (a "**Conversion Election Notice**") and, to be effective, must be actually received by the attorneys for the Debtors prior to such fifth (5th) Business Day. Any election not complying with the foregoing shall have no force or effect. In connection with any election of Convertible Notes (i) with respect to the AMR 6.25% Convertible Senior Notes due 2014, in determining the number of shares of AMR Common Stock that would have been issued upon the conversion of such Convertible Notes, the provisions of Section 8.15 of the Supplemental Indenture, dated as of September 28, 2009, related to such Convertible Notes shall be applied and the conversion ratio applicable to such conversion shall be adjusted pursuant to Section 8.15 of such Supplemental Indenture and, for purposes of computing such adjustment, the Effective Date shall be the "Make Whole Change of Control Effective Date" for purposes of such Supplemental Indenture; and (ii) the amount of Convertible Notes deemed converted shall be equal to the Convertible Note Claim with respect to such Convertible Note. Upon the effectiveness of any such election, the Convertible Note Claim related to such Convertible Note shall (subject to the following proviso) automatically cease to be an Allowed Claim for any purpose hereunder; *provided, however*, that in the event that the Plan is withdrawn by the Debtors, all Conversion Election Notices shall thereupon automatically be deemed to have been withdrawn and of no force or effect whatsoever, and none of the Convertible Notes with respect to which any such elections were made shall be treated as AMR Equity Interests in AMR Class 5 or as having been converted into shares of AMR Common Stock.

If, as a result of an election provided for in the immediately preceding paragraph, a Convertible Note is treated as an Allowed AMR Equity Interest in AMR Class 5, the

determination of the Labor Common Stock Allocation shall be calculated as if such election did not take place

F. Means for Implementation and Execution of the Plan

1. Continued Corporate Existence

Subject to the Merger and the terms of the Merger Agreement, each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate Entity, with all the powers of a corporation, partnership, or limited liability company, as applicable, under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law. Immediately following the Merger Effective Time, the New AAG Certificate of Incorporation shall be amended to change the name of AMR to American Airlines Group Inc.

2. Merger

Subject to and in connection with the occurrence of the Effective Date, AMR and US Airways shall take all such actions as may be necessary or appropriate to effect the Merger on the terms and subject to the conditions set forth in the Merger Agreement. Without limiting the generality of the immediately preceding sentence, upon the satisfaction or waiver of each of the conditions set forth in Section 9.2 of the Plan and the applicable conditions of the Merger Agreement, on the Effective Date AMR and US Airways shall cause the Certificate of Merger to be filed with the Secretary of State of the State of Delaware in accordance with the Delaware General Corporation Law and take or cause to be taken all other actions, including making appropriate filings or recordings, that may be required by the Delaware General Corporation Law or other applicable law in connection with the Merger.

New AAG shall issue the shares of New Common Stock in accordance with the Merger Agreement, with such shares to be distributed under the Plan, and the other transactions contemplated by the Merger Agreement shall occur.

In the event of any conflict whatsoever between the terms of the Plan and the Merger Agreement, the terms of the Merger Agreement shall control, and the Plan shall be deemed to incorporate in their entirety the terms, provisions, and conditions of the Merger Agreement.

3. The 9019 Settlement

The distributions provided for under the Plan with respect to Double-Dip General Unsecured Claims, Single-Dip General Unsecured Claims, the DFW 1.5x Unsecured Special Facility Revenue Bond Claim, and AMR Equity Interests incorporate and reflect a compromise and settlement (the "**9019 Settlement**") of (i) certain intercreditor issues relating to the rights and benefits of holders of Double-Dip General Unsecured Claims,

Single-Dip General Unsecured Claims, Triple-Dip General Unsecured Claims, and the DFW 1.5x Special Facility Revenue Bond Claim, (ii) the validity, enforceability, and priority of certain prepetition intercompany claims by and among AMR, American, and Eagle, (iii) Claims that creditors have with respect to the marshaling of assets and liabilities of AMR, American, or Eagle Holding in determining relative entitlements to distributions under a plan, and (iv) the rights of holders of AMR Equity Interests to a distribution under a plan.

The Plan shall constitute a motion to approve the 9019 Settlement. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of the 9019 Settlement pursuant to Bankruptcy Rule 9019 and a finding by the Bankruptcy Court that the 9019 Settlement is in the best interest of the Debtors and their estates. If the Effective Date does not occur, the 9019 Settlement shall be deemed to have been withdrawn without prejudice to the respective positions of the parties.

4. Distributions to Non-Union Employees

The Non-Union Employees shall receive shares of New Common Stock constituting 2.3% of the Creditor New Common Stock Allocation and which shall be distributed by New AAG as follows: On the Initial Distribution Date, or as soon thereafter as reasonably practicable, New AAG shall distribute the Non-Union Employees' pro rata share of the Initial Labor Common Stock Allocation to participating Non-Union Employees in per employee amounts as determined by the Debtors prior to the Effective Date. On each Mandatory Conversion Date, or as soon thereafter as reasonably practicable, New AAG shall distribute the Non-Union Employees' pro rata share of the applicable Incremental Labor Common Stock Allocation to participating Non-Union Employees in per employee amounts as determined by the Debtors prior to the Effective Date. In connection with each Interim True-Up Distribution, New AAG shall distribute to participating Non-Union Employees the Non-Union Employees' pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(a) of the Plan in per employee amounts as determined by the Debtors prior to the Effective Date. In connection with the Final True-Up Distribution, New AAG shall distribute to participating Non-Union Employees the Non-Union Employees' pro rata share of the distribution made on account of the American Labor Allocation pursuant to Section 7.4(b) of the Plan in per employee amounts as determined by the Debtors prior to the Effective Date. The right of the Non-Union Employees to receive any distribution on a Mandatory Conversion Date, an Interim Distribution Date, or a Final Distribution Date shall not be Transferable. Any Non-Union Employee who is eligible to receive an Alignment Award or an award under the Chairman Letter Agreement shall not receive any distribution of New Common Stock pursuant to Section 6.4 of the Plan.

5. Substantive Consolidation

(a) *Order Granting Plan Consolidation*

The Plan serves as a motion seeking, and entry of the Confirmation Order shall constitute, the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the AMR Plan Consolidation, the American Plan Consolidation, and the Eagle Plan Consolidation.

(b) *AMR Plan Consolidation*

Solely for voting, confirmation, and distribution purposes under the Plan, and subject to the following sentence, (i) all assets and all liabilities of the AMR Debtors shall be treated as though they were merged, (ii) all guarantees of any AMR Debtor of the payment, performance, or collection of obligations of another AMR Debtor shall be eliminated and cancelled, (iii) any obligation of any AMR Debtor and all guarantees thereof executed by one or more of the other AMR Debtors shall be treated as a single obligation, and such guarantees shall be deemed a single Claim against the consolidated AMR Debtors, (iv) all joint obligations of two or more AMR Debtors and all multiple Claims against such Entities on account of such joint obligations shall be treated and allowed as a single Claim against the consolidated AMR Debtors, (v) all Claims between the AMR Debtors shall be deemed cancelled, and (vi) each Claim filed in the Chapter 11 Case of any AMR Debtor shall be deemed filed against the consolidated AMR Debtors and a single obligation of the consolidated AMR Debtors. The substantive consolidation and deemed merger effected pursuant to Section 6.~~4~~5(b) of the Plan shall not affect (other than for purposes related to funding distributions under the Plan and as set forth in Section 6.~~3~~5(b) of the Plan) (i) the legal and organizational structure of the AMR Debtors, except as provided in the Merger Agreement, (ii) defenses to any Causes of Action or requirements for any third party to establish mutuality to assert a right of setoff, and (iii) distributions out of any insurance policies or proceeds of such policies. Notwithstanding the foregoing, prepetition intercompany Claims between and among the AMR Debtors, the American Debtors, and the Eagle Debtors shall be dealt with in accordance with Section 6.15 of the Plan.

(c) *American Plan Consolidation*

Solely for voting, confirmation, and distribution purposes under the Plan, and subject to the following sentence, (i) all assets and all liabilities of the American Debtors shall be treated as though they were merged, (ii) all guarantees of any American Debtor of the payment, performance, or collection of obligations of another American Debtor shall be eliminated and cancelled, (iii) any obligation of any American Debtor and all guarantees thereof executed by one or more of the other American Debtors shall be treated as a single obligation, and such guarantees shall be deemed a single Claim against the consolidated American Debtors, (iv) all joint obligations of two or more American Debtors and all multiple Claims against such Entities on account of such joint obligations shall be treated

and allowed as a single Claim against the consolidated American Debtors, (v) all Claims between the American Debtors shall be deemed cancelled, and (vi) each Claim filed in the Chapter 11 Case of any American Debtor shall be deemed filed against the consolidated American Debtors and a single obligation of the consolidated American Debtors. The substantive consolidation and deemed merger effected pursuant to Section 6.~~3~~5(c) of the Plan shall not affect (other than for purposes related to funding distributions under the Plan and as set forth in Section 6.~~4~~5(c) of the Plan) (i) the legal and organizational structure of the American Debtors, except as provided in the Merger Agreement, (ii) defenses to any Causes of Action or requirements for any third party to establish mutuality to assert a right of setoff, and (iii) distributions out of any insurance policies or proceeds of such policies. Notwithstanding the foregoing, prepetition intercompany Claims between and among the AMR Debtors, the American Debtors, and the Eagle Debtors shall be dealt with in accordance with Section 6.15 of the Plan.

(d) *Eagle Plan Consolidation*

Solely for voting, confirmation, and distribution purposes under the Plan, and subject to the following sentence, (i) all assets and all liabilities of the Eagle Debtors shall be treated as though they were merged, (ii) all guarantees of any Eagle Debtor of the payment, performance, or collection of obligations of another Eagle Debtor shall be eliminated and cancelled, (iii) any obligation of any Eagle Debtor and all guarantees thereof executed by one or more of the other Eagle Debtors shall be treated as a single obligation, and such guarantees shall be deemed a single Claim against the consolidated Eagle Debtors, (iv) all joint obligations of two or more Eagle Debtors and all multiple Claims against such Entities on account of such joint obligations shall be treated and allowed as a single Claim against the consolidated Eagle Debtors, (v) all Claims between the Eagle Debtors shall be deemed cancelled, and (vi) each Claim filed in the Chapter 11 Case of any Eagle Debtor shall be deemed filed against the consolidated Eagle Debtors and a single obligation of the consolidated Eagle Debtors. The substantive consolidation and deemed merger effected pursuant to Section 6.~~4~~5(d) of the Plan shall not affect (other than for purposes related to funding distributions under the Plan and as set forth in Section 6.~~3~~5(d) of the Plan) (i) the legal and organizational structure of the Eagle Debtors, except as provided in the Merger Agreement, (ii) defenses to any Causes of Action or requirements for any third party to establish mutuality to assert a right of setoff, and (iii) distributions out of any insurance policies or proceeds of such policies. Notwithstanding the foregoing, prepetition intercompany Claims between and among the AMR Debtors, the American Debtors, and the Eagle Debtors shall be dealt with in accordance with Section 6.15 of the Plan.

6. Confirmation in the Event of Partial or No Plan Consolidation

In the event that the Bankruptcy Court orders partial, or does not order, AMR Plan Consolidation, American Plan Consolidation, or Eagle Plan Consolidation, the Debtors reserve the right to (i) proceed with no or partial Plan Consolidation, (ii) propose one or more Sub-Plans with respect to one or more Debtors, (iii) proceed with confirmation of

one or more Sub-Plans to the exclusion of the other Sub-Plans, (iv) withdraw some or all of the Sub-Plans, or (v) withdraw the Plan. Subject to the immediately preceding sentence, the Debtors' inability to confirm any Plan Consolidation or Sub-Plan, or the Debtors' election to withdraw any Plan Consolidation or Sub-Plan, shall not impair confirmation or consummation of any other Plan Consolidation or Sub-Plan.

In the event that the Bankruptcy Court does not order the AMR Plan Consolidation, the American Plan Consolidation, or the Eagle Plan Consolidation, (i) Claims against the applicable Debtors shall be treated as separate Claims with respect to the estates of such Debtors for all purposes, and such Claims shall be administered as provided in the applicable Sub-Plan and (ii) the Debtors shall not be required to re-solicit votes with respect to the Plan or any applicable Sub-Plan.

7. Claims Against Multiple Consolidated Debtors

If one or more AMR Debtors and one or more American Debtors are obligated for a particular Claim (other than a Double-Dip General Unsecured Claim or a Double-Dip General Unsecured Claim~~s~~ as to which a Single-Dip Treatment Election has been made in accordance with the procedures set forth in Section 4.3(b) or 4.10(b) of the Plan), the holder of such Claim shall be deemed to have one Claim against the AMR Debtors and one Claim against the American Debtors for purposes of confirmation and distribution. If one or more AMR Debtors and one or more Eagle Debtors are obligated for a particular Claim, the holder of such Claim shall be deemed to have one Claim against the AMR Debtors and one Claim against the Eagle Debtors for purposes of confirmation and distribution. If one or more American Debtors and one or more Eagle Debtors are obligated for a particular Claim, the holder of such Claim shall be deemed to have one Claim against the American Debtors and one Claim against the Eagle Debtors for purposes of confirmation and distribution. If one or more AMR Debtors, American Debtors, and Eagle Debtors are obligated for a particular Claim (other than a Double-Dip General Unsecured Claim or a Double-Dip General Unsecured Claim as to which a Single-Dip Treatment Election has been made in accordance with the procedures set forth in Section 4.3(b) or 4.10(b) of the Plan), the holder of such Claim shall be deemed to have one Claim against the AMR Debtors, one Claim against the American Debtors, and one Claim against the Eagle Debtors for purposes of confirmation and distribution. Notwithstanding the foregoing, if a holder of a Claim against (i) one or more AMR Debtors and one or more American Debtors, (ii) one or more AMR Debtors and one or more Eagle Debtors, (iii) one or more American Debtors and one or more Eagle Debtors, or (iv) one or more AMR Debtors, one or more American Debtors, and one or more Eagle Debtors, by receiving more than one distribution, as set forth in Section 6.~~5~~7 of the Plan, would receive distributions under the Plan with a value in excess of one hundred percent (100%) of such Claim, including any postpetition interest or other amounts ~~s~~due to such holder pursuant to any provision of the Plan, then the Debtors shall be authorized, without the need for any notice or further order of the Bankruptcy Court, to reduce the distributions under the Plan that would otherwise be made on account of such Claim pro rata based on the relative amounts of such

distributions, such that the holder of such Claim shall not receive value in excess of one hundred percent (100%) of such Claim, including, for the avoidance of doubt, any postpetition interest or other amounts due to such holder pursuant to any provision of the Plan.

8. Issuance of Plan Shares

New AAG shall issue the Plan Shares, or have sufficient authorized shares available for issuance, as applicable, in accordance with the Plan and with the Merger Agreement.

9. Nonconsensual Confirmation

In the event any impaired Class of Claims entitled to vote on the Plan does not accept the Plan by the requisite statutory majority under section 1126(c) of the Bankruptcy Code, then the Debtors reserve the right to undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code.

10. Issuance of ~~Plan Shares~~Securities; Execution of Related Documents

On the Effective Date, or as soon thereafter as reasonably practicable, except as otherwise provided in the Plan or in the Merger Agreement, the Reorganized Debtors shall issue all securities, instruments, certificates, and other documents that they are required to issue under the Plan or under any Postpetition Aircraft Agreement, which shall be distributed as provided in the Plan and any such Postpetition Aircraft Agreement; *provided, however*, that New AAG shall be authorized to issue the New Mandatorily Convertible Preferred Stock and the New Common Stock in accordance with Sections 6.8 and 6.19 of the Plan, the Merger Agreement, and any such Postpetition Aircraft Agreement, as ~~the case may be~~applicable, without the need for any further corporate action by any Debtor or Reorganized Debtor or their stockholders. New AAG and the Reorganized Debtors, as applicable, shall execute and deliver such other agreements, documents, and instruments in accordance with the Plan, the Merger Agreement, and any such Postpetition Aircraft Agreement, as applicable.

11. Section 1145 Exemption

The offer, issuance, and distribution of all of the shares of New Mandatorily Convertible Preferred Stock and ~~the~~ New Common Stock under the Plan to holders of Allowed Claims against and Allowed AMR Equity Interests in the Debtors, as applicable, and the issuance of all shares of New Common Stock issued pursuant to the conversion of the New Mandatorily Convertible Preferred Stock, and any securities issued or to be issued pursuant to or in connection with a Postpetition Aircraft Agreement, shall be exempt, pursuant to section 1145 of the Bankruptcy Code, from registration under (i) the Securities Act of 1933 (the "**Securities Act**"), as amended, and all rules and regulations promulgated thereunder and (ii) any state or local law requiring registration for the offer, issuance, or

distribution of securities. The exemption from Securities Act registration provided by section 1145(a) of the Bankruptcy Code (as well as any equivalent securities law provisions under state law) also is available for the offer and/or issuance of New Common Stock by New AAG as outstanding Disputed General Unsecured Claims are resolved in accordance with the Plan.

Notwithstanding the foregoing, the exemption from registration that is provided by section 1145(a) of the Bankruptcy Code will not apply if the holder of the applicable securities is an "underwriter," as that term is defined in section 1145(b) of the Bankruptcy Code. Section 1145(b) of the Bankruptcy Code defines an "underwriter" for ~~the~~ purposes of the Securities Act as one who (a) purchases a claim with a view to distribution of any security to be received in exchange for the claim other than in ordinary trading transactions, (b) offers to sell securities issued under a plan for the holders of such securities, (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution, or (d) is ~~a "Control Person" of the~~an issuer ~~of the securities~~, as ~~defined~~used in section 2(a)(11) of the Securities Act, with respect to such issuer of the securities, which includes control persons of the issuer.

For persons deemed to be "underwriters" who receive New Common Stock pursuant to the Plan, including control person underwriters or any securities issued or to be issued pursuant to, or in connection with, a Postpetition Aircraft Agreement (collectively, the "**Restricted Holders**"), resales of New Common Stock or such other securities will not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Restricted Holders, however, may be able, ~~at a future time,~~ and under certain conditions described below, to sell New Common Stock or other such securities without registration pursuant to the resale provisions of Rule 144 of the Securities Act ("**Rule 144**") or other applicable exemptions therein.

Under certain circumstances, holders of New Common Stock deemed to be "underwriters" may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144, to the extent available, and in compliance with applicable state and foreign securities laws. Generally, Rule 144 provides that persons who hold securities received in a transaction not involving a public offering or who are affiliates of an issuer who resells securities will not be deemed to be underwriters if certain conditions are met. These conditions vary depending on whether the seller is a holder of restricted securities or a control person of the issuer and whether the security to be sold is an equity security or a debt security. The conditions include required holding periods in certain cases, the requirement that current public information with respect to the issuer be available, a limitation as to the amount of securities that may be sold in certain cases, the requirement in certain cases that the securities be sold in a "brokers transaction" or in a transaction directly with a "market maker," and that, in certain cases, notice of the resale be filed with the SEC.

IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A RECIPIENT OF NEW COMMON STOCK MAY BE AN UNDERWRITER, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN NEW COMMON STOCK. ACCORDINGLY, THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF NEW COMMON STOCK CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES OR BENEFICIAL INTERESTS.

12. Hart-Scott-Rodino Compliance

Any shares of New Common Stock to be distributed under the Plan to any Entity required to file a Premerger Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall not be distributed until the notification and waiting periods applicable under such Act to such Entity shall have expired or been terminated.

13. Listing

In accordance with the Merger Agreement, the shares of New Common Stock shall be authorized for listing on the NYSE or the NASDAQ Stock Market, upon official notice of issuance, on or prior to the Closing Date.

14. Cancellation of AMR Common Stock

At the Merger Effective Time, all outstanding shares of AMR Common Stock or preferred stock of AMR, all options to purchase shares of AMR Common Stock or preferred stock of AMR, and all awards of any kind consisting of shares of AMR Common Stock or preferred stock of AMR, that have been or may be granted, held, awarded, outstanding, payable, or reserved for issuance, and all other AMR Equity Interests, including all securities or obligations convertible or exchangeable into or exercisable for shares of AMR Common Stock, preferred stock of AMR, or other AMR Equity Interests, and each other right of any kind, contingent or accrued, to acquire or receive shares of AMR Common Stock, preferred stock of AMR, or other AMR Equity Interests, whether upon exercise, conversion, or otherwise, whether vested or unvested, shall, without any action on the part of the holder thereof, be cancelled and retired and shall cease to exist. Section 6.13 of the Plan does not apply with respect to any New Common Stock, New Mandatorily Convertible Preferred Stock, or any other equity securities or rights to acquire or receive equity securities or any other awards of any kind relating to New AAG that are issued in accordance with or pursuant to the Plan or the Merger Agreement.

15. Cancellation of Existing Notes and Aircraft Securities

Except as otherwise provided in the Plan, on the Effective Date, all notes, instruments, certificates, and other documents evidencing the Notes, the Special Facility

Revenue Bonds (excluding the Covered Special Facility Revenue Bonds), and the Aircraft Securities shall be cancelled, and the obligations of the Debtors thereunder and in any way related thereto shall be deemed fully satisfied, released, and discharged; *provided, however*, that (i) with respect to Special Facility Revenue Bonds (excluding the Covered Special Facility Revenue Bonds), the obligations of the Debtors thereunder and in any way related thereto shall be fully terminated, satisfied, released, and discharged in exchange for the treatment provided in the Plan for Allowed Claims and any other treatment provided for by Final Order, if any, ~~arising thereunder,~~ (ii) the cancellations set forth in Section 6.14 of the Plan and the termination, satisfaction, release, and discharge of the Debtors' obligations with respect to the Special Facility Revenue Bonds (excluding the Covered Special Facility Revenue Bonds) and the Aircraft Securities shall not alter the obligations or rights of any non-Debtor third parties applicable after the Effective Date vis-à-vis one another with respect to such notes, instruments, certificates, or other documents, (iii) the cancellations set forth in Section 6.14 of the Plan and the termination, satisfaction, release, and discharge of the Debtors' obligations with respect to the Special Facility Revenue Bonds (excluding the Covered Special Facility Revenue Bonds) shall not be deemed to cause a default, termination, waiver, or other forfeiture of the Debtors in any document, instrument, lease, or other agreement (including, but not limited to, that certain Amended and Restated Airport Use Agreement – Terminal Facilities Lease, dated as of January 1, 1985, by and between the City of Chicago and American, as amended from time to time (the "**Chicago Lease**")) pursuant to which the Debtors lease or use land, facilities, improvements, or equipment financed, in whole or in part, with the proceeds of any Special Facility Revenue Bonds that have been deemed to be satisfied or cancelled under the Plan or otherwise, and (iv) any provision in any document, instrument, lease, or other agreement (including, but not limited to, the Chicago Lease) that causes or effectuates, or purports to cause or effectuate, a default, termination, waiver, or other forfeiture of, or by, the Debtors or their interests, as a result of the cancellations, terminations, satisfaction, releases, or discharges provided for in Section 6.14 of the Plan shall be deemed null and void and shall be of no force and effect, and the Debtors shall be entitled to continue to use (in accordance with the remaining provisions of such document, instrument, lease, or other agreement) any land, facilities, improvements, or equipment financed with the proceeds of Special Facility Revenue Bonds (including, but not limited to, the premises leased pursuant to the Chicago Lease), notwithstanding such cancellations, terminations, satisfactions, releases, or discharges provided in Section 6.14 of the Plan. Except as otherwise provided in the Plan, on the Effective Date, any indentures or similar agreements relating to any of the foregoing, including, without limitation, the Indentures, the Special Facility Revenue Bond Indentures, and any related notes, guarant~~i~~ees, or similar instruments of the Debtors or otherwise (excluding the Special Facility Revenue Bond Indentures, and any related notes, guarant~~i~~ees, or similar instruments of the Debtors or otherwise, associated with the Covered Special Facility Revenue Bonds) shall be deemed cancelled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and discharged (a) with respect to all rights of and obligations owed by any Debtor under any such indentures or similar agreements and (b) except as provided in Section 6.14 of the Plan, with respect to the rights and obligations of the Indenture Trustees under any such indentures or similar agreements

against (or to) the holders of Note Claims, the holders of ~~the~~ Special Facility Revenue Bond Claims, or any other ~~p~~Person. Solely for the purpose of clause (b) in the immediately preceding sentence, only the following rights of each such Indenture Trustee shall remain in effect after the Effective Date: (1) rights as trustee, co-trustee, agent, paying agent, distribution agent, authentication agent, guarantee trustee, remarketing agent, bond registrar, and registrar, including, but not limited to, any rights to payment of fees, expenses, and indemnification obligations, including, but not limited to, from property distributed under the Plan to such Indenture Trustee (but excluding any other property of the Debtors, the Reorganized Debtors, or their respective estates), whether pursuant to the exercise of a charging lien or otherwise, (2) rights relating to distributions to be made to holders of Allowed Note Claims or Allowed Special Facility Revenue Bond Claims by such Indenture Trustee from any source, including, but not limited to, distributions under the Plan (but excluding any other property of the Debtors, the Reorganized Debtors, or their respective estates), (3) rights relating to representation of the interests of the holders of Note Claims or Special Facility Revenue Bond Claims by such Indenture Trustee in the Chapter 11 Cases to the extent not discharged or released under the Plan or under any order of the Bankruptcy Court, and (4) rights relating to participation by such Indenture Trustee in any proceedings or appeals related to the Plan. Notwithstanding the continued effectiveness of such rights after the Effective Date, such Indenture Trustee shall have no obligation to object to Claims against the Debtors or to locate certificated holders of Notes, Special Facility Revenue Bonds, or Aircraft Securities who fail to surrender their respective Notes, Special Facility Revenue Bonds, or Aircraft Securities in accordance with Section 5.13 of the Plan. Nothing contained in the Plan shall be deemed to cancel, terminate, release, or discharge the obligation of the Debtors or any of their counterparties under any executory contract or lease (including, but not limited to, executory contracts or leases pursuant to which a Debtor leases any land, facilities, improvements, and/or equipment financed, in whole or in part, with proceeds of Special Facility Revenue Bonds) to the extent such executory contract or lease has been assumed by the Debtors pursuant to a Final Order of the Bankruptcy Court or under the Plan. Notwithstanding any other provisions set forth in Section 6.14 of the Plan, with respect to any aircraft identified on Schedule "4" to the Plan, and any Aircraft Securities issued in respect of such aircraft, until (I) the execution of Postpetition Aircraft Agreements with respect to such aircraft, (II) the payment in full of distributions as provided herein in respect of the Claims addressed by such Postpetition Aircraft Agreements with respect to such aircraft, (III) any monies, other consideration, or other value to be passed through such Aircraft Securities at any time pursuant to the Postpetition Agreements in respect of such aircraft or otherwise arising from the sale, lease, or other disposition of such aircraft have been finally and indefeasibly paid and/or conveyed to the holders of such Aircraft Securities (including, without limitation, any equipment trust certificates), and (IV) in the case of any pass-through trust certificates, all of the matters described in the foregoing clauses (I) through (III) shall be completed with respect to each related aircraft and equipment trust certificate, any such Aircraft Securities shall not be cancelled; *provided*, *however*, on the Effective Date or the applicable Rejection Effective Date (as set forth on Schedule "4" to the Plan), as applicable, all obligations of the Debtors (to the extent the Debtors had any obligations)

with respect to the Aircraft Securities shall be deemed satisfied, released, and discharged. For the avoidance of doubt, the release, satisfaction, or discharge of any of the Debtors' obligations under the Aircraft Securities shall not affect the rights and obligations of any non-Debtor third parties after the Effective Date or the applicable Rejection Effective Date, as applicable, vis-à-vis one another with respect to such Aircraft Securities.

16. Intercompany Claims

The allocation of value based upon prepetition intercompany Claims between and among the AMR Debtors, the American Debtors, and the Eagle Debtors is reflected in the compromise embodied in the Plan and distributions to be made under the Plan. No separate distributions shall be made under the Plan on account of such prepetition intercompany Claims, including the AMR Intercompany Claim and the Eagle Holding Intercompany Claim, and such Claims may be extinguished or compromised (by distribution, contribution, or otherwise) in the discretion of the Debtors on or after the Effective Date.

17. Exit Facility

The Debtors are authorized to enter into new financing arrangements subject to Bankruptcy Court approval.

18. Equity Interests in Subsidiaries Held by the Debtors

Subject to the terms and conditions set forth in the Merger Agreement, on the Effective Date, each respective Equity Interest in a direct or indirect subsidiary of AMR that is not a Debtor shall be unaffected by the Plan, and the Reorganized Debtor holding such Equity Interest shall continue to hold such Equity Interest; *provided, however*, that on or after the Effective Date, New AAG may cause US Airways to merge with and into New AAG or a business entity disregarded as an entity separate from New AAG for U.S. federal income tax purposes.

19. Board of Directors

The initial Board of Directors of New AAG shall consist of twelve (12) members whose names shall be disclosed at or prior to the Confirmation Hearing. The Board of Directors of New AAG shall be composed of (i) five (5) directors designated by the Search Committee, (A) each of whom shall be an independent director and (B) one of whom shall serve as the initial Lead Independent Director of New AAG in accordance with the New AAG Bylaws, and whom shall be designated to serve in such role by the Search Committee, (ii) two directors designated by AMR, each of whom shall be independent directors reasonably acceptable to the Search Committee, (iii) three (3) directors designated by US Airways, each of whom shall be independent directors, (iv) one (1) director who shall be Mr. Thomas W. Horton, the current Chairman of the Board, President, and Chief Executive Officer of AMR, who shall serve as the initial Chairman of

the Board of Directors of New AAG in accordance with the New AAG Bylaws, and (v) one (1) director who shall be Mr. W. Douglas Parker, the current Chairman of the Board and Chief Executive Officer of US Airways. The identities of the members of the initial Boards of Directors of the other Reorganized Debtors shall be disclosed at or prior to the Confirmation Hearing.

After selection of the initial Board of Directors of New AAG, the holders of the New Mandatorily Convertible Preferred Stock and the New Common Stock shall elect members of the New AAG Board in accordance with the New AAG Certificate of Incorporation, the New AAG Bylaws, the Certificate of Designations, and applicable nonbankruptcy law.

20. Corporate Action

(a) *New AAG*

The New AAG Certificate of Incorporation and the New AAG Bylaws shall be consistent with the terms and provisions of the Merger Agreement. New AAG shall file the New AAG Certificate of Incorporation and the Certificate of Designations with the Secretary of State of the State of Delaware on the Effective Date immediately prior to the Merger Effective Time. The New AAG Certificate of Incorporation shall prohibit the issuance of nonvoting equity securities, subject to further amendment of such New AAG Certificate of Incorporation as permitted by applicable law. The New AAG Bylaws shall be deemed adopted by the New AAG Board as of the Effective Date.

The New AAG Certificate of Incorporation will impose certain restrictions on the transferability and ownership of New Common Stock, New Mandatorily Convertible Preferred Stock, warrants, rights or options to purchase New Mandatorily Convertible Preferred Stock or New Common Stock, and certain other equity-type interests (collectively, the "**Corporation Securities**") to reduce the possibility that subsequent changes in the ownership of Corporation Securities could result in limitations on the use of the significant NOL carryforwards and other valuable tax attributes of New AAG and its subsidiaries. Subject to certain exceptions, or the prior approval of the New AAG Board, the New AAG Certificate of Incorporation ~~will~~shall restrict (x) any person or entity from directly or indirectly acquiring or accumulating Corporation Securities if such person or entity would become a Substantial Stockholder (as defined below) or if such acquisition would increase the percentage stock ownership (as determined under applicable tax law principles) of a Substantial Stockholder, and (y) for three (3) years and six (6) months after the Effective Date, any person or entity from directly or indirectly disposing of Corporation Securities if such transferor is a Substantial Stockholder or such disposition would result in a decrease in the percentage stock ownership of a Substantial Stockholder. A "**Substantial Stockholder**" ~~will~~shall be a person or entity with a percentage stock ownership of 4.75% or more of New AAG stock. For purposes of computing the percentage stock ownership of a holder of New Mandatorily Convertible Preferred Stock, such holder's percentage stock ownership will be the greater of the percentage computed

~~(i)~~ based on the ownership of (i) the New Mandatorily Convertible Preferred Stock and (ii) ~~based on the ownership of~~ the maximum amount of New Common Stock into which the New Mandatorily Convertible Preferred Stock of such holder may convert at any time over the life of the New Mandatorily Convertible Preferred Stock. These restrictions may remain in effect for as long as eight (8) years after the Effective Date~~,~~ and may be waived by the New AAG Board on a case-by-case basis.

(b) *The Reorganized Debtors*

The Reorganized Debtors (other than New AAG) shall file the Amended Certificates of Incorporation with the Secretary of State of the State of the applicable state of formation on the Effective Date. The Amended Certificates of Incorporation for each of the Reorganized Debtors (other than New AAG) that are corporations shall prohibit the issuance of nonvoting equity securities, subject to further amendment of such Amended Certificates of Incorporation as permitted by applicable law. With respect to any Debtor that is a limited liability company or partnership, the respective limited liability company agreement or partnership agreement by which such Debtor is governed shall be similarly amended to prohibit the issuance of nonvoting equity securities.

On the Effective Date, the adoption, filing, approval, and ratification, as necessary, of all corporate or related actions contemplated under the Plan with respect to each of the Reorganized Debtors shall be deemed authorized and approved by each of the Reorganized Debtors, its board of directors, managers, stockholders, members, or partners, as applicable, in all respects, in each case to the extent required by applicable nonbankruptcy law. Without limiting the foregoing, such actions include (i) the adoption and filing of the New AAG Certificate of Incorporation, the Certificate of Designations, and the Amended Certificates of Incorporation for each of the other Reorganized Debtors, (ii) the approval of the New AAG Bylaws and the Amended Bylaws for each of the other Reorganized Debtors, (iii) the election or appointment, as ~~the case may be~~applicable, of directors and officers for the Reorganized Debtors, (iv) the issuance of the Plan Shares, (v) the Merger to be effectuated pursuant to the Plan, (vi) the adoption and implementation of the employee matters set forth in Section 4.10 of the Merger Agreement and Section 4.1(o) of the American Disclosure Letter, including, but not limited to, the New AAG 2013 Incentive Award Plan, the Alignment Awards, and the LTIP 2013 Awards, (vii) the qualification of any of the Reorganized Debtors as foreign corporations, partnerships, or limited liability companies wherever the conduct of business by such Entities requires such qualification, and (viii) the execution, delivery, and performance of each Postpetition Aircraft Agreement and any agreement or instrument provided for in a Postpetition Aircraft Agreement and the issuance of any security to be issued by a Reorganized Debtor pursuant to or in connection with a Postpetition Aircraft Agreement.

All matters provided for in the Plan involving the corporate structure of any Debtor or Reorganized Debtor, or any corporate or related action required by any Debtor or Reorganized Debtor in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or

directors of such Debtor or Reorganized Debtor or by any other stakeholder, and with like effect as though such action had been taken unanimously by the security holders and directors, managers, members, or partners, as applicable, of the applicable Debtor or Reorganized Debtor.

21. New AAG 2013 Incentive Award Plan

The New AAG 2013 Incentive Award Plan, the Alignment Awards, and the LTIP 2013 Awards shall become effective immediately upon the occurrence of the Merger Effective Time without any further corporate or other action.

22. Anti-Dilution Adjustments

In the event that any transaction or event of the type contemplated by Sections 6.1, 6.2, or 6.3 of the Certificate of Designations occurs with respect to the New Common Stock, in addition to the actions required under the Certificate of Designations, the Board of Directors of New AAG shall take appropriate action as may be necessary or appropriate, as determined in its reasonable good faith judgment, to protect the rights of holders of New Common Stock consistent herewith.

23. Effectuating Documents and Further Transactions

Each of the officers of each of the Debtors is (and each of the officers of each of the Reorganized Debtors shall be) authorized and directed to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

24. Creditors' Committee Member Fees

Subject to the occurrence of the Effective Date, the reasonable fees and out-of-pocket expenses (including professionals fees in an amount to be agreed upon by the Debtors and the Creditors' Committee) of the individual members of the Creditors' Committee, in each case, incurred in their capacities as members of the Creditors' Committee, shall, to the extent incurred and unpaid by the Debtors prior to the Effective Date, be Allowed as Administrative Expenses and paid by the Reorganized Debtors without further Bankruptcy Court approval upon the submission of invoices to the Reorganized Debtors. The foregoing shall not include any such fees and out-of-pocket expenses paid pursuant to Section 2.4 of the Plan.

25. Chairman Letter Agreement

The Chairman Letter Agreement is to be approved by the Bankruptcy Court in connection with confirmation of the Plan and is to be effective on the Effective Date.

G. Procedures for Disputed Claims

1. Objections to Claims

The Reorganized Debtors shall be entitled to object to Claims. Any objections to Claims shall be served and filed on or before the later of (i) one hundred eighty (180-) days after the Effective Date and (ii) such date as may be fixed by the Bankruptcy Court (as the same may be extended by the Bankruptcy Court), whether fixed before or after the date specified in clause (i) above. The Post-Effective Date Creditors' Committee shall have standing to appear and be heard with respect to objections to Claims.

2. Resolution of Disputed Administrative Expenses and Disputed Claims

On and after the Effective Date, the Reorganized Debtors shall have the authority to compromise, settle, otherwise resolve, or withdraw any objections to Administrative Expenses or Claims and to compromise, settle, or otherwise resolve any disputed Administrative Expenses and Disputed Claims without approval of the Bankruptcy Court, other than with respect to Administrative Expenses relating to compensation of professionals. Notwithstanding the foregoing, the Debtors shall not have the authority to compromise, settle, or otherwise resolve any Claims asserted by any insider of any Debtor or Reorganized Debtor or where the settled amount of such Claim exceeds $1 million.

3. Payments and Distributions with Respect to Disputed Claims

Notwithstanding anything in the Plan to the contrary, if any portion of a Claim is a Disputed Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim; *provided however*, that no payment or distribution provided under the Plan shall be made to a Disputed Claim that becomes an Allowed Claim until after the occurrence of the Final Mandatory Conversion Date.

There shall be withheld from the New Mandatorily Convertible Preferred Stock and the New Common Stock to be distributed to holders of Allowed Single-Dip General Unsecured Claims (i) the number of such shares that would be distributable with respect to any Disputed Single-Dip General Unsecured Claims had such Disputed Claims been Allowed on the Effective Date and (ii) such additional shares necessary to assure that, if all such Disputed Claims become Allowed Claims in full, sufficient shares are available to satisfy the American Labor Allocation (the "**Disputed Claims Reserve**"), together with all earnings thereon (net of any expenses relating thereto, including any taxes imposed thereon or otherwise payable by the Disputed Claims Reserve). The Disbursing Agent shall hold in the Disputed Claims Reserve all dividends, payments, and other distributions made on account of, as well as any obligations arising from, property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise, and such dividends, payments, or other

distributions shall be held for the benefit of holders of Disputed Claims against any of the Debtors whose Claims are subsequently Allowed and for the benefit of other parties entitled thereto under the Plan. The Debtors intend to seek a determination by the Bankruptcy Court of the estimated amount (either on an individual or aggregate basis) of Disputed Single-Dip General Unsecured Claims for purposes of determining the amount of the Disputed Claims Reserve attributable to such Disputed Claims.

Any Plan Shares held in the Disputed Claims Reserve pursuant to Section 7.3 of the Plan shall be deemed voted by the Disbursing Agent proportionally in the same manner as the rest of the Plan Shares are voted. The applicable portion of any New Mandatorily Convertible Preferred Stock held in the Disputed Claims Reserve shall be mandatorily converted into shares of New Common Stock as required under the Plan on each Mandatory Conversion Date.

Subject to definitive guidance from the Internal Revenue Service ("**IRS**") or a court of competent jurisdiction to the contrary (including the receipt by the Disbursing Agent of a private letter ruling if the Disbursing Agent so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Disbursing Agent), the Disbursing Agent shall (i) treat the Disputed Claims Reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 (and make any appropriate elections) and (ii) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Disbursing Agent, the Reorganized Debtors, and the holders of Claims and Equity Interests) shall report for United States federal, state, and local income tax purposes consistently with the foregoing.

The Disbursing Agent shall be responsible for payment, out of the assets of the Disputed Claims Reserve, of any taxes imposed on the Disputed Claims Reserve or its assets. In the event, and to the extent, any Cash in the Disputed Claims Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets of the Disputed Claims ~~r~~Reserve (including any income that may arise upon the distribution of the assets in the Disputed Claims Reserve), assets of the Disputed Claims Reserve may be sold to pay such taxes.

The Disbursing Agent may request an expedited determination of taxes of the Disputed Claims Reserve under section 505(b) of the Bankruptcy Code for all tax returns for all taxable periods through the termination of the Disputed Claims Reserve.

4. True-Ups

(a) *Interim True-Ups*

On each Interim Distribution Date, or as soon thereafter as reasonably practicable, all shares of New Common Stock in the Disputed Claims Reserve~~,~~ that have been reserved with respect to all or any portion of a Disputed Single-Dip General Unsecured Claim that

has been disallowed by a Final Order, to the extent such disallowance has not been reflected in such a distribution with respect to any prior Interim Distribution Date, shall be distributed on account of the American Labor Allocation, the Market-Based Old Equity Allocation, and to holders of Allowed Single-Dip General Unsecured Claims, as applicable, based upon how such shares of New Common Stock would have been distributed on the Initial ~~d~~Distribution Date and each Mandatory Conversion Date (including, as applicable, the shares issued upon conversion of the shares of New Mandatorily Convertible Preferred Stock reserved with respect to such ~~d~~Disallowed Disputed Single-Dip General Unsecured Claim) if on the Effective Date the aggregate estimated amount of all Disputed Single-Dip General Unsecured Claims were reduced by the amount of such ~~d~~Disallowed Disputed Single-Dip General Unsecured Claim.

(b) *Final True-Up*

On the Final Distribution Date, or as soon thereafter as reasonably practicable, all shares of New Common Stock remaining in the Disputed Claims Reserve (after making all distributions pursuant to Section 7.5(a) of the Plan on account of Disputed Single-Dip General Unsecured Claims that have become Allowed Single-Dip General Unsecured Claims prior to such date), shall be distributed on account of the American Labor Allocation, the Market-Based Old Equity Allocation, and to holders of Allowed Single-Dip General Unsecured Claims, as applicable, based upon how such shares of New Common Stock would have been distributed on the Initial Distribution Date and each Mandatory Conversion Date if on the Effective Date the aggregate amount of all Allowed Single-Dip General Unsecured Claims were in the amount of such Claims on the Final Distribution Date and there were no Disputed Single-Dip General Unsecured Claims on the Effective Date.

5. Distributions After Allowance

To the extent that a Disputed Single-Dip General Unsecured Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent shall, subsequent to the Final Mandatory Conversion Date, distribute to the holder thereof the distribution, if any, of the shares of New Common Stock to which such holder is entitled under the Plan out of the Disputed Claims Reserve, in accordance with Section 7.4 of the Plan. Subject to Section 7.4 of the Plan, all distributions made under Section 7.5 of the Plan on account of Allowed Claims shall be made together with any dividends, payments, or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the Disputed Claims Reserve as if such Allowed Claims had been ~~an~~ Allowed Claims on the dates distributions were previously made to holders of Allowed Claims in the applicable Class, but shall be made net of any expenses relating thereto, including any taxes imposed thereon or otherwise payable by the Disputed Claims Reserve.

To the extent that a Convenience Class Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent shall distribute to the holder thereof the distribution,

if any, to which such holder is entitled under the Plan in accordance with Sections 5.2 and 7.4 of the Plan.

6. Estimation

The Debtors and the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether any of the Debtors or the Reorganized Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount estimated shall constitute either the Allowed amount of such Claim or a maximum limitation of the amount of such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation of the amount of such Claim, the Debtors or the Reorganized Debtors, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim; *provided*, *however*, that the foregoing is not intended to limit the rights granted by section 502(j) of the Bankruptcy Code. The objection, estimation, and resolution procedures set forth in Section 7.6 of the Plan are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

For purposes of facilitating distributions under the Plan, the Debtors may, prior to the Effective Date, seek an order of the Bankruptcy Court estimating the aggregate amount of Disputed Single-Dip General Unsecured Claims, which shall serve as a maximum limitation on the Allowed amount of all such Claims.

7. Interest and Dividends

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, the holder of such Claim shall not be entitled to any interest that accrued thereon from and after the Effective Date. In the event that dividend distributions have been made with respect to the New Common Stock distributable to a holder of a Disputed Claim that later becomes Allowed, such holder shall be entitled to receive such previously distributed dividends without any interest thereon (net of allocable expenses of the Disputed Claims Reserve, including taxes).

H. Treatment of Executory Contracts and Unexpired Leases

1. Executory Contracts and Unexpired Leases

All executory contracts and unexpired leases to which any of the Debtors are parties automatically shall be deemed rejected as of the Effective Date, except for

executory contracts or unexpired leases (i) that have been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that are the subject of a separate motion to assume or reject pending on the Confirmation Date, (iii) that are assumed, rejected, or otherwise treated pursuant to Sections 8.3, 8.4, or 8.5 of the Plan, (iv) that are listed on Schedule 8.1 of the Plan Supplement (which will consist of various sub-Schedules), or (v) as to which a Treatment Objection has been filed and served by the Treatment Objection Deadline. If an executory contract or unexpired lease (a) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (b) is the subject of a separate motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on Schedule 8.1 of the Plan Supplement shall be of no effect.

2. Schedules of Executory Contracts and Unexpired Leases

Schedule 8.1 of the Plan Supplement shall represent the Debtors' then-current good faith belief regarding the intended treatment of the executory contracts and unexpired leases listed thereon; *provided, however,* that executory contracts and unexpired leases related to Aircraft Equipment shall be listed on a separate sub-Schedule of Schedule 8.1 of the Plan Supplement. Subject to the limitations set forth in Section 8.2(d) of the Plan, the Debtors reserve the right, on or prior to 4:00 p.m. (Eastern Time) on the Business Day immediately prior to the commencement of the Confirmation Hearing to amend (i) Schedule 8.1 of the Plan Supplement to add, delete, or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) the Proposed Cure with respect to any executory contract or unexpired lease listed on the applicable Schedule as an executory contract or unexpired lease to be assumed; *provided, however,* that if the Confirmation Hearing is adjourned for a period of more than two (2) consecutive calendar days, the Debtors' right to amend Schedule 8.1 of the Plan Supplement and the Proposed Cure shall be extended to 4:00 p.m. (Eastern Time) on the Business Day immediately prior to the adjourned date of the Confirmation Hearing, with such extension applying in the case of any and all subsequent adjournments of the Confirmation Hearing; and *further provided,* ~~however,~~ that with respect to Intercompany Contracts and agreements that the Debtors propose to reject as of the deadline set forth above, the Debtors reserve the right to make amendments at any time prior to entry of the Confirmation Order.

Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is filed and served by the Treatment Objection Deadline, (i) each executory contract and unexpired lease listed on Schedule 8.1 of the Plan Supplement as an executory contract or unexpired lease to be assumed (and assigned, if applicable) shall be deemed assumed (and assigned, if applicable) effective as of the Assumption Effective Date specified thereon, the Proposed Cure specified in the Notice of Intent to Assume mailed to each Assumption Counterparty shall be the Cure Amount and shall be deemed to satisfy fully any obligations the Debtors might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code, and all proofs of Claim on account of

or in respect of any such assumed executory contract and unexpired lease shall be deemed withdrawn on the Effective Date without any further notice to or action by any party or order of the Bankruptcy Court; (ii) each executory contract and unexpired lease listed on Schedule 8.1 of the Plan Supplement as an executory contract or unexpired lease to be rejected shall be deemed rejected effective as of the Rejection Effective Date specified thereon; and (iii) the Reorganized Debtors may assume, assume and assign, or reject any executory contract or unexpired lease relating to Aircraft Equipment that is listed on Schedule 8.1 of the Plan Supplement by filing with the Bankruptcy Court and serving upon the applicable Deferred ~~Party~~Counterparty a Notice of Intent to Assume or a Notice of Intent to Reject at any time before the Deferred Agreement Deadline; *provided, however*, that if the Reorganized Debtors do not file a Notice of Intent to Assume or a Notice of Intent to Reject by the Deferred Agreement Deadline with respect to any executory contract or unexpired lease relating to Aircraft Equipment listed on Schedule 8.1 of the Plan Supplement, such executory contract or unexpired lease shall be deemed rejected effective as of the one hundred eighty-first (181st) calendar day after the Effective Date.

The Debtors shall file an initial version of Schedule 8.1 of the Plan Supplement and any amendments thereto with the Bankruptcy Court and shall serve all notices thereof only on the applicable Assumption Counterparties, Rejection Counterparties, and Deferred Counterparties. With respect to any executory contract or unexpired lease first listed on Schedule 8.1 of the Plan Supplement as an executory contract or unexpired lease to be rejected later than the date that is ten (10-) calendar days prior to the Voting Deadline, (A) the Debtors shall use their best efforts to promptly notify the respective Rejection Counterparty of such proposed treatment via facsimile, electronic transmission, or telephone at any notice address or telephone number set forth in the respective executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by such Rejection Counterparty or its counsel; and (B) the applicable Rejection Counterparty shall have five (5) calendar days from the date of an amendment to Schedule 8.1 of the Plan Supplement to object to confirmation of the Plan. With respect to any executory contract or unexpired lease first listed on Schedule 8.1 of the Plan Supplement later than the date that is five (5) calendar days prior to the Confirmation Hearing, the respective Rejection Counterparty shall have until the Confirmation Hearing to object to confirmation of the Plan.

The listing of any contract or lease on Schedule 8.1 of the Plan Supplement is not an admission that such contract or lease is an executory contract or unexpired lease. The Debtors and the Assumption Counterparties, the Rejection Counterparties, or the Deferred Counterparties, as applicable (together with the Debtors, the "**Recharacterization Parties**") reserve the right to assert that any contract or lease listed on Schedule 8.1 of the Plan Supplement is not an executory contract or unexpired lease; *provided, however*, that except with respect to any contract or lease for which a Recharacterization Party (i) expressly reserves such right in a notice filed with the Bankruptcy Court and served on any parties listed thereon no later than ten (10-) calendar days prior to the Voting Deadline and (ii) files an action based on such right prior to the date that is sixty (60) calendar days

after the Effective Date (unless required under the Plan to file such action at an earlier date), each Recharacterization Party shall be deemed to have waived, as of the Effective Date, any rights it may have to seek to recharacterize any contract or lease as a financing agreement.

3. Categories of Executory Contracts and Unexpired Leases to be Assumed

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease in the following categories shall be deemed assumed as of the Effective Date (and the Proposed Cure with respect to each shall be zero dollars ($0)), except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a separate motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 8.1 of the Plan Supplement, (iv) that is otherwise expressly assumed or rejected under the Plan, or (v) as to which a Treatment Objection has been filed and served by the Treatment Objection Deadline.

(a) *Cash Management Agreements, Confidentiality and Non-Disclosure Agreements, Customer Programs, Debtor Ownership Agreements, Foreign Agreements, Fuel Consortia Agreements, Insurance Plans, Intercompany Contracts, Interline Agreements, Letters of Credit, Revenue Generating Agreements, Surety Bonds, and Workers' Compensation Plans*

Subject to the terms of the first paragraph of Section 8.3 of the Plan, each Cash Management Agreement, Confidentiality and Non-Disclosure Agreement, Customer Program, Debtor Ownership Agreement, Foreign Agreement, Fuel Consortia Agreement, Insurance Plan, Intercompany Contract, Interline Agreement, Letter of Credit, Revenue Generating Agreement, Surety Bond, and Workers' Compensation Plan shall be deemed assumed as of the Effective Date. Nothing in Section 8.3 of the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any Entity, including, without limitation, the insurer under any of the Debtors' Insurance Plans. Except as otherwise provided in the immediately preceding sentence, all proofs of Claim on account of or in respect of any Cash Management Agreement, Confidentiality and Non-Disclosure Agreement, Customer Program, Debtor Ownership Agreement, Foreign Agreement, Fuel Consortia Agreement, Insurance Plan, Intercompany Contract, Interline Agreement, Letter of Credit, Revenue Generating Agreement, Surety Bond, or Workers' Compensation Plan automatically shall be deemed withdrawn on the Effective Date without any further notice to or action by any party or order of the Bankruptcy Court. Unless otherwise agreed to by the applicable Debtor or Reorganized Debtor and the applicable Assumption Counterparty, an Assumption Counterparty to an executory contract or unexpired lease assumed pursuant to Section 8.3(a) of the Plan shall, on or before ten (10) Business Days after the Effective Date, return to the applicable Reorganized Debtor any deposit of Cash or other credit enhancement made by a Debtor to

such Assumption Counterparty on or after the Commencement Date, including, without limitation, that certain Cash deposit held by Airlines Reporting Corporation pursuant to the Addendum to Carrier Services Agreement between Airlines Reporting Corporation and American, dated November 29, 2011, and that certain Cash deposit held by the International Air Transport Association pursuant to the Agreement in Connection with Proposed Assumption of Executory Contracts Regarding the International Air Transport Association, including the IATA Clearinghouse, and Related Agreements between the International Air Transport Association and American, dated as of November 29, 2011.

(b) *Certain Indemnification Obligations*

Each Indemnification Obligation shall be deemed assumed by New AAG as of the Merger Effective Time in accordance with the Merger Agreement. Each Indemnification Obligation that is deemed assumed under the Plan shall continue in full force and effect in accordance with its terms. From and after the Merger Effective Time, New AAG shall honor and perform the Indemnification Obligations under all indemnification Contracts (as defined in the Merger Agreement) and organizational documents of the Debtors. New AAG shall not, directly or indirectly, amend, modify, limit, or terminate, in any manner adverse to the Debtors' current or former directors or officers with respect to the Indemnification Obligations for acts or omissions occurring prior to the Merger Effective Time, any indemnification ~~c~~Contracts with the Debtors or any provisions regarding the Indemnification Obligations contained in any organizational documents of the Debtors. Each Indemnification Obligation that is deemed assumed under the Plan shall be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not a proof of Claim has been filed with respect to such Indemnification Obligation.

With respect to current or former employees of any of the Debtors not covered by Section 8.3(b)(i) of the Plan and who were employed by any of the Debtors in such capacity prior to, on, or after the Commencement Date, each obligation of any Debtor to indemnify such employees with respect to or based upon any act or omission taken or omitted in any such capacity, or for or on behalf of any Debtor, whether pursuant to agreement, the Debtors' respective articles or certificates of incorporation, corporate charters, bylaws, operating agreements or similar corporate documents, or applicable law in effect as of the Effective Date, shall be deemed assumed as of the Effective Date. Each such indemnification obligation that is deemed assumed under the Plan shall continue in full force and effect in accordance with its terms. From and after the Merger Effective Time, New AAG shall honor and perform such indemnification obligations under all indemnification contracts and organizational documents of the Debtors. New AAG shall not, directly or indirectly, amend, modify, limit, or terminate, in any manner adverse to such employees with respect to such indemnification obligations for acts or omissions occurring prior to the Merger Effective Time, any indemnification contracts with the Debtors or any provisions regarding the indemnification obligations contained in any organizational documents of the Debtors. Each such indemnification obligation that is

deemed assumed under the Plan shall be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not a proof of Claim has been filed with respect to such indemnification obligation.

(c) *Collective Bargaining Agreements*

Each of the Collective Bargaining Agreements with the respective Unions shall remain in full force and effect on and after the Effective Date, subject to the respective terms thereof. The consideration provided for in each of the Section 1113 Agreements shall be in complete settlement and satisfaction of all Claims as provided therein, and each Union shall promptly take all action necessary to withdraw all proofs of Claim with respect to the Claims resolved pursuant to the respective Section 1113 Agreements. Notwithstanding the foregoing, New AAG and the Reorganized Debtors reserve the right to seek adjudication of any Collective Bargaining Agreement-related disputes between the Debtors and any Union that concerns distributions, claims, restructuring transactions, or other aspects of the Plan in the Bankruptcy Court.

(d) *Covered Special Facility Revenue Bonds*

Unless otherwise provided in the Plan, in a Special Facility Revenue Bond Agreement, or in an order of the Bankruptcy Court, the Special Facility Revenue Bond Agreements, the respective Special Facility Revenue Bond Indentures, and the respective Special Facility Revenue Bond Documents, in each case relating to Covered Special Facility Revenue Bonds, shall remain in full force and effect in accordance with their original terms and conditions (or as amended by an order of the Bankruptcy Court) and shall not otherwise be altered, amended, modified, surrendered, or cancelled under the Plan, and holders of such Covered Special Facility Revenue Bonds shall continue to receive payments in accordance with the terms and conditions of the Special Facility Revenue Bond Documents relating to the respective Covered Special Facility Revenue Bonds (as such Special Facility Revenue Bond Documents may have been amended by an order of the Bankruptcy Court). As a result of the assumption of executory contracts and/or leases relating to the Covered Special Facility Revenue Bonds and the prior payment of the related cure amounts by the Debtors, all proofs of Claim on account of or in respect of any Covered Special Facility Revenue Bonds shall be deemed ~~d~~Disallowed and expunged without any further notice to or action by any party or order of the Bankruptcy Court. To the extent any of the foregoing conflicts with the terms of a separate order of the Bankruptcy Court relating to a Covered Special Facility Revenue Bond, the order of the Bankruptcy Court shall govern.

4. Other Categories of Agreements and Policies

(a) *Employee Benefits*

As of the Effective Date, unless specifically rejected ~~(including, without limitation,~~ by ~~virtue~~order of the ~~Debtors' having been granted the authority to terminate any such~~

~~plan, policy, program, or agreement or the~~ Bankruptcy Court~~'s determining that~~or otherwise specifically provided for in the ~~Debtors cannot successfully reorganize absent such termination)~~Plan, each American Compensation and Benefit Plan (as defined in the Merger Agreement) (including all matters set forth in Section 4.10 of the Merger Agreement and Section 4.1(o) of the American Disclosure Letter, but excluding any prepetition equity or equity-equivalent plan or agreement of the Debtors) shall be deemed assumed and shall be fully effective, and New AAG and the Reorganized Debtors shall maintain and perform under such plans and agreements. To the extent that the American Compensation and Benefit Plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, they shall be deemed assumed; *provided, however*, that the foregoing shall not constitute the assumption of any benefits that are the subject of the adversary proceeding styled *AMR Corporation and American Airlines, Inc. v. Committee of Retired Employees*, Adv. Pro. No. 2-01744 (the "**Retiree Adversary Proceeding**"). The Debtors intend to continue to prosecute the Retiree Adversary Proceeding and, to the extent the Retiree Adversary Proceeding has not been finally resolved by the Effective Date, New AAG shall continue to prosecute the Retiree Adversary Proceeding subsequent to the Effective Date. To the extent that the Debtors or New AAG, as applicable, are unsuccessful in whole or in part in obtaining the relief requested in the Retiree Adversary Proceeding, any remaining vested benefits shall be treated in accordance with the provisions of section 1129(a)(13) of the Bankruptcy Code.

(b) *Employee Protection Arrangements*

As of the Effective Date, the Employee Protection Arrangements (as defined in and set forth in Section 4.1(o) of the American Disclosure Letter) shall be fully effective.

(c) *Postpetition Aircraft Agreements*

Subject to the Debtors' right to terminate or reject any Postpetition Aircraft Agreement prior to the Effective Date pursuant to the terms of such Postpetition Aircraft Agreement, (i) each Postpetition Aircraft Agreement shall remain in place after the Effective Date, (ii) the Reorganized Debtors shall continue to honor each Postpetition Aircraft Agreement according to its terms, and (iii) to the extent any Postpetition Aircraft Agreement requires the assumption by the Debtors of such Postpetition Aircraft Agreement and the Postpetition Aircraft Obligations arising thereunder, such Postpetition Aircraft Agreement and Postpetition Aircraft Obligations shall be deemed assumed as of the Effective Date; *provided, however*, that this clause (iii) shall not be deemed or otherwise interpreted as an assumption by the Debtors of any agreement or obligation that is not a Postpetition Aircraft Agreement or Postpetition Aircraft Obligation; *and provided further*, ~~*however,*~~ that nothing in the Plan shall limit the Debtors' right to terminate such Postpetition Aircraft Agreement or Postpetition Aircraft Obligations in accordance with the terms thereof. To the extent that, subsequent to the date of the Plan and on or prior to the Effective Date, the Debtors, with the approval of the Bankruptcy Court, enter into new Postpetition Aircraft Agreements for Aircraft Equipment not currently subject to a Postpetition Aircraft Agreement, any Claims or obligations arising thereunder shall be

treated as Postpetition Aircraft Obligations under the Plan and such Postpetition Aircraft Agreements shall be deemed assumed as of the Effective Date.

5. Pension Plans

(a) *Pension Plan Required Contributions*

~~On~~The Plan provides that on the Effective Date, the Reorganized Debtors shall assume and continue the Pension Plans and shall pay in Cash any aggregate unpaid (i) minimum required funding contributions under 2~~9~~6 U.S.C. §§ 412 and 430 and 29 U.S.C. §§ 1082 and 1083 and (ii) all delinquent PBGC premiums under 29 U.S.C. §§ 1306 and 1307, in each case with interest, for the Pension Plans under ERISA or the Internal Revenue Code, which are estimated by the Pension Plans' enrolled actuary to be approximately $390 million. PBGC has indicated that it believes the amount may be higher. PBGC and the Debtors are jointly reviewing the estimate. The Debtors will pay whatever amount is required under law to satisfy the requirements of 26 U.S.C. §§ 412 and 430 and 29 U.S.C. §§ 1082 and 1083. Upon such payment, the lien notices perfecting all liens and security interests held by, or in favor of, the PBGC on any assets of the Debtors or their affiliates shall be, and shall be deemed to be, withdrawn.

(b) *Pension Plan Continuation*

After the Effective Date, the Reorganized Debtors shall (i) satisfy the minimum funding requirements under 2~~9~~6 U.S.C. §§ 412 and 430 and 29 U.S.C. §§ 1082 and 1083, (ii) pay all required PBGC premiums in accordance with 29 U.S.C. §§ 1306 and 1307, and (iii) administer the Pension Plans in accordance with the applicable provisions of ERISA and the Internal Revenue Code.

(c) *Liabilities Preserved*

No provision of the Plan, the Confirmation Order, or section 1141 of the Bankruptcy Code shall be construed to discharge, release, or relieve the Debtors, or their successors, including the Reorganized Debtors, or any other party, in any capacity, from liabilities or requirements imposed under any law or regulatory provision with respect to the Pension Plans or the PBGC. The PBGC and the Pension Plans shall not be enjoined or precluded from enforcing such liability as a result of any provision of the Plan, the Confirmation Order, or section 1141 of the Bankruptcy Code.

6. Assumption and Rejection Procedures and Resolution of Treatment Objections

(a) *Proposed Assumptions*

~~-~~With respect to any executory contract or unexpired lease to be assumed under the Plan or pursuant to a Notice of Intent to Assume ~~or a Notice of Intent to Reject~~, unless an

Assumption Counterparty files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed assumed and, if applicable, assigned as of the Assumption Effective Date proposed by the Debtors or the Reorganized Debtors, as applicable, without any further notice to, or action by, any party or order of the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors, as applicable, may have to such Assumption Counterparty with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code shall be deemed to be fully satisfied by the Proposed Cure, if any, which shall be the Cure Amount. Any Treatment Objection that is not timely filed and properly served shall be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors, as applicable, and without any further notice to, or action by, any party or order of the Bankruptcy Court). Any Claim relating to such assumption or assignment shall be forever barred from assertion and shall not be enforceable against any Debtor or Reorganized Debtor or their respective estates or property, without the need for any objection by the Debtors or the Reorganized Debtors, as applicable, and without any further notice to, or action by, any party or order of the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) shall be deemed fully satisfied, released, and discharged, notwithstanding any amount or information included in the Schedules or any proof of Claim.

(b) *Proposed Rejections*

With respect to any executory contract or unexpired lease to be rejected under the Plan or pursuant to a Notice of Intent to Assume ~~or a Notice of Intent to Reject~~, unless a Rejection Counterparty files and serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed rejected as of the Rejection Effective Date proposed by the Debtors or the Reorganized Debtors, as applicable, without any further notice to, or action by, any party or order of the Bankruptcy Court. Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and served shall be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors, as applicable, and without any further notice to, or action by, any party or order of the Bankruptcy Court).

(c) *Resolution of Treatment Objections*

On and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to, or action by, any party or order of the Bankruptcy Court (including by paying any agreed Cure Amount).

With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and served and is not otherwise resolved by the parties after a reasonable period of time, the Debtors or the Reorganized Debtors, as applicable, shall schedule a hearing with the Bankruptcy Court with respect to such Treatment Objection

and provide at least fourteen (14-) calendar days' notice of such hearing to the Assumption Counterparty, the Rejection Counterparty, or the Deferred Counterparty, as applicable; *provided, however*, that if such Treatment Objection is not resolved by the parties after a reasonable period of time, the respective Assumption Counterparty, Rejection Counterparty, or Deferred Counterparty may, with prior notice to the Debtors, request that the Bankruptcy Court schedule such a hearing. Unless otherwise ordered by the Bankruptcy Court or agreed to by the parties, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the Assumption Effective Date or Rejection Effective Date, as applicable, that was originally proposed by the Debtors or specified in the Plan.

Any Cure Amount shall be paid as soon as reasonably practicable following entry of a Final Order resolving an assumption dispute and/or approving an assumption (and assignment, if applicable), unless the Debtors or the Reorganized Debtors, as applicable, seek to reject such executory contract or unexpired lease and file a Notice of Intent to Reject under Section 8.2(b) of the Plan (which, with respect to a Special Facility Revenue Bond Agreement, must be served upon the Indenture Trustee of the applicable Special Facility Revenue Bond Indenture).

No Cure Amount shall be allowed for a penalty rate or default rate of interest to the extent not proper under the Bankruptcy Code or applicable law.

(d) *Reservation of Rights*

If a Treatment Objection is filed with respect to any executory contract or unexpired lease sought to be assumed or rejected by any of the Debtors or the Reorganized Debtors, the Debtors and the Reorganized Debtors reserve the right (i) to seek to assume or reject such executory contract or unexpired lease at any time before the assumption, rejection, assignment, or Cure Amount with respect to such executory contract or unexpired lease is determined by a Final Order and (ii) to the extent a Final Order is entered resolving a Treatment Objection as to a Cure Amount in an amount different from the Proposed Cure, to seek to reject such executory contract or unexpired lease within fourteen (14-) calendar days after the date of entry of such Final Order by filing with the Bankruptcy Court and serving upon the Assumption Counterparty or Rejection Counterparty, as applicable, a Notice of Intent to Assume or a Notice of Intent to Reject (which, with respect to a Special Facility Revenue Bond Agreement, must be served upon the Indenture Trustee of the applicable Special Facility Revenue Bond Indenture).

7. Rejection Claims

Any Rejection Claim must be filed with the Bankruptcy Court by the Rejection Bar Date. Any Rejection Claim for which a proof of Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors, or their respective estates or property. The Debtors or

the Reorganized Debtors, as applicable, may contest Rejection Claims in accordance with Section 7.1 of the Plan.

8. Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned under the Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type set forth in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts, or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts, or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment, constitutes an unenforceable antiassignment provision and is void and of no force or effect.

9. Approval of Assumption, Rejection, Retention, or Assignment of Executory Contracts and Unexpired Leases

Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of the rejections, retentions, assumptions, and/or assignments contemplated under the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed pursuant to the Plan shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption, or applicable federal law. The provisions of each executory contract or unexpired lease assumed and/or assigned under the Plan that are or may be in default shall be deemed satisfied in full by the Cure Amount or by an agreed-upon waiver of the Cure Amount. Upon payment in full of the Cure Amount, any and all proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the Plan shall be deemed Disallowed and expunged without any further notice to, or action by, any party or order of the Bankruptcy Court.

10. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition, or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other

document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements is rejected under the Plan or pursuant to an order of the Bankruptcy Court.

I. Releases Granted Pursuant to the Plan

1. Exculpation

Notwithstanding anything ~~herein~~in the Plan to the contrary, and to the maximum extent permitted by applicable law, neither the Debtors, US Airways, the Creditors' Committee, the Retiree Committee, the Indenture Trustees, Servicers,~~-~~ the Unions, the Search Committee, the Ad Hoc Committee, Nuveen Asset Management, LLC (and each of its managed funds and accounts on behalf of which it executed the Support and Settlement Agreement, and OppenheimerFunds, Inc. (and each of its managed funds and accounts that executed the Support and Settlement Agreement), nor any of their respective members (current and former), including counsel and other professionals employed by such members in connection with the Chapter 11 Cases, officers, directors, employees, counsel, advisors, professionals, or agents (collectively, the "**Exculpated Parties**"), shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of the Chapter 11 Cases; negotiations regarding or concerning the Plan, the Merger Agreement, the Merger, and any settlement or agreement in the Chapter 11 Cases; the pursuit of confirmation of the Plan and consummation of the Merger; the consummation of the Plan and of the Merger; the offer, issuance, and distribution of any securities issued or to be issued pursuant to the Plan (including pursuant to or in connection with any Postpetition Aircraft Agreement), whether or not such distribution occurs following the Effective Date; or the administration of the Plan or property to be distributed under the Plan, except for actions found by Final Order to be willful misconduct, gross negligence, fraud, malpractice, criminal conduct, unauthorized use of confidential information that causes damages, breach of fiduciary duty (to the extent applicable), and ultra vires acts, and, in all respects, the Exculpated Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Following entry of the Confirmation Order, the Bankruptcy Court shall retain exclusive jurisdiction to consider any and all claims against any of the Exculpated Parties involving or relating to the administration of the Chapter 11 Cases, any rulings, orders, or decisions in the Chapter 11 Cases or any aspects of the Debtors' Chapter 11 Cases, including the decision to commence the Chapter 11 Cases, the development and implementation of the Plan and the Merger Agreement, the decisions and actions taken during the Chapter 11 Cases, and any asserted claims based upon or related to prepetition obligations or equity interests administered in the Chapter 11 Cases for the purpose of

determining whether such claims belong to the Debtors' estates or third parties. In the event it is determined that any such claims belong to third parties, then, subject to any applicable subject matter jurisdiction limitations, the Bankruptcy Court shall have exclusive jurisdiction with respect to any such litigation, subject to any determination by the Bankruptcy Court to abstain and consider whether such litigation should more appropriately proceed in another forum.

2. Release

As of the Effective Date and subject to the occurrence of the Merger Effective Time, the Debtors release (i) all present and former directors and officers of the Debtors and any other Persons who serve or served as members of management of the Debtors, (ii) all post-Commencement Date advisors, consultants, agents, counsel, or other professionals of or to the Debtors, US Airways, the Creditors' Committee, the Retiree Committee, the Indenture Trustees, the Unions, the Search Committee, and the Ad Hoc Committee, and (iii) US Airways, the Indenture Trustees, the Unions, all current and former members (in their capacity as members of such committees) of the Creditors' Committee, the Retiree Committee, the Ad Hoc Committee, the Search Committee, Nuveen Asset Management, LLC (and each of its managed funds and accounts on behalf of which it executed the Support and Settlement Agreement) (in its capacity in negotiating the Support and Settlement Agreement and the Plan), and OppenheimerFunds, Inc. (and each of its managed funds and accounts that executed the Support and Settlement Agreement) (in its capacity in negotiating the Support and Settlement Agreement and the Plan), and their respective officers, directors, agents, and employees (including attorneys and other professionals retained by individual members of such committees) (collectively, the "**Released Parties**"), from any and all Causes of Action held by, assertable on behalf of, or derivative from the Debtors, in any way relating to the Debtors, the Chapter 11 Cases, the Plan, negotiations regarding or concerning the Plan, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, and the ownership, management, and operation of the Debtors (including, for the avoidance of doubt, any and all claims related to *Pinellas Park Ret. Sys., et al., v. Arpey, et al.*, Cause No. 247999-10 (17th Jud. Dist. Ct., Tarrant County, Tex.)), except for actions found by Final Order to be willful misconduct (including, but not limited to, conduct that results in a personal profit at the expense of the Debtors' estates), gross negligence, fraud, malpractice, criminal conduct, unauthorized use of confidential information that causes damages, breach of fiduciary duty (to the extent applicable), and ultra vires acts, which Causes of Action are based on any act, event, or omission taking place before the Effective Date; *provided, however*, that the foregoing (a) shall not operate as a waiver of or release from any Causes of Action arising out of any express contractual obligation owing by any former director, officer, or employee of the Debtors or any reimbursement obligation of any former director, officer, or employee with respect to a loan or advance made by the Debtors to such former director, officer, or employee, and (b) shall not limit the liability of any counsel to their respective clients contrary to Rule 1.8(h)(1) of the New York Rules of Professional Conduct. The Reorganized Debtors and any newly-formed Entities that will

be continuing the Debtors' business after the Effective Date shall be bound by all the releases set forth above to the same extent that the Debtors are bound.

J. Conditions Precedent to Effectiveness of Plan

1. Condition Precedent to Confirmation of Plan

The following are conditions precedent to confirmation of the Plan:

(a) The Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtors and US Airways and reasonably satisfactory to the Creditors' Committee and the Majority of the Requisite Consenting Creditors; and

(b) The Plan Supplement shall have been filed by the Debtors and the documents contained therein shall be in form and substance reasonably satisfactory to the Creditors' Committee.

2. Conditions Precedent to Effective Date

The following are conditions precedent to the Effective Date of the Plan:

(a) The Confirmation Order shall be in full force and effect, and no stay thereof shall be in effect;

(b) All actions, documents, and agreements necessary to implement the Plan shall have been effected or executed;

(c) The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions, or documents that are necessary to implement the Plan and are required by law, regulation, or order;

(d) Each of the New AAG Certificate of Incorporation, the New AAG Bylaws, the Certificate of Designations, the Amended Certificates of Incorporation, the Amended Bylaws, and the New AAG 2013 Incentive Award Plan shall be in full force and effect;

(e) All conditions precedent to consummation of the Merger, pursuant to the Merger Agreement, shall have been satisfied or waived in accordance with the Merger Agreement, and the Merger Closing shall occur contemporaneously with the Effective Date;

(f) All of the matters set forth in Section 4.10 of the Merger Agreement and Section 4.1(o) of the American Disclosure Letter, including

without limitation, the Chairman Letter Agreement, shall have been approved by the Bankruptcy Court and shall be in effect;

(g) All of the Debtors' defined benefit plans shall have been frozen and the lump sum and installment forms of optional benefit payments for the Debtors' pilots shall have been eliminated; ~~and~~

(h) The Bankruptcy Court shall have entered an order finding that the aggregate amount of estimated Allowed Single-Dip General Unsecured Claims plus the amount of Disputed Single-Dip General Unsecured Claims utilized for determining the Disputed Claims Reserve to be established pursuant to Section 7.3 of the Plan shall not exceed $3.2 billion;

(i) The Effective Date shall be no earlier than the sixth (6th) Business Day after entry of the Confirmation Order;

(j) The Debtors shall have filed with the Bankruptcy Court a notice setting forth the proposed Effective Date at least six (6) Business Days in advance of such proposed Effective Date; and

(k) The global certificates representing the New Mandatorily Convertible Preferred Stock shall have been delivered to The Depository Trust Company pursuant to Section 5.3 of the Plan.

3. Satisfaction and Waiver of Conditions

Except as otherwise provided in the Plan or in the Merger Agreement, any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtors determine that any of the conditions precedent set forth in Section 9.2 of the Plan cannot be satisfied and the occurrence of such conditions is not waived or cannot be waived, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court. Notwithstanding the foregoing, the Debtors reserve the right, with the consent of the Creditors' Committee and the Majority of the Requisite Consenting Creditors, to waive the occurrence of the conditions precedent set forth in Section 9.2 of the Plan or to modify any of such conditions precedent. Any such written waiver of such condition precedents may be effected at any time, without notice or leave or order of the Bankruptcy Court, and without any other formal action other than proceeding to consummate the Plan.

K. Effects of Confirmation of Plan

1. Vesting of Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors shall vest in the Reorganized Debtors free and clear of all Claims, liens, encumbrances, charges, and other interests, except as otherwise provided in the Plan. The Reorganized Debtors may operate their businesses and use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as otherwise provided in the Plan.

2. Discharge of Claims and Termination of Equity Interests

Except as otherwise provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made under the Plan shall discharge all existing debts and Claims and terminate all Equity Interests of any kind, nature, or description whatsoever against or in the Debtors or any of their assets or property to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise provided in the Plan, upon the Effective Date, all existing Claims against the Debtors and Equity Interests in the Debtors shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims and Equity Interests (and all representatives, trustees, or agents on behalf of each holder) shall be precluded and enjoined from asserting against the Reorganized Debtors, or any of their assets or property, any other or further Claim or Equity Interest based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of Claim or proof of Equity Interest and whether or not the facts or legal bases therefor were known or existed prior to the Effective Date.

3. Release and Discharge of Debtors

Upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise expressly provided in the Plan, each holder (as well as any representatives, trustees, or agents on behalf of each holder) of a Claim or Equity Interest and any affiliate of such holder shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights, and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Debtors.

4. Term of Injunctions or Stays

Unless otherwise provided ~~in the Plan or by separate order of the Bankruptcy Court~~, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay. For the avoidance of doubt, the Revised Final Order Pursuant to 11 U.S.C. §§ 105(a) and 362 Establishing Notification Procedures for Substantial Claimholders and Equity Security Holders and Approving Restrictions on Certain Transfers of Interests in the Debtors' Estates, entered by the Bankruptcy Court on April 11, 2013 (ECF No. 7591), shall remain in full force and effect beyond the Effective Date.

5. Injunction Against Interference with Plan

Upon entry of the Confirmation Order, all holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

6. Injunction

Except as otherwise expressly provided in the Plan, all Persons or Entities who have held, hold, or may hold Claims or Equity Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, and affiliates, shall be permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest against the Debtors or the Reorganized Debtors or property of any of the Debtors or the Reorganized Debtors other than actions to enforce the Plan or with respect to the allowance of Claims and Equity Interests, (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against the Debtors or the Reorganized Debtors or property of any of the Debtors or the Reorganized Debtors, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors or the Reorganized Debtors or against property or interests in property of the Debtors or the Reorganized Debtors, or (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from the Debtors or the Reorganized Debtors or against property or interests in property of the Debtors or the Reorganized Debtors, with respect to any such Claim or Equity Interest. Such injunction shall extend to any successors of the Debtors and the Reorganized Debtors and their respective property and interests in property.

7. Avoidance Actions

Other than any releases granted under the Plan, by the Confirmation Order, or by Final Order of the Bankruptcy Court, as applicable, from and after the Effective Date, the

Reorganized Debtors shall have the right to prosecute any avoidance, equitable subordination, or recovery actions under sections 105, 502(d), 510, 542 through 551, and 553 of the Bankruptcy Code that belong to the Debtors.

8. Retention of Causes of Action/Reservation of Rights

Except as otherwise provided in Section 10.8 of the Plan, nothing contained in the Plan or in the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or which the Reorganized Debtors may choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Claims against any Person or Entity, to the extent such Person or Entity asserts a crossclaim, counterclaim, and/or Claim for setoff which seeks affirmative relief against the Debtors, the Reorganized Debtors, or their officers, directors, or representatives~~,~~ and (ii) ~~any cause of action~~ for the turnover of any property ~~of the Debtors' estates regardless of whether any such Claim is scheduled or otherwise disclosed~~.

Nothing contained in the Plan or in the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim left unimpaired by the Plan. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such claims, Causes of Action, rights of setoff, and other legal or equitable defenses that they had immediately prior to the Commencement Date fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights with respect to any Claim left unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

9. Special Provisions for Governmental Units

With respect to "governmental units" (as defined in the Bankruptcy Code), nothing in the Plan, including Sections 10.7 and 10.8 thereof, shall discharge, release, enjoin, or otherwise bar (i) any liability of the Debtors or the Reorganized Debtors arising on or after the Confirmation Date, (ii) any liability that is not a Claim, (iii) any valid right of setoff or recoupment, (iv) any police or regulatory action, (v) any environmental liability that the Debtors, the Reorganized Debtors, any successors thereto, or any other Person or Entity may have as an owner or operator of real property after the Effective Date, and (vi) any liability to a "governmental unit" (as defined in the Bankruptcy Code) on the part of any Persons or Entities other than the Debtors or the Reorganized Debtors, except with respect to the parties as specifically provided for in Sections 10.7 and 10.8 of the Plan.

L. Retention of Jurisdiction by Bankruptcy Court

On and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising under, arising out of, or related to the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

1. To hear and determine motions for the assumption, assumption and assignment, or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

2. To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced before or after the Confirmation Date, including, without limitation, any proceeding with respect to a Cause of Action or Avoidance Action;

3. To ensure that distributions to holders of Allowed Claims and Allowed Equity Interests are accomplished as provided under the Plan;

4. To consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim;

5. To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

6. To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any ~~p~~Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

7. To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code and to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

8. To hear and determine all applications under sections 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

9. To hear and determine disputes arising in connection with or related to the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated under the Plan, or any agreement, instrument, or other document governing or relating to any of the foregoing;

10. To hear and determine disputes arising in connection with or related to the Disputed Claims Reserve;

11. To hear and determine all matters as provided in Section 7.6 of the Merger Agreement;

12. To take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

13. To recover all assets of the Debtors and property of the Debtors' estates, wherever located;

14. To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

15. To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

16. To enforce all orders previously entered by the Bankruptcy Court;

17. To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

18. To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order, the Plan Supplement, or any contract, instrument, release, or other agreement or document related to the Plan, the Disclosure Statement, or the Plan Supplement, including the Merger Agreement;

19. To hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

20. To hear and determine any rights, claims, or causes of action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or any federal or state statute or legal theory;

21. To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

22. To hear any other matter not inconsistent with the Bankruptcy Code;

23. To hear and determine any disputes arising in connection with the interpretation, implementation, or enforcement of any Postpetition Aircraft Agreement; and

24. To enter a final decree closing the Chapter 11 Cases.

To the extent that the Bankruptcy Court is not permitted under applicable law to preside over any of the forgoing matters, the reference to the "Bankruptcy Court" in Article XI of the Plan shall be deemed to be replaced by the "District Court." Nothing in Article XI of the Plan shall expand the exclusive jurisdiction of the Bankruptcy Court beyond that provided by applicable law.

M. Dissolution of Committees

~~On the Effective Date, the Retiree Committee shall dissolve; *provided, however,* that, f~~Following the Effective Date, the Retiree Committee shall continue to have standing and a right to be heard solely with respect to (i) applications for compensation by professionals and requests for allowance of Administrative Expenses for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code ~~and~~, (ii) any adversary proceedings and any appeals (including appeals of the Confirmation Order that remain pending as of the Effective Date) to which the Retiree Committee is a party, and (iii) any proofs of Claim filed by the Retiree Committee until such time as the allowance or disallowance of such proofs of Claim have been finally determined. Notwithstanding the foregoing, following the Effective Date, the Retiree Committee's membership shall be reduced to three (3) members as selected by the Retiree Committee prior to the Effective Date and the Retiree Committee shall dissolve upon the completion of the foregoing post-Effective Date activities. The Reorganized Debtors shall continue to compensate the Retiree Committee's professional advisors for reasonable services provided in connection with any of the foregoing post-Effective Date activities and reimburse the Retiree Committee members for their reasonable expenses incurred in connection therewith. On the date that is one hundred eighty (180-) days following the Effective Date, the Creditors' Committee shall dissolve (unless such date is extended with the written consent of the Reorganized Debtors or by the Bankruptcy Court for good cause shown); *provided, however*, that, following the Effective Date, the Creditors' Committee's standing and right to be heard shall be limited to (a) applications for compensation by professionals and requests for allowance of Administrative Expenses for substantial contribution pursuant to section 503(b)(3)(D) of the Bankruptcy Code, (b) participating in court hearings with respect to motions, adversary proceedings, or other actions (I) seeking enforcement or implementation of the provisions of the Plan or of the Confirmation Order, (II) relating to objections to Claims as set forth in Section 7.1 of the Plan, and (III) as otherwise consented to by the Reorganized Debtors or so ordered by the Bankruptcy Court for good cause shown; and (c) any litigation or contested matter to which the Creditors' Committee is a party as of the Effective Date. Notwithstanding the foregoing, following the Effective Date, the Creditors' Committee's membership shall be reduced to three (3) members as selected by the Creditors' Committee~~-~~ prior to the Effective Date and its duties shall be

limited to (u) participating in court hearings as provided in Section 12.1 of the Plan; (v) consulting with the Reorganized Debtors with respect to the General Unsecured Claims reconciliation and settlement process conducted by or on behalf of the Reorganized Debtors; (w) consulting with the Reorganized Debtors with respect to appropriate procedures for the settlement of Claims; (x) consulting with the Reorganized Debtors with respect to the maintenance of~~,~~ the Disputed Claims Reserve; (y) monitoring the distributions to the holders of Allowed Claims by the Disbursing Agent under the Plan; and (z) the matters set forth in Section 7.1 of the Plan. For so long as the General Unsecured Claims reconciliation process shall continue and the Creditors' Committee has not been dissolved, the Reorganized Debtors shall make regular reports to the Creditors' Committee as and when the Reorganized Debtors and the Creditors' Committee may reasonably agree upon. Following the Effective Date, the Creditors' Committee may retain professionals to assist it in carrying out its duties as limited above on terms that are reasonably acceptable to the Reorganized Debtors or authorized to be retained by further order of the Bankruptcy Court; *provided further*, that the Creditors' Committee's professional advisors and experts that have been retained by an order of the Bankruptcy Court prior to the Effective Date shall be deemed reasonably acceptable to the Reorganized Debtors. The Reorganized Debtors shall continue to compensate the Creditors' Committee's professional advisors for reasonable services provided in connection with any of the foregoing post-Effective Date activities. On the Effective Date, the current and former members of the Creditors' Committee and the Retiree Committee, and their respective officers, employees, counsel, advisors, and agents, shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases, and the retention or employment of the Creditors' Committee's and the Retiree Committee's respective attorneys, accountants, and other agents shall terminate, except to the extent provided in Section 12.1 of the Plan.

N. Substantial Consummation

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

O. Exemption From Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, Transfer, or exchange of ~~N~~notes or equity securities under the Plan or in connection with the transactions contemplated thereby, the creation, filing, or recording of any mortgage, deed of trust, or other security interest, the making, assignment, filing, or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any Aircraft Equipment, or the making or delivery of any deed, bill of sale, or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the New Mandatorily Convertible Preferred Stock, the New Common Stock, any Postpetition Aircraft Agreement, any distribution from the Disputed Claims Reserve,

or any agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan or in any Postpetition Aircraft Agreement, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, Cape Town filing or recording fee, FAA filing or recording fee, or other similar tax or governmental assessment in the United States. To the maximum extent provided by section 1146(a) of the Bankruptcy Code and applicable nonbankrupt~~p~~cy law, the transactions pursuant to the Merger Agreement shall not be taxed under any law imposing a stamp tax or similar tax.

P. Expedited Tax Determination

New AAG or the Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of the Debtors or the Reorganized Debtors for all taxable periods through the Effective Date.

Q. Sell-Down Procedures

In accordance with the Revised Final Order Pursuant to 11 U.S.C.§§ 105(a) and 362 Establishing Notification Procedures for Substantial Claimholders and Equity Security Holders and Approving Restrictions on Certain Transfers of Interests in the Debtors' Estates, entered by the Bankruptcy Court on April 11, 2013 (ECF No. 7591), a copy of which (without exhibits) is annexed to the Plan as Exhibit "C," Paragraphs (b)(iv)(1) through (9) thereto, together with any relevant definitions, are incorporated as part of the Plan.

R. Payment of Statutory Fees

On the Effective Date, and thereafter as may be required, each of the Debtors shall ~~each~~ (i) pay all the respective fees payable pursuant to section 1930 of chapter 123 of title 28 of the United States Code, together with interest, if any, pursuant to section 3717 of title 31 of the United States Code, until the earliest to occur of the entry of (a) a final decree closing such Debtor's Chapter 11 Case, (b) a Final Order converting such Debtor's Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, or (c) a Final Order dismissing such Debtor's Chapter 11 Case, and (ii) be responsible for the filing of consolidated post-confirmation quarterly status reports with the Bankruptcy Court in accordance with Rule 3021-1 of the Southern District of New York Local Bankruptcy Rules ("**Local Rules**"), which status reports shall include reports on the disbursements made by each of the Debtors.

S. Plan Modifications and Amendments

The Plan may be amended, modified, or supplemented by the Debtors or the Reorganized Debtors, as applicable, in the manner provided for by section 1127 of the

Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of holders of Claims or Equity Interests under the Plan, the Debtors may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan. Prior to the Effective Date, the Debtors may, upon not less than five (5) Business Days' notice to the attorneys for the Creditors' Committee and the Ad Hoc Committee, make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court; *provided, however*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Equity Interests.

T. Revocation or Withdrawal of Plan

Subject to the terms of the Merger Agreement, the Debtors reserve the right to revoke, withdraw, or delay consideration of the Plan prior to the Confirmation Date, either entirely or with respect to one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Plan is revoked, withdrawn, or delayed with respect to fewer than all of the Debtors, such revocation, withdrawal, or delay shall not affect the enforceability of the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn, or delayed. If the Debtors revoke the Plan in its entirety, the Plan shall be deemed null and void. In such event, nothing in the Plan shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any other Person in any further proceedings involving the Debtors.

U. Courts of Competent Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal, or failure of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

V. Severability

If, prior to entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors (with the prior written consent of US Airways, ~~as provided under the Merger Agreement~~not to be reasonably withheld), shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid,

void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding the foregoing, in such case, the Plan only may be confirmed without such term or provision at the request of the Debtors with the consent of the Creditors' Committee, which consent shall not be unreasonably withheld. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

W. Governing Law

Except to the extent the Bankruptcy Code or other U.S. federal law is applicable, or to the extent an Exhibit or Schedule to the Plan, a schedule in the Plan Supplement, or the Merger Agreement expressly provides otherwise, the rights, duties, and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof to the extent they would result in the application of the laws of any other jurisdiction.

X. Successors and Assigns

All the rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and inure to the benefit of, the heirs, executors, administrators, successors, and/or assigns of such Person.

Y. Time

In computing any period of time prescribed or allowed under the Plan, unless otherwise set forth under the Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

V. ALTERNATIVES TO THE PLAN

The Plan reflects discussions held between the Debtors, the Creditors' Committee, the Ad Hoc Committee, and various other parties in interest. The Debtors have determined that the Plan is the best means to provide maximum recoveries to their stakeholders. Alternatives to the Plan which have been considered and evaluated by the Debtors during the course of the Chapter 11 Cases include, among other things (i) liquidation of the Debtors' assets under chapter 7 of the Bankruptcy Code, (ii) strategic combinations with other entities, and (iii) emergence as a stand-alone airline. As detailed above, the Debtors' thorough consideration of these alternatives has led them to conclude that the Plan, when compared to other courses of action available to the Debtors, provides a greater and more expeditious recovery while minimizing the inherent risks to creditors and shareholders.

A. Continuation of the Chapter 11 Cases

If the Plan is not confirmed, then the Debtors may remain in chapter 11 ~~proceedings~~. Should this occur, then the Debtors would continue to operate their businesses and manage their properties as debtors in possession, while exploring alternative consensual resolutions of the Chapter 11 Cases or prosecuting a non~~-~~consensual plan. Moreover, because the Exclusiv~~ity~~e Plan Period expires on May 29, 2013 and may not be further extended, any other party in interest could thereafter attempt to formulate and propose a competing plan of reorganization. Each of these alternatives would take time and result in an increase in the operating and other administrative expenses of the Chapter 11 Cases.

B. Liquidation Under Chapter 7 of the Bankruptcy Code

If the Plan or any other chapter 11 plan for the Debtors cannot be confirmed under section 1129(a) of the Bankruptcy Code, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, in which event a trustee would be elected or appointed to liquidate any remaining assets of the Debtors for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. A chapter 7 trustee, who would lack the depth of knowledge of the Debtors' businesses the Debtors have developed over decades of operation, would be required to invest substantial time and resources to become familiar with the Chapter 11 Cases and investigate the facts underlying the multitude of Claims filed against the Debtors' estates.

As demonstrated below, if a chapter 7 trustee is appointed and the remaining assets of the Debtors are liquidated under chapter 7 of the Bankruptcy Code, all stakeholders would receive less than what they would receive under the Plan because of the (i) value to be realized from the Merger and the continuation of the Debtors' operations as part of a merged enterprise~~:~~, (ii) additional Administrative Expenses involved in the appointment of a chapter 7 trustee, and (iii) additional expenses and Claims, some of which would be entitled to priority treatment, which would be generated during the chapter 7 liquidation ~~and,~~. ~~m~~Most importantly, the PBGC would hold significant Claims against all of the Debtors for liability related to the underfunded pension obligations.

VI. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to holders of certain Claims and AMR Common Stock. This discussion does not address the U.S. federal income tax consequences to holders of Claims who are unimpaired, otherwise entitled to payment in full in ~~e~~Cash under the Plan, or deemed to reject the Plan.

The discussion of U.S. federal income tax consequences below is based on the Tax Code, Treasury regulations, judicial authorities, published positions of the IRS, and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of

which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the contemplated transactions are complex and ~~are~~ subject to significant uncertainties. Other than with respect to the Merger, the Debtors have not requested an opinion of counsel with respect to any of the tax aspects of the contemplated transactions. The Debtors have, however, requested a ruling from the IRS concerning certain, but not all, of the U.S. federal income tax consequences of the Plan to the Debtors. There is no assurance that a favorable ruling will be obtained, and the consummation of the Plan is not conditioned upon the issuance of such a ruling.

This summary does not address foreign, state, or local tax consequences of the contemplated transactions, nor does it purport to address the U.S. federal income tax consequences of the transactions to special classes of taxpayers (e.g., foreign taxpayers, small business investment companies, regulated investment companies, real estate investment trusts, banks and certain other financial institutions, insurance companies, tax-exempt organizations, retirement plans, individual retirement and other tax-deferred accounts, holders that are, or hold Claims or AMR Common Stock through, partnerships or other pass-through entities for U.S. federal income tax purposes, persons whose functional currency is not the U.S. dollar, dealers in securities or foreign currency, traders that mark-to-market their securities, persons subject to the AMT or the "Medicare" tax on unearned income, persons holding Claims or AMR Common Stock that are part of a straddle, hedging, constructive sale, or conversion transaction, and persons who hold or received AMR Common Stock pursuant to the exercise of any employee stock option or otherwise as compensation). In addition, this discussion does not address U.S. federal taxes other than income taxes, nor does it apply to any person that acquires any of the New Common Stock or New Mandatorily Convertible Preferred Stock in the secondary market.

This discussion assumes that the Claims, the AMR Common Stock, the New Common Stock, and the New Mandatorily Convertible Preferred Stock are held as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the Tax Code~~,~~ and that the various debt and other arrangements to which the Debtors are parties will be respected for U.S. federal income tax purposes in accordance with their form.

The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon your individual circumstances.

Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, holders of Claims and Equity Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims or Equity Interests for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (B) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or

matters addressed herein; and (C) holders of Claims and Equity Interests should seek advice based on their particular circumstances from an independent tax advisor.

A. Consequences to the Debtors

For U.S. federal income tax purposes, the Debtors are members of an affiliated group of corporations (or disregarded entities ~~wholly-owned~~wholly-owned by members of such group), of which AMR is the common parent, which files a single consolidated U.S. federal income tax return (the "**AMR Group**").

The AMR Group has NOL carryforwards of approximately $6.6 billion and AMT credit carryforwards of approximately $370 million for U.S. federal income tax purposes as of the end of 2012. The AMR Group currently expects to incur further operating losses through the end of 2013, taking into account the implementation of the Plan, in excess of $3.5 billion. The amount of any such NOL carryforwards and other losses and AMT credit carryforwards, and the extent to which any limitations might apply, remains subject to audit and adjustment by the IRS.

As discussed below, in connection with the implementation of the Plan, the amount of the AMR Group's NOL carryforwards may be reduced and/or otherwise subject to significant limitations.

1. Cancellation of Debt

In general, the Tax Code provides that a debtor in a bankruptcy case must reduce certain of its tax attributes—such as NOL carryforwards and current year NOLs, capital loss carryforwards, tax credits, and tax basis in assets—by the amount of any cancellation of debt ("**COD**") incurred pursuant to a confirmed chapter 11 plan. The amount of COD income incurred is generally the amount by which the indebtedness discharged exceeds the value of any consideration given in exchange therefor. Certain statutory or judicial exceptions may apply to limit the amount of COD incurred for U.S. federal income tax purposes. If advantageous, the borrower can elect to reduce the basis of depreciable property prior to any reduction in its NOL carryforwards or other tax attributes. Where the borrower joins in the filing of a consolidated U.S. federal income tax return, applicable Treasury regulations require, in certain circumstances, that the tax attributes of the consolidated subsidiaries of the borrower and other members of the group also be reduced. Any reduction in tax attributes in respect of COD income does not occur until after the determination of the borrower's (or group's) income or loss for the taxable year in which the COD is incurred.

The Debtors do not expect to incur a significant amount of COD as a result of the implementation of the Plan or any material reductions in the NOL carryforwards or other tax attributes of the AMR Group as a result thereof. The amount of COD incurred will depend primarily on the fair market value of the New Common Stock ~~and~~, the New

Mandatorily Convertible Preferred Stock, and the Contingent Rights (as defined below) being issued pursuant to the Plan.

2. Potential Limitations on NOL Carryforwards and Other Tax Attributes

Following the Effective Date, the NOL carryforwards, AMT credit carryforwards, and certain other tax attributes of the AMR Group (including current year NOLs) allocable to periods prior to the Effective Date (collectively, "**pre-change losses**") will be subject to potential limitation under section 382 of the Tax Code. Any section 382 limitations apply in addition to, and not in lieu of, the use of attributes or the attribute reduction that results from the COD arising in connection with the Plan.

Under section 382, if a corporation (or consolidated group) undergoes an "ownership change" and the corporation does not qualify for (or elects out of) the special bankruptcy exception in section 382(l)(5) of the Tax Code discussed below, the amount of its pre-change losses that may be utilized to offset future taxable income is subject to an annual limitation. The issuance of the New Common Stock and the New Mandatorily Convertible Preferred Stock pursuant to the Merger and the Plan would constitute an "ownership change" of the AMR Group for these purposes. As discussed below, the Debtors believe that they likely will benefit from the application of section 382(l)(5) and reasonably anticipate utilizing such section.

(a) *General Annual Limitation*

In general, the amount of the annual limitation to which a corporation that undergoes an ownership change will be subject is equal to the product of (i) the fair market value of the stock of the corporation *immediately before* the ownership change (with certain adjustments) multiplied by (ii) the "long term tax exempt rate" in effect for the month in which the ownership change occurs (e.g., 2.7~~7~~0% for ownership changes occurring in ~~April~~June 2013). As discussed below, this annual limitation often may be increased in the event the corporation (or consolidated group) has an overall "built-in" gain in its assets at the time of the ownership change. For a corporation (or consolidated group) in bankruptcy that undergoes an ownership change pursuant to a confirmed bankruptcy plan, the fair market value of the stock of the corporation is generally determined immediately *after* (rather than before) the ownership change after giving effect to the discharge of creditors' claims, but subject to certain adjustments (including, in certain circumstances, potentially reducing the fair market value of the corporation's stock by the fair market value of the stock of a controlled or consolidated subsidiary, which in this case may potentially require reducing the fair market value of the stock of New AAG by the fair market value of the stock of US Airways); in no event, however, can the stock value for this purpose exceed the pre-change gross value of the corporation's assets. The Debtors have requested certain rulings from the IRS with respect to the application of the modified annual limitation on a consolidated basis with respect to the Debtors; however, there is no assurance that the IRS will issue a favorable ruling on these matters.

Any portion of the annual limitation that is not used in a given year may be carried forward, thereby adding to the annual limitation for the subsequent taxable year. However, if the corporation does not continue its historic business or use a significant portion of its historic assets in a new business for at least two (2) years after the ownership change, the annual limitation resulting from the ownership change is reduced to zero (0), thereby precluding any utilization of the corporation's pre-change losses, absent any increases due to recognized built-in gains discussed below. Generally, NOL carryforwards expire after twenty (20) years.

Section 382 of the Tax Code adjusts, in certain cases, for built-in gain or loss. If the loss corporation has a net unrealized built-in gain at the time of an ownership change, any built-in gains recognized (or, according to an IRS notice, treated as recognized) during the following five (5) years (up to the amount of the original net unrealized built-in gain) generally will increase the annual limitation in the year recognized, such that the loss corporation would be permitted to use its pre-change losses against such built-in gain income in addition to its regular annual allowance. In general, a loss corporation's (or consolidated group's) net unrealized built-in gain will be deemed to be zero (0) unless the actual value is greater than the lesser of (i) $10 million or (ii) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. Based upon the valuation analysis referenced in Section ~~IX.D~~IX.D of this Disclosure Statement, the Debtors currently estimate that they have a net unrealized built-in gain of ~~approximately~~at least $4.9 billion. The actual net unrealized built-in gain may be higher or lower depending on the value of the AMR Common Stock immediately before the Effective Date relative to that assumed.

(b) *Section 382(l)(5) Bankruptcy Exception*

Under section 382(l)(5) of the Tax Code, an exception to the foregoing annual limitation rules generally applies where the shareholders and/or qualified (so-called "old and cold") creditors of a debtor receive or retain, in respect of their claims or equity interests, at least 50% of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in bankruptcy) pursuant to a confirmed chapter 11 plan. If section 382(l)(5) applies, the loss corporation's losses and tax credits will be reduced by the interest deductions claimed during the current and preceding three (3) taxable years with respect to any debt that was exchanged for equity pursuant to the ~~C~~chapter 11 ~~C~~case~~s~~. Moreover, if section 382(l)(5) applies and the debtor thereafter undergoes another ownership change within two (2) years, the debtor's pre-change losses with respect to such ownership change (which would include any pre-change loss as of the effective date of the plan of reorganization to the extent not yet used or otherwise reduced, and any NOLs incurred in the interim) will be subject to a section 382 limitation of zero (0), which may effectively render such pre-change losses unavailable.

Based in part on the AMR Trading Order and the ability thereunder, under certain circumstances, to require a sell-down of all or a portion of any unsecured claims that a Substantial Claimholder acquired during the Chapter 11 Cases, the Debtors believe that

they likely will qualify under section 382(l)(5). Nevertheless, neither the Tax Code nor the Treasury regulations address whether section 382(l)(5) applies on a consolidated basis or only on a separate company basis. The IRS has, however, issued one private letter ruling applying section 382(l)(5) on a consolidated basis under certain circumstances. Although the present circumstances differ somewhat from those in the ruling, the Debtors believe that the consolidated application of section 382(l)(5) in the present context is proper. The Debtors have requested certain rulings from the IRS with respect to the application of section 382(l)(5) on a consolidated basis with respect to the Debtors; however, there is no assurance that the IRS will issue a favorable ruling on these matters. Even if the Debtors qualify for this exception, the Debtors may, if they so desire, elect not to have the exception apply and instead remain subject to the annual limitation described above. Such election would have to be made in the Debtors' U.S. federal income tax return for the taxable year in which the Effective Date occurs.

Based on the Projections annexed hereto as **Exhibit "D"** and the valuation analysis referenced in Section IX.D of this Disclosure Statement, and an assumed Effective Date of August 31, 2013, the Debtors currently believe that, if section 382(l)(5) applies, New AAG would ~~incur~~achieve significant additional tax savings (on a present value basis using a 14% discount rate) than would otherwise result under an annual section 382 limitation. The Debtors have considered, and continue to consider, certain tax positions and tax planning alternatives to reduce the disparity in potential tax savings; however, such positions and alternatives remain subject to significant uncertainties or mitigating considerations. Taking into account the additional operating losses that the Debtors project to incur in connection with the implementation of the Plan and the above-described reduction with respect to certain interest deductions, the Debtors currently project NOL carryfowards of approximately $9.7 billion as of the end of 2013 (without regard to any NOL carryforwards of US Airways, which will be subject to a separate annual limitation as a result of the Merger). Under section 382(l)(5), all of these NOLs would be available for immediate use without limitations. In such case, based on the Projections annexed hereto at **Exhibit "D**,**"** it is anticipated that all available NOL carryforwards (including any available NOL carryforwards of US Airways) will be fully used within five (5) years after the Effective Date.

In contrast, if section 382(l)(5) does not apply (either because the Debtors do not qualify or New AAG decides to elect not to apply it), the Debtors currently project that the resulting annual section 382 limitation (~~taking into account the adjustment for net unrealized built-in gain and~~ conservatively excluding the fair market value of the stock of US Airways and taking into account the adjustment for net unrealized built-in gain based on a minimum net unrealized built-in gain of approximately $4.9 billion) would be approximately (i) $1.2 billion per year for the first five (5) years after the Effective Date and (ii) $250 million per year thereafter. The Debtors' project NOL carryforwards in this instance, as of the end of 2013, of approximately $10 billion (a slightly higher number, since there would be no reduction for previously deducted interest on converted debt). In addition, a portion of the Debtors' NOLs for the year in which the Plan becomes effective

may be allocated to the period after the Effective Date. Such portion of the Debtors' NOL carryforwards would not be subject to such annual limitation. Based on the above assumptions, among others, the Debtors estimate such portion at approximately $~~1.~~365 ~~b~~million. Even though a significant portion of the Debtors' NOL carryforwards would be used within the first five (5) years, there would still be a meaningful amount that would be used over the succeeding fifteen (15~~-~~) years, with some amount potentially expiring unused.

Because of the significant adverse impact a subsequent ownership change could have on New AAG's ability to use the Debtors' remaining NOL carryforwards and other valuable tax attributes (including at such time any remaining NOL carryforwards of US Airways) whether or not section 382(l)(5) applies, the New Common Stock and the New Mandatorily Convertible Preferred Stock will be subject to certain transfer restrictions under the New AAG Certificate of Incorporation. (*See* Section IV.F.20.a. of this Disclosure Statement.)

3. Alternative Minimum Tax

In general, a U.S. federal AMT is imposed on a corporation's alternative minimum taxable income at a 20% rate to the extent that such tax exceeds the corporation's regular U.S. federal income tax. For purposes of computing taxable income for AMT purposes, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOL carryforwards, generally only 90% of a corporation's taxable income for AMT purposes may be offset by available NOL carryforwards (as computed for AMT purposes).

Any AMT that a corporation pays generally will be allowed as a nonrefundable credit against its regular U.S. federal income tax liability in future taxable years when the corporation is no longer subject to the AMT.

4. US Airways Merger

The Merger is intended to qualify as a "reorganization" within the meaning of section 368(a) of the Tax Code. In this regard, the Merger is conditioned, among other things, upon (i) US Airways receiving a written opinion from Latham & Watkins LLP, counsel to US Airways, and (ii) AMR receiving a written opinion from Weil, Gotshal & Manges LLP, counsel to the Debtors, in each case dated as of the Effective Date, to the effect that, on the basis of the facts, representations, assumptions, and exclusions set forth in such opinion and certificates to be obtained from officers of US Airways and AMR, the Merger will so qualify. Following approval of the Merger by the stockholders of US Airways, US Airways cannot waive its condition (absent resoliciting approval of the Merger from its stockholders). Regardless of whether the Merger so qualifies, the Merger will be treated for U.S. federal income tax purposes as an acquisition by AMR of all of the US Airways Common Stock.

B. Consequences to U.S. Holders of Certain Claims and AMR Common Stock

As used in this ~~s~~Section of the Disclosure Statement, the term "**U.S. Holder**" means a beneficial owner of Claims, AMR Common Stock, New Common Stock, or New Mandatorily Convertible Preferred Stock that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership or other entity taxable as a partnership for U.S. federal income tax purposes holds Claims, AMR Common Stock, New Common Stock, or New Mandatorily Convertible Preferred Stock, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding any of such instruments, you should consult your own tax advisor.

1. Exchanges of Claims Under the Plan

Pursuant to the Plan, and in complete and final satisfaction of their respective Claims, (i) holders of AMR General Unsecured Guaranteed Claims and American General Unsecured Guaranteed Claims will receive New Mandatorily Convertible Preferred Stock, (ii) holders of AMR Other General Unsecured Claims, American Other General Unsecured Claims, and Eagle General Unsecured Claims will receive New Mandatorily Convertible Preferred Stock and possibly (following the mandatory conversion of all New Mandatorily Convertible Preferred Stock ~~or~~, ~~from the Disputed Claims~~but not including shares ~~Rese~~received ~~, as Disputed Claims are Disallowed~~upon such conversion) New Common Stock (such contingent rights to receive such New Common Stock are hereinafter referred to as the "**Contingent Rights**"), and (iii) holders of Convenience Class Claims will receive Cash. Additionally, certain holders of Allowed Claims may receive additional distributions of New Common Stock and possibly Cash in the event of the subsequent disallowance of any Disputed Single-Dip General Unsecured Claims. (*See* "Disputed Claims Reserve" below and Section IV.G of this Disclosure Statement.)

The Plan provides that New Common Stock and New Mandatorily Convertible Preferred Stock to be distributed to the holders of Claims is distributed by the Disbursing Agent on behalf of the applicable Debtor, and that in the case of AMR General Unsecured Guaranteed Claims and American General Unsecured Guaranteed Claims, all distributions shall be made on behalf of the primary obligor of such Claims. Accordingly, all New Common Stock and New Mandatorily Convertible Preferred Stock to be distributed pursuant to the Plan (other than with respect to the conversion of the New Mandatorily Convertible Preferred Stock) to holders of Claims against a Debtor other than Claims as to which AMR is the primary obligor ("**AMR Primary Claims**") will be contributed by Reorganized AMR (directly or indirectly) to the applicable Debtor and then distributed to the holders of Claims or the Disputed Claims Reserve, as applicable.

An exchange by a U.S. Holder of Claims (other than AMR Primary Claims) for New Common Stock and/or New Mandatorily Convertible Preferred Stock, and an exchange by a U.S. Holder of Convenience Class Claims for Cash, will be treated as a fully taxable transaction, with the consequences described below in "Fully Taxable Exchange."

The U.S. federal income tax consequences of the Plan to a U.S. Holder of AMR Primary Claims will depend on whether such Claims constitute "securities" of AMR for U.S. federal income tax purposes. This determination is made separately for each type of AMR Primary Claim. If an AMR Primary Claim constitutes a security of AMR, then the receipt of New Mandatorily Convertible Preferred Stock and/or New Common Stock in exchange therefor will be treated as a "recapitalization" for U.S. federal income tax purposes, as applicable, with the consequences described below in "Recapitalization Treatment." If, on the other hand, an AMR Primary Claim does not constitute a security of AMR, then the receipt of New Mandatorily Convertible Preferred Stock and/or New Common Stock in exchange therefor will be treated as a fully taxable transaction, with the consequences described below in "Fully Taxable Exchange."

The term "security" is not defined in the Tax Code or in the Treasury regulations issued thereunder and has not been clearly defined by judicial decisions. The determination of whether a particular debt obligation constitutes a "security" depends on an overall evaluation of the nature of the debt, including whether the holder of such debt obligation is subject to a material level of entrepreneurial risk and whether a continuing proprietary interest is intended or not. One of the most significant factors considered in determining whether a particular debt obligation is a security is its original term. In general, debt obligations issued with a weighted average maturity at issuance of less than five (5) years do not constitute securities, whereas debt obligations with a weighted average maturity at issuance of ten (10) years or more constitute securities. U.S. Holders of AMR Primary Claims are urged to consult their own tax advisors regarding the appropriate status for U.S. federal income tax purposes of their Claims.

(a) *Recapitalization Treatment – AMR Primary Claims*

If an AMR Primary Claim constitutes a security of AMR, the receipt of New Mandatorily Convertible Preferred Stock and/or New Common Stock (including the receipt of New Common Stock pursuant to the Contingent Rights or upon a subsequent distribution from the Disputed Claims Reserve) in exchange therefor will qualify as a recapitalization for U.S. federal income tax purposes. The classification as a recapitalization generally serves to defer the recognition of any gain or loss by the U.S. Holder. However, a U.S. Holder will recognize any gain to the extent of any Cash received upon a subsequent distribution from the Disputed Claims Reserve. *See* "Fully Taxable Exchange" below for a determination of gain or loss realized; *see* "Disputed Claims Reserve" below and Section IV.G of this Disclosure Statement. In addition, even within an otherwise tax-free recapitalization exchange, a U.S. Holder will have interest income to the extent of any exchange consideration allocable to accrued but unpaid interest not previously included in income (*see* "Distributions in Respect of Accrued But Unpaid Interest or OID" below) and may have imputed interest income with respect to New Common Stock received after the Effective Date.

In a recapitalization exchange, a U.S. Holder's aggregate tax basis in the stock received (including stock received pursuant to the Contingent Rights or upon a subsequent distribution from the Disputed Claims Reserve) will equal such U.S. Holder's aggregate adjusted tax basis in the AMR Primary Claims exchanged therefor, increased by any gain or interest income recognized in the exchange, and decreased by any deductions claimed in respect of any previously accrued but unpaid interest and the amount of any Cash received; and the U.S. Holder's holding period in the stock received will include its holding period in the AMR Primary Claims exchanged therefor, except to the extent of any exchange consideration received in respect of accrued but unpaid interest or treated as imputed interest income.

(b) *Fully Taxable Exchange*

In general, if the exchange of a Claim pursuant to the Plan is a fully taxable exchange, the exchanging U.S. Holder should recognize gain or loss in an amount equal to the difference, if any, between (i) the aggregate fair market value of any New Mandatorily Convertible Preferred Stock and any Contingent Right (or, in the case of a U.S. Holder of a Convenience Class Claim, the amount of Cash) received in respect of its Claim on the Effective Date (other than any exchange consideration received in respect of a Claim for accrued but unpaid interest or original issue discount ("**OID**")), and (ii) the U.S. Holder's adjusted tax basis in the Claims exchanged (other than any tax basis attributable to accrued but unpaid interest or OID). (*See* "Character of Gain or Loss" below.) In addition, a U.S. Holder of a Claim will have interest income to the extent of any exchange consideration allocable to accrued but unpaid interest not previously included in income. (~~s~~*See* "Distributions in Respect of Accrued But Unpaid Interest or OID" below~~)~~.)

Generally, a U.S. Holder's adjusted tax basis in a Claim will be equal to the cost of the Claim to such U.S. Holder, increased by any ~~original issue discount ("~~OID~~")~~ previously included in income. If applicable, a U.S. Holder's tax basis in a Claim also will be (i) increased by any market discount previously included in income by such U.S. Holder pursuant to an election to include market discount in gross income currently as it accrues, and (ii) reduced by any Cash payments received on the Claim other than payments of qualified stated interest, and by any amortizable bond premium that the U.S. Holder has previously deducted.

In the case of a taxable exchange, a U.S. Holder's tax basis in any New Mandatorily Convertible Preferred Stock or Contingent Right received in respect of its Claim on the Effective Date should equal the fair market value of such stock or right on the Effective Date. The U.S. Holder's holding period in such stock or right received should begin on the day following the Effective Date.

There is substantial uncertainty regarding the characterization of the Contingent Rights in the context of a taxable exchange~~, such as whether the Contingent Rights should be treated for U~~. ~~S. federal income tax purposes as an equity interest or other security of AMR or as a contractual right to receive New Common Stock. If the Contingent Rights are treated in a manner similar to an equity interest or other security of AMR, the receipt of New Common Stock pursuant to the Contingent Rights may be treated as a tax-free recapitalization, with tax consequences similar to the receipt of New Common Stock upon conversion of the New Mandatorily Convertible Preferred Stock (*see* "Ownership of New Mandatorily Convertible Preferred Stock – Conversion into New Common Stock" below). If the Contingent Rights are not characterized as an equity interest or other security of AMR,~~The Debtors believe that a U.S. Holder generally should not recognize gain or loss upon the receipt of New Common Stock pursuant to the Contingent Right~~ in an amount equal to the difference, if any, between (i) the aggregate fair market value of any New Common Stock so received (other than any New Common Stock treated as imputed interest income, as discussed below) as determined on the date of receipt of such New Common Stock and (ii) the U. S. Holder's adjusted tax basis in the Contingent Right. If gain or loss is recognized, the~~The holder's tax basis in any New Common Stock received with respect to the Contingent Right should equal the ~~fair market value of such stock on~~ holder's tax basis in the ~~date received~~Contingent Right, and the holding period in such stock should begin on the day following the date of receipt of such stock. ~~There is~~If no ~~clear guidance on whether any~~ New Common Stock is received with respect to the Contingent Right, the holder should recognize a capital loss equal to the holder's basis in the Contingent Right. Alternatively, a U.S. Holder may be required to recognize gain or loss ~~recognized on~~with respect to the Contingent Right upon the receipt of New Common Stock pursuant thereto, in which case the holder's tax basis in such ~~instance would be capital or ordinary in character~~New Common Stock should equal the fair market value of such stock on the date of receipt.

~~In addition, a~~With respect to U.S. Holders of ~~a~~AMR Primary Claims, it is also possible that the Contingent Rights ~~may have imputed interest~~might be viewed in the nature of a "security" of AMR for U.S. federal income ~~with respect to~~tax purposes. In such event, the receipt of New Common Stock ~~received~~ pursuant to the Contingent Rights may be treated as a tax-free recapitalization, with tax consequences similar to the receipt of New Common Stock upon conversion of the New Mandatorily Convertible Preferred Stock. (*See* "Ownership of New Mandatorily Convertible Preferred Stock – Conversion into New Common Stock" below.)

In the event of the subsequent disallowance of any Disputed Single-Dip General Unsecured Claims, it is possible that a U.S. Holder of a previously Allowed Claim will have additional gain and/or imputed interest income in respect of additional distributions from the Disputed Claims Reserve. In addition, it is possible that the recognition of any loss realized by a U.S. Holder with respect to an Allowed Claim as to which additional distributions could be received from the Disputed Claims Reserve may be deferred until all Disputed Single-Dip General Unsecured Claims are Allowed or Disallowed. U.S. Holders ~~of Claims~~ are urged to consult their ~~own~~ tax advisors regarding ~~(i) the characterization of the Contingent Rights as possibly an equity interest or other security or as a contractual right to receive New Common Stock and (ii) in the latter event,~~ the possible application ~~of~~ (~~or~~and the ability to elect out) of~~)~~ the "installment method" of reporting any gain that may be recognized by such holders in respect of their Claims due to the receipt of New Common Stock and/or Cash in a taxable year subsequent to the taxable year in which the Effective Date occurs. The discussion herein assumes that the installment method does not apply.

(c) *Character of Gain or Loss*

Where gain or loss is recognized by a U.S. Holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was acquired at a market discount, and whether and to what extent the holder previously claimed a bad debt deduction.

A U.S. Holder that purchased its Claims from a prior holder at a "market discount" (relative to the principal amount of the Claims at the time of acquisition) may be subject to the market discount rules of the Tax Code. In general, a debt instrument is considered to have been acquired with "market discount" if its holder's adjusted tax basis in the debt instrument is less than (i) its stated principal amount or (ii) in the case of a debt instrument issued with OID, its adjusted issue price, in each case, by at least a *de minimis* amount. The *de minimis* amount is equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity. Generally, qualified stated interest is a stated amount of interest payable in Cash at least annually.

Under these rules, any gain recognized on the exchange of Claims (other than in respect of a Claim for accrued but unpaid interest) generally will be treated as ordinary income to the extent of the market discount accrued (on a straight line basis or, at the election of the U.S. Holder, on a constant yield basis) during the U.S. Holder's period of ownership, unless the U.S. Holder elected to include the market discount in income as it accrued. If a U.S. Holder of Claims did not elect to include market discount in income as it accrued and, thus, under the market discount rules, was required to defer all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Claims, such deferred amounts would become deductible at the time of the exchange as long as the exchange is not a recapitalization exchange.

In the case of an exchange of Claims that qualifies as a recapitalization, the Tax Code indicates that any accrued market discount in respect of the Claims should not be currently includible in income under Treasury regulations to be issued. However, such accrued market discount should carry over to any non-recognition property received in exchange therefor (i.e., to the New Mandatorily Convertible Preferred Stock and/or the New Common Stock received in the exchange). Any gain recognized by a U.S. Holder upon a subsequent disposition of such New Mandatorily Convertible Preferred Stock or New Common Stock would be treated as ordinary income to the extent of any accrued market discount not previously included in income. To date, specific Treasury regulations implementing this rule have not been issued.

(d) *Distributions in Respect of Accrued But Unpaid Interest or OID*

In general, to the extent that any consideration received pursuant to the Plan by a U.S. Holder of a Claim is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the U.S. Holder as interest income (if not previously included in the U.S. Holder's gross income). Conversely, a U.S. Holder generally recognizes a deductible loss to the extent any accrued interest claimed or accrued OID was previously included in its gross income and is not paid in full. However, the IRS has privately ruled that a holder of a "security" of a corporate issuer, in an otherwise tax-free exchange, could not claim a current loss with respect to any accrued unpaid OID. Accordingly, it is also unclear whether, by analogy, a U.S. Holder of a Claim that does not constitute a security would be required to recognize a capital loss, rather than an ordinary loss, with respect to previously included OID that is not paid in full.

The Plan provides that, except as otherwise required by law (as reasonably determined by the Debtors), consideration received in respect of a General Unsecured Claim is allocable first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent of any excess, to the remainder of the Claim, including any Claim for accrued but unpaid interest (in contrast, for example, to a pro rata allocation of a portion of the exchange consideration received between principal and interest, or an allocation first to accrued but unpaid interest). (*See* Section 5.8 of the Plan.) There is no assurance that the IRS will respect such allocation for U.S. federal income tax purposes. You are urged to consult your own tax advisor regarding the allocation of

consideration and the inclusion and deductibility of accrued but unpaid interest for U.S. federal income tax purposes.

2. Ownership of New Mandatorily Convertible Preferred Stock

The Debtors believe that the New Mandatorily Convertible Preferred Stock is participating stock for U.S. federal income tax purposes that generally should not be subject to the preferred OID rules under section 305 of the Tax Code. No regulations or other administrative guidance have been issued addressing an instrument with terms similar to the New Mandatorily Convertible Preferred Stock, and, consequently, there is uncertainty regarding the application of the preferred OID rules to the New Mandatorily Convertible Preferred Stock. Accordingly, you should consult your own tax advisor regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of the New Mandatorily Convertible Preferred Stock. The Debtors intend to treat the New Mandatorily Convertible Preferred Stock as participating stock for U.S. federal income tax purposes, and the remainder of this discussion assumes the correctness of the Debtors' position.

(a) *Conversion into New Common Stock.*

The conversion of New Mandatorily Convertible Preferred Stock into New Common Stock will not be a taxable event. A U.S. Holder's tax basis in the New Common Stock received upon a conversion of New Mandatorily Convertible Preferred Stock will equal the tax basis of the New Mandatorily Convertible Preferred Stock that was converted. The U.S. Holder's holding period for the New Common Stock received will include the U.S. Holder's holding period for the New Mandatorily Convertible Preferred Stock converted.

(b) *Constructive Dividends*

Constructive Dividends. The conversion rate of the New Mandatorily Convertible Preferred Stock will be adjusted in certain circumstances. Under the Tax Code and applicable Treasury regulations, adjustments that have the effect of increasing a holder's interest in New AAG's assets or earnings and profits may, in some circumstances, result in a deemed distribution to the holder. Any deemed distribution will be taxed and reported to the IRS in the same manner as an actual distribution. U.S. Holders should consult their tax advisors as to the tax consequences of receiving constructive dividends.

3. Exchanges of AMR Common Stock Under the Plan

Pursuant to the Plan, holders of AMR Common Stock will receive New Common Stock, and additional distributions may be received as Disputed Claims are dDisallowed. (*See* "Disputed Claims Reserve" below.) Such exchange will qualify as a recapitalization for U.S. federal income tax purposes, which generally serves to defer the recognition of any gain or loss by the U.S. Holder. In addition, even within an otherwise tax-free

recapitalization exchange, a U.S. Holder may have imputed interest income with respect to New Common Stock received after the Effective Date. A U.S. Holder's aggregate tax basis in the New Common Stock received will equal the U.S. Holder's aggregate adjusted tax basis in the AMR Common Stock exchanged therefor, increased by any imputed interest income; and the U.S. Holder's holding period in the New Common Stock received will include its holding period in the AMR Common Stock exchanged therefor, except to the extent of any New Common Stock treated as imputed interest income.

4. Disposition of New Common Stock and New Mandatorily Convertible Preferred Stock

Unless a non-recognition provision applies and subject to the discussion above with respect to market discount (*see* "Exchanges of Claims Under the Plan—Character of Gain or Loss") and the discussion below, U.S. Holders generally will recognize capital gain or loss upon the sale or exchange (other than a conversion) of the New Common Stock or New Mandatorily Convertible Preferred Stock in an amount equal to the difference between the U.S. Holder's adjusted tax basis in the New Common Stock or New Mandatorily Convertible Preferred Stock and the sum of the Cash plus the fair market value of any property received from such disposition. Any such gain or loss generally should be long-term if the U.S. Holder's holding period for its New Common Stock or New Mandatorily Convertible Preferred Stock is more than one year at that time. A reduced tax rate on long-term capital gain may apply to non-corporate U.S. Holders. The deductibility of capital loss is subject to significant limitations.

Any gain recognized by a U.S. Holder upon a subsequent disposition of the New Common Stock or New Mandatorily Convertible Preferred Stock (or any stock or property received for it in a later tax-free exchange) received in exchange for a Claim the primary obligor of which is AMR, a disregarded subsidiary of AMR, a first-tier corporate subsidiary of AMR, or a disregarded subsidiary of such corporate subsidiary will be treated as ordinary income for U.S. federal income tax purposes to the extent of (i) any ordinary loss deductions incurred upon exchange of the Claim, decreased by any income (other than interest income) recognized by the U.S. Holder upon exchange of the Claim, and (ii) with respect to a Cash basis U.S. Holder and in addition to clause (i) above, any amounts which would have been included in its gross income if the U.S. Holder's Claim had been satisfied in full but which was not included by reason of the Cash method of accounting.

5. Disputed Claims Reserve

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Disbursing Agent of a private letter ruling if the Disbursing Agent so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Disbursing Agent), the Disbursing Agent will treat the Disputed Claims Reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9. All parties (including, without limitation, the Disbursing Agent, the Reorganized Debtors, and the holders of Claims and Equity Interests) will be

required to report for tax purposes consistently with the foregoing. The remainder of this discussion assumes that the Disputed Claims Reserve is treated as a disputed ownership fund.

The Disputed Claims Reserve will be a separate taxable entity for U.S. federal income tax purposes subject to a separate entity-level tax at the maximum rate applicable to trusts and estates, and all distributions from ~~such~~the Disputed Claims ~~r~~Reserve will be taxable to such reserve as if sold at fair market value. Any distributions from the Disputed Claims Reserve will be treated for U.S. federal income tax purposes as if received directly by the recipient from the Debtors with respect to the original Claim (or, as may be applicable in the case of a holder of a previously allowed Claim, with respect to the Contingent Rights) or Equity Interest of such recipient.

The Disputed Claims Reserve will be responsible for payment, out of the assets of the Disputed Claims Reserve, of any taxes imposed on ~~such~~the Disputed Claims ~~r~~Reserve or its assets. In the event, and to the extent, any Cash in the Disputed Claims Reserve is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets of such reserve (including any income that may arise upon the distribution of the assets in such reserve), assets of ~~such~~the Disputed Claims ~~r~~Reserve may be sold to pay such taxes. For example, assume that a Disputed Claim is subsequently allowed and that the holder ordinarily would have received 10,000 shares of New Common Stock, with a value of $10,000 on the Effective Date. If the shares appreciated in value to $11,000 from the Effective Date to the date such shares are released from the Disputed Claims Reserve, a portion of the shares may be sold to pay any taxes expected to be incurred by the Disputed Claims Reserve on the release of the shares and the distribution to the holder of the subsequently allowed Claim will be reduced as a result.

6. Information Reporting and Backup Withholding

Payments of interest (including accruals of OID) or dividends and any other reportable payments, possibly including amounts received pursuant to the Plan and payments of proceeds from the sale, retirement, or other disposition of the exchange consideration, may be subject to "backup withholding" (currently at a rate of 28%) if a recipient of those payments fails to furnish to the payor certain identifying information, and, in some cases, a certification that the recipient is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts deducted and withheld generally should be allowed as a credit against that recipient's U.S. federal income tax, provided that appropriate proof is timely provided under rules established by the IRS. Furthermore, certain penalties may be imposed by the IRS on a recipient of payments who is required to supply information but who does not do so in the proper manner. Backup withholding generally should not apply with respect to payments made to certain exempt recipients, such as corporations and financial institutions. Information also may be required to be provided to the IRS concerning payments, unless an exemption applies. You should consult your own tax advisor regarding your qualification for exemption from

backup withholding and information reporting and the procedures for obtaining such an exemption.

Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of certain thresholds. You are urged to consult your own tax advisor regarding these regulations and whether the contemplated transactions under the Plan would be subject to these regulations and require disclosure on your tax return.

VII. VOTING PROCEDURES AND REQUIREMENTS

A. Ballots and Voting Deadline

IT IS IMPORTANT THAT THE HOLDERS OF CLAIMS IN AMR CLASSES 3, 4, AND 5; AMERICAN CLASSES 4, 5, 6, and 7; AND EAGLE CLASSES 3 AND 4 TIMELY EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN. All known holders of Claims and Equity Interests entitled to vote on the Plan have been sent a Ballot together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement.

The Debtors have engaged GCG, Inc. as their Voting Agent to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. **IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT AS SET FORTH IN YOUR BALLOT, AT THE ADDRESS SET FORTH BELOW BEFORE THE VOTING DEADLINE OF [_____ __, 2013 AT _:00 P.M.] (EASTERN TIME).**

IF YOU MUST RETURN YOUR BALLOT TO YOUR BANK, BROKER, OR OTHER NOMINEE, OR TO ITS AGENT, YOU MUST RETURN YOUR BALLOT TO SUCH PARTY IN SUFFICIENT TIME FOR SUCH PARTY TO PROCESS YOUR BALLOT AND RETURN IT TO THE VOTING AGENT AS SET FORTH IN YOUR BALLOT, BEFORE THE VOTING DEADLINE.

IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE VOTING AGENT AS SET FORTH IN YOUR BALLOT. ANY BALLOT THAT IS EXECUTED AND RETURNED BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL NOT BE COUNTED AS EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN.

IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU MAY CONTACT THE VOTING AGENT AS SET FORTH IN YOUR BALLOT,

AT 1-888-285-9438 (DOMESTIC TOLL FREE) OR 1-440-389-7498 (INTERNATIONAL):

If by overnight or hand delivery:	**If by standard mailing:**
AMR Corporation, *et al.* c/o GCG 5151 Blazer Parkway, Suite A Dublin, OH 43017	AMR Corporation, *et al.* c/o GCG P.O. Box 9852 Dublin, OH 43017-5752

B. Holders of Claims and Equity Interests Entitled to Vote

AMR Classes 3, 4, and 5; American Classes 4, 5, 6, and 7; and Eagle Classes 3 and 4 are the only Classes under the Plan that are impaired and entitled to vote to accept or reject the Plan. Each holder of a Claim or Equity Interest in such Classes, as of the applicable Record Date established by the Debtors for purposes of this solicitation, may vote to accept or reject the Plan (other than holders of Claims subject to an objection filed by the Debtors).

C. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a chapter 11 plan by a class of claims occurs when holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims of that class that cast ballots for acceptance or rejection of the chapter 11 plan vote to accept the plan. Thus, acceptance of the Plan by AMR Class 3, for example, will occur only if at least two-thirds (2/3) in dollar amount and a majority in number of the holders of Claims in AMR Class 3 ~~Claims~~ that actually cast their Ballots, vote to accept the Plan. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

D. Voting Procedures

1. Holders of Claims and Equity Interests in Classes Entitled to Vote

All holders of Claims or Equity Interests, as applicable, in AMR Classes 3, 4, and 5; American Classes 4, 5, 6, and 7; and Eagle Classes 3 and 4 that are entitled to vote on the Plan should complete the enclosed Ballot and return it to the Voting Agent (or bank, broker, or other nominee) as set forth in the Ballot so that it is received by the Voting Agent before the Voting Deadline.

2. Withdrawal of Ballot ~~or Master Ballot~~

Any voter that has delivered a valid ~~Ballot or Master~~ Ballot (as used in the Approval Order) may withdraw its vote, subject to Bankruptcy Rule 3018, by delivering a written notice of withdrawal to the Voting Agent before the Voting Deadline, which notice

of withdrawal, to be valid, must be (i) signed by the party who signed the Ballot ~~or Master Ballot~~ to be revoked and (ii) received by the Voting Agent before the Voting Deadline. The Debtors may contest the validity of any withdrawals.

Any ~~holder~~voter that has delivered a valid ~~Ballot or Master~~ Ballot may not change its vote, except in accordance with the Approval Order and Bankruptcy Rule 3018. In the case where more than one timely, properly completed Ballot ~~or Master Ballot~~ is received by the Voting Agent, only the ~~Ballot or Master~~ Ballot that bears the latest date shall be counted unless the holder of the Claim or Equity Interest receives Bankruptcy Court approval to have the Ballot ~~or Master Ballot~~ that bears the earliest date counted; *provided, however*, that in the event the Ballot ~~or Master Ballot~~ is not dated, then only the ~~Ballot or Master~~ Ballot that was received by the Voting Agent on the latest date shall be counted, unless the holder of the Claim or Equity Interest receives Bankruptcy Court approval to have the Ballot ~~or Master Ballot~~ that was received by the Voting Agent on the earliest date counted~~; and *further provided*, that the foregoing shall not apply to a Master Ballot that merely supplements, rather than amends or supersedes, a previously delivered Master Ballot~~.

VIII. FACTORS TO CONSIDER BEFORE VOTING

Prior to voting to accept or reject the Plan, holders of Claims and AMR Equity Interests should read and carefully consider the risk factors set forth below, in addition to the information set forth in this Disclosure Statement together with any attachments, exhibits, or documents incorporated by reference thereto. The factors below should not be regarded as the only risks associated with the Plan or its implementation. Documents filed with the SEC may contain important risk factors that differ from those discussed below. Copies of any document filed with the SEC may be obtained by visiting the SEC website at http://www.sec.gov.

A. Risks Associated with the Merger

1. Conditions to Consummation of Merger

The Merger Agreement contains a number of customary conditions precedent to consummation of a merger of the size and complexity of the Merger. The failure to satisfy such conditions may cause the termination of the Merger Agreement. These conditions include, among others, (i) the accuracy of representations and warranties in all material respects, (ii) the fulfillment of obligations set out in covenants, (iii) that certain consents and regulatory approvals have been obtained, (iv) that there are no legal prohibitions against consummation of the Merger, (v) that the approval of US Airways's ~~'~~ stockholders has been received, (vi) that the Confirmation Order is in effect, (vii) that the Plan conforms to the requirements set out in the Merger Agreement, and (viii) that secured indebtedness of the Debtors and certain other Claims not exceed specified levels. Further, US Airways has the right to unilaterally terminate the Merger Agreement under certain conditions.

Many of the conditions precedent to consummation of the Merger are not within the Debtors' control and the Debtors cannot predict when or if these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to the termination date set forth in the Merger Agreement (October 14, 2013, as it may be extended), it is possible that the Merger will not be consummated. Failure to consummate the Merger in accordance with the Merger Agreement may result, under certain circumstances, in termination fees payable by the Debtors, among other things. In addition, if the Merger is not consummated pursuant to the Plan, the Confirmation Order will be vacated, the Plan shall be null and void, and the administration of the Chapter 11 Cases will continue.

2. Loss of Senior Management and Key Employees

As a result of the Chapter 11 Cases and the proposed Merger, the Debtors' employees are facing considerable uncertainty as to their ongoing employment security and what roles they may have in New AAG. A material erosion of such employees' commitment or the inability to retain such employees could have a material adverse effect on the Debtors' and New AAG's business, financial condition, and results of operations because of the experience and industry knowledge of certain officers and other key employees. Therefore, New AAG's success after the Merger may depend in part upon its ability to retain key management personnel and other key employees. Likewise, if the Merger is not consummated, the Debtors will be dependent on their existing officers and other key employees to develop and execute the Independent Emergence Alternative. There can be no assurance that such officers and key employees can be retained.

3. Integration After Merger

The Merger involves the combination of two public companies that currently operate independently, each of which operates its own international network airline. Historically, the integration of separate airlines has proven to be more time consuming and has required more resources than initially estimated. The Debtors will be required to devote significant management attention and resources to integrating the Debtors' and US Airways's business practices, cultures, and operations. Potential difficulties New AAG may encounter as part of the integration process include the following:

- The inability to successfully combine the Debtors' businesses with that of US Airways in a manner that permits New AAG to achieve the synergies and other benefits anticipated to result from the Merger;
- The challenge of integrating complex systems, operating procedures, regulatory compliance programs, technology, aircraft fleets, networks, and other assets of the two companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees, and other constituencies;
- The challenge of integrating the workforces of the Debtors and US Airways while maintaining focus on providing consistent, high-quality customer service, and efficient operation; and

- Potential unknown liabilities, liabilities that are significantly larger than the Debtors and US Airways currently anticipate, and unforeseen increased expenses or delays associated with the Merger, including one-time Cash costs to integrate the two businesses that may exceed the approximately $1.2 billion of one-time Cash costs ~~that~~ the Debtors and US Airways currently anticipate.

Accordingly, even if the Merger is consummated, the contemplated benefits may not be realized fully, or at all, or may take longer to realize than expected.

In addition, both the Debtors and US Airways have operated and, until the completion of the Merger, will continue to operate independently. It is possible that the integration process could result in:

- Diversion of the attention of New AAG's management and other employees; and
- The disruption of, or the loss of momentum in, New AAG's ongoing business, or inconsistencies in standards, controls, procedures, and policies, any of which could materially and adversely affect New AAG's ability to maintain relationships with customers, suppliers, employees, and other constituencies or its ability to achieve the anticipated benefits of the Merger.

4. Registration of Plan Securities on a National Exchange

As mentioned in Section II.C.1 of this Disclosure Statement, trading in AMR Common Stock and certain AMR debt securities on the NYSE was suspended and such securities were ultimately delisted from the NYSE by the SEC. Subsequently, such securities began trading under the symbol "AAMRQ" on the OTCQB marketplace.

The current trading price of AMR Common Stock does not reflect the price at which the New Common Stock will trade. The Plan contemplates the cancellation of all outstanding AMR Common Stock and other AMR Equity Interests and the issuance of New Common Stock under the Plan. The Debtors cannot predict with any degree of certainty the price at which the New Common Stock will trade.

It is a condition to the Merger Closing that the New Common Stock be listed on the NYSE or The NASDAQ Stock Market. There can be no assurance that this condition can be satisfied or that it can be satisfied prior to the time ~~that~~ a party would have the right to terminate the Merger Agreement if the condition is not waived.

5. Factors Affecting Price of New Common Stock

Pursuant to the Plan and the Merger Agreement, holders of Claims and AMR Equity Interests will receive shares of New Common Stock. The Debtors' businesses prior to the Merger differ from those of New AAG, and accordingly, the results of operations of

the combined company may be affected by factors different from those currently affecting the results of operations of the Debtors. These factors may affect the value of the New Common Stock.

6. Dilution ~~From~~from Future Stock Issuance

Upon consummation of the Merger and the occurrence of the Effective Date under the Plan, New AAG or the Disbursing Agent, as applicable, will issue New Common Stock to the holders of Allowed Claims and Allowed AMR Equity Interests and to holders of US Airways Common Stock. Additionally, the Plan includes, and the Merger Agreement contemplates, an equity-based incentive compensation plan for officers and employees of New AAG. The amount and dilutive effect of such issuances could be material.

B. Additional Risks Associated ~~With~~with the Debtors' and New AAG's Business Operations and Financial Condition

1. Fuel Costs

While the Debtors currently seek (and New AAG may seek) to manage the risk of fuel price increases by using derivative contracts, there can be no assurance that, at any given time, the derivatives in place will provide any particular level of protection against increased fuel costs. In addition, market factors may negatively affect the ability of the Debtors and/or New AAG to enter into derivative contracts. Furthermore, 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 accurately predict the future availability of jet fuel or its cost.

2. Labor

The Debtors' businesses ~~is~~are, and New AAG's business will be, labor intensive, employing significant numbers of pilots, flight attendants, and other personnel. In connection with the Chapter 11 Cases and the negotiation of the Merger Agreement, the Debtors believe that CBAs and related agreements have been negotiated with their unions, which will facilitate the Merger, mitigate the potential for unanticipated labor costs, and provide a labor cost structure for New AAG that will permit it to compete successfully. Nevertheless, there is a risk that employees may engage in labor disruptions, with or without union involvement, even if such disruptions are not permitted by the Railway Labor Act. Any disruption by a labor work group (e.g., sick-out, slowdown, full or partial strike, or other job action) may materially adversely affect the Debtors' and/or New AAG's businesses, financial condition, and results of operations.

3. Environmental Regulation

Many aspects of the Debtors' operations are, and New AAG's operations will be, subject to increasingly stringent environmental regulations, including those relating to

emissions, discharges to surface and subsurface waters, safe drinking water, and the management of hazardous substances, oils, and waste materials. Compliance with such laws and regulations may require significant expenditures. Further, concerns about climate change and greenhouse gas emissions, in particular, may result in the imposition of additional legislation or regulation. It is currently unknown how climate change legislation or regulations, if enacted, would specifically apply to the aviation industry.

4. Increased Insurance Costs and Reduced Coverage

The Debtors and US Airways carry insurance for public liability, passenger liability, property damage, and all-risk coverage for damage to their aircraft. As a result of the September 11th terrorist attacks, aviation insurers imposed significant increases in the premiums for general aviation insurance and significantly reduced the available liability coverage for claims resulting from acts of terrorism, war, or similar events ~~("War Risk Coverage")~~. While commercial insurance premiums have since declined, the Debtors cannot predict whether there will be additional cost increases in the future. If there are additional increases in premium prices and/or further reductions in available coverage, the Debtors and/or New AAG may be adversely affected.

5. Increased Pilot Retirements

From time to time in the past, the Debtors experienced higher than normal rates of pilot retirements, and the Debtors currently have a higher than normal number of pilots eligible for retirement. If pilot retirements were to exceed normal levels in the future, it may adversely affect the Debtors and/or New AAG.

6. Delivery of Aircraft

The Debtors' fleet renewal plans are intended to enhance their ability to operate optimum numbers of specific types of aircraft. In many cases, the aircraft the Debtors intend to operate are not yet in their fleet, but the Debtors have contractual commitments to purchase or lease such aircraft. If for any reason the Debtors and/or New AAG were unable to take delivery of particular types of new aircraft on contractually scheduled delivery dates, New AAG may be adversely affected.

7. Disruption at Primary Market

The Debtors' and US Airways's businesses are heavily dependent on operations at their hub airport facilities, which include (i) American's hubs in Dallas/Fort Worth, Chicago, Miami, New York City, and Los Angeles, and (ii) US Airways's hubs in Charlotte, Philadelphia, Phoenix, and Washington, D.C. Each of these operations involves flights that gather and distribute traffic from markets in each hub's geographic region to other major cities. A significant interruption or disruption in service at one or more hub facilities could adversely impact the Debtors' and/or New AAG's operations.

8. Substantial Indebtedness and Other Obligations

Both the Debtors and US Airways have, and expect New AAG to continue to have, significant amounts of indebtedness and other obligations, including pension obligations, obligations to make future payments on Aircraft Equipment and property leases, and obligations under aircraft purchase agreements. Moreover, currently all but a very limited portion of the Debtors' and US Airways'~~'~~s ~~'~~assets are pledged to secure their respective indebtedness. Although the Debtors have substantially reduced their debt and lease obligations as a result of the Chapter 11 Cases, New AAG expects to incur substantial additional debt (including secured debt) and lease obligations in the future. This substantial indebtedness and other obligations could have a significant impact on New AAG's business.

9. Reserve Requirements

Both the Debtors and US Airways have agreements with a number of credit card companies and processors to accept credit card payments. Under certain of these agreements, the related credit card processor may hold back a reserve, which could reach 100% of the applicable receivables due, from the applicable company's credit card receivables following the occurrence of certain events, including the failure of the applicable company to maintain certain levels of liquidity (as specified in each agreement). As of December 31, 2012, the Debtors were not required to maintain any reserve under such agreements; however, US Airways was subject to certain holdback requirements. If circumstances were to occur that would allow the credit card processor to require New AAG to maintain a reserve, New AAG's liquidity would be negatively impacted, which may materially impact operations.

10. Dependence on Technology

The Debtors heavily depend on, and New AAG will likely continue to heavily depend on, computer systems and other communications technology to operate their business, reduce costs, and enhance customer service. Such systems could be disrupted by various events beyond the control of the Debtors and/or New AAG, including natural disasters, power failures, terrorist attacks, equipment failures, system implementation failures, software failures, and computer viruses and hackers. There can be no assurance that the measures taken to prevent, limit, or remedy disruptions of these systems will be adequate.

11. Seasonality and Exogenous Events

The Debtors' operations are, and New AAG's operations will be, affected by many factors beyond their control, including, but not limited to, actual or potential changes in international, national, regional, and local economic, business, and financial conditions; changes in consumer preferences, perceptions, spending patterns, or demographic trends; changes in the airline industry, including competitor consolidation and changes in airline

alliance affiliations; actual or potential disruptions to air traffic control systems; and weather and other natural disasters. In addition, ~~due to~~because of generally weaker demand for air travel during the winter, the Debtors' and New AAG's revenues in the first and fourth quarters of the year could be weaker than revenues in the second and third quarters of the year.

12. Global Economic Downturn

Although the demand for air travel has improved from the historical lows of 2008 and 2009, such demand may weaken if there is a stall in the global economic recovery. While the Debtors and US Airways continually adjust their capacity and operations in response to changing trends in demand, there can be no assurance that such efforts will be successful. Even if successful, any such changes to capacity or operations may result in special charges or other events that negatively impact New AAG's financial condition. Furthermore, any expected benefits from such changes may be diminished by similar adjustments made by other airlines. If the global economic recovery continues, the Debtors expect industry-wide capacity to increase accordingly. But if industry-wide capacity outpaces consumer demand, New AAG, and the airline industry as a whole, may be negatively impacted.

13. Highly Competitive Industry

New AAG will face vigorous and increasing competition from other large network carriers, foreign carriers, LCCs and regional airlines, all-cargo and charter carriers, and ground and rail transportation. New AAG will also face significant competition from marketing and operational alliances formed by their competitors. Competition with such alliances, and with foreign air carriers, has increased in recent years in part due to the adoption of liberalized "open skies" aviation agreements between the United States and numerous countries across the world. Moreover, the percentage of routes on which the Debtors and US Airways compete with carriers boasting substantially lower operating costs, such as LCCs and restructured large network carriers, has grown significantly over time. If New AAG is unable to achieve a competitive cost structure, its business, financial condition, and operating results may be adversely affected.

To remain competitive, the Debtors~~'~~ have implemented transatlantic JBAs and related marketing arrangements with British Airways and Iberia, and antitrust-immunized cooperation with British Airways, Iberia, Finnair, and Royal Jordanian. In addition, the Debtors have implemented an antitrust-immunized JBA with Japan Airlines and a JBA with Qantas. No assurances can be given as to any arrangements that may ultimately be implemented or any benefits ~~that~~ the Debtors and/or New AAG may derive from such arrangements.

14. Extensive Domestic and International Regulation

Airlines are subject to extensive domestic and international regulations which carry significant costs. For example, the Federal Aviation Administration ("**FAA**"), from time to time, issues directives relating to aircraft maintenance and operation, pilot flight schedules, and data security, among others things. Compliance with regulations at times requires significant expenditures and may disrupt the Debtors' operations. Further, U.S. carriers that operate international routes are subject to certain arrangements between the U.S. and foreign governments and to the availability of certain international slots or facilities. Any changes to the regulatory landscape in markets where the Debtors operate or where New AAG will operate may adversely impact the value of their international route authorities and related assets.

Additional laws, regulations, taxes, and airport charges have been enacted from time to time that have significantly increased the costs of airline operations, reduced the demand for air travel, or otherwise restricted business operations. The results of the Debtors' or New AAG's operations, demand for air travel, and the manner in which they conduct their business each may be affected by changes in laws and future actions taken by governmental agencies, including:

- Changes in laws that 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 strategic arrangements with other airlines;
- Restrictions on competitive practices;
- The adoption of new passenger security standards or regulations that impact customer service standards;
- 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 the Debtors; and
- The adoption of more restrictive, locally-imposed noise restrictions.

15. Domestic and Foreign Taxes and Fees

The U.S. airline industry is subject to extensive fees and heavy taxation levied by both domestic and foreign governments. These fees and taxes have increased significantly in the past decade for both domestic and international flights. Under new Department of Transportation regulations, which became effective in January 2012, all government taxes and fees must be included in the fares quoted and advertised to consumers. Based on the competitive revenue environment, airlines have absorbed some of the fee and tax increases

rather than passing them on to consumers. Further increases in such fees and taxes may reduce demand for air travel as the airlines may not be able to continue absorbing these costs on behalf of consumers, which may negatively impact the Debtors' and/or New AAG's business.

C. Additional Risks Associated with the Bankruptcy Process

1. Non-Confirmation of Plan

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court in accordance with the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications will not necessitate the re-solicitation of votes.

In the event the Plan is not confirmed or these Chapter 11 Cases are converted to cases under chapter 7 of the Bankruptcy Code, the Debtors believe that such action or inaction, as the case may be, will cause the Debtors to incur substantial expenses and otherwise serve only to unnecessarily prolong these Chapter 11 Cases and negatively affect recoveries for holders of Claims and Equity Interests.

2. Non-Consensual Plan Confirmation

If any impaired Class of Claims or Equity Interests entitled to vote does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtors' request if at least one impaired Class has accepted the Plan (such acceptance being determined without including the vote of any "insider" in such Class) and, as to each impaired Class that has not accepted the Plan, if the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired Classes. (*See* Section IX.B of this Disclosure Statement.) The Debtors believe that the Plan satisfies these requirements.

The Debtors expressly reserve the right to modify the Plan prior to the entry of the Confirmation Order and do not intend to re-solicit acceptances or rejections so long as the holders of Claims in any affected Class receive a recovery having a value equal to the Allowed amount of their Claims.

3. Inaccuracy of Projected Financial Results

The Debtors have prepared financial projections for New AAG based on certain assumptions, as set forth in **Exhibit "D"** hereto and incorporated into the estimated creditor recoveries and valuations included herein. The projections have not been compiled, audited, or examined by independent accountants, and neither the Debtors nor their advisors make any representations or warranties regarding the accuracy of the projections or the ability to achieve forecasted results.

Many of the assumptions underlying the projections are subject to significant uncertainties that are beyond the control of the Debtors and New AAG including, but not limited to, the timing, confirmation, and consummation of the Plan, demand for air travel, the price of fuel, inflation, and other unanticipated market and economic conditions. Some assumptions may not materialize, and unanticipated events and circumstances may affect New AAG's actual financial results. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic, and competitive risks, and the assumptions underlying the projections may be inaccurate in material respects. In addition, unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement by the Bankruptcy Court including, without limitation, any natural disasters, terrorist attacks, or health epidemics may affect the actual financial results achieved. Such results may vary significantly from the forecasts and such variations may be material.

4. Potential Dilution ~~From~~from Claims

Despite the efforts of the Debtors and their professionals to estimate the amounts of Allowed Claims as set forth in this Disclosure Statement, the actual amount of Allowed Claims may differ from such estimates. Because the ultimate extent and value of certain distributions under the Plan are shared ratably based on the aggregate amount of Allowed General Unsecured Claims, if those amounts are greater than the amount currently estimated by the Debtors, the recovery to holders of General Unsecured Claims may be materially reduced. Further, the value of the Plan Shares may be adversely affected by potential dilution from the LTIP 2013 Awards, the Alignment Awards, the New AAG 2013 Incentive Award Plan, and any other shares of New Common Stock that may be issued post-emergence and the conversion of any options, warrants, convertible securities, exercisable securities, or other securities that may be issued post-emergence. Additionally, any future equity financings or other share issuances by New AAG could adversely affect the value of the Plan Shares.

5. U.S. Federal Income Tax Risks

For a discussion of certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to holders of certain Claims and AMR Common Stock, see Section VI of this Disclosure Statement.

IX. CONFIRMATION OF THE PLAN

The Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan is (i) accepted by all impaired Classes of Claims and Equity Interests entitled to vote or, if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class; (ii) feasible; and (iii) in the "best interests" of the holders of Claims and Equity Interests impaired under the Plan.

A. Acceptance of the Plan

Under the Bankruptcy Code, a class of creditors accepts a chapter 11 plan if (i) holders of two-thirds (2/3) in dollar amount and (ii) a majority in number of the allowed claims in such class (other than those designated under section 1126(e) of the Bankruptcy Code) vote to accept the plan. Holders of claims or equity interests that fail to vote are not counted as either accepting or rejecting a plan.

B. Confirmation in the Event a Class Fails to Accept the Plan

In the event that any impaired Class of Claims or Equity Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtors if, as to each impaired Class of Claims or Equity Interests that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable" under the so-called "cram down" provisions set forth in section 1129(b) of the Bankruptcy Code.

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under the Plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or equity interests receives more than it legally is entitled to receive for its claims or equity interests. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair."

The "fair and equitable" test applies to classes of different priority and status (e.g., secured versus unsecured; claims versus equity interests) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards that must be satisfied in order for the Plan to be confirmed, depending on the type of claims or interests in such class:

- **Secured Creditors**. Each holder of an impaired secured claim either (i) retains its liens on the property, to the extent of the allowed amount of its secured claim, and receives deferred Cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such secured claim, (ii) has the right to credit bid the amount of its claim if its property is sold and retains its lien on the proceeds of the sale, or (iii) receives the "indubitable equivalent" of its allowed secured claim.
- **Unsecured Creditors**. Either (i) each holder of an impaired unsecured claim receives or retains under the plan, property of a value, as of the effective date of the plan, equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

- **Equity Interests**. Either (i) each equity interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock or (ii) the holders of interests that are junior to the equity interests of the dissenting class will not receive or retain any property under the plan.

These requirements are in addition to other requirements established by case law interpreting the statutory requirement.

The Debtors believe the Plan satisfies the "fair and equitable" requirement with respect to any potential rejecting Class.

IF ALL OTHER CONFIRMATION REQUIREMENTS ARE SATISFIED AT THE CONFIRMATION HEARING, THE DEBTORS WILL ASK THE BANKRUPTCY COURT TO RULE THAT THE PLAN MAY BE CONFIRMED ON THE GROUND THAT THE SECTION 1129(b) REQUIREMENTS HAVE BEEN SATISFIED.

C. Best Interest Test

The Bankruptcy Code requires that each holder of an impaired Claim or Equity Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement customarily is referred to as the "best interest" test.

The first step in determining whether the Plan satisfies the best interest test is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation. The gross amount of Cash that would be available for satisfaction of ~~e~~Claims and ~~e~~Equity ~~i~~Interests would be the sum consisting of the proceeds resulting from the disposition of the assets and properties of the Debtors, augmented by the unencumbered Cash held by the Debtors at the time of the commencement of the liquidation case.

The next step is to reduce that gross amount by the costs and expenses of liquidation, the proceeds received from the disposition of encumbered assets ~~which~~that would be distributed to the holders of the liens ~~as~~on such assets, and by the payment of such additional administrative expenses and priority claims arising from the use of chapter 7 for the purposes of liquidation. Any remaining Cash would be allocated to unsecured creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code.

Finally, the present value of such allocations (taking into account the time necessary to accomplish the liquidation) are compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy~~,~~ as well as those fees that might be payable to attorneys and other professionals that the trustee might engage. Other liquidation costs include the expenses incurred during the Chapter 11 Cases allowed in the chapter 7 cases, such as compensation for attorneys, financial advisors, appraisers, accountants, and other professionals for the Debtors and statutory committees appointed in the Chapter 11 Cases, and costs and expenses of members of such committees, as well as other compensation Claims. Further, additional Claims would arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. The foregoing types of Claims, costs, expenses, fees, and such other Claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition priority and unsecured Claims, or available for distribution to the holders of AMR Equity Interests.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to ~~creditors and~~ holders of Claims and AMR Equity Interests in the Chapter 11 Cases, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, and (iii) the substantial increase~~s~~ in Claims that would be satisfied on a priority basis, the Debtors have determined that confirmation of the Plan will provide each holder of an Allowed Claim or Equity Interest with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtors under chapter 7. For purposes of the best interests test, distributions under a chapter 11 plan that substantively consolidates debtors are compared against distributions in a hypothetical chapter 7 that also substantively consolidates the debtors.

The Debtors also believe that the value of any distributions to holders of Allowed Claims and Equity Interests in a chapter 7 case would be less than the value of distributions under the Plan because such distributions in a chapter 7 case would not occur for a substantial period of time. It is likely that distribution of the proceeds of the liquidation could be delayed for at least ~~a~~one year after the completion of such liquidation in order to resolve Claims and prepare for distributions. In the likely event litigation was necessary to resolve Claims asserted in a chapter 7 case, the delay could be prolonged and Administrative Expenses increased.

The ~~AMR Corporation, et al. L~~liquidation ~~A~~analysis annexed hereto as **Exhibit "C"** (the "**Liquidation Analysis**")~~, annexed hereto as **Exhibit "C,"** ~~provides a summary of the liquidation values of the Debtors' assets, assuming a chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Debtors' estates and confirms the conclusions set forth above. Reference should be made to the Liquidation Analysis for a complete discussion and presentation of the Liquidation

Analysis. The Liquidation Analysis was prepared by McKinsey Recovery & Transformation Services, U.S., LLC, with the assistance of the Debtors' management and other advisors.

Underlying the Liquidation Analysis are a number of estimates and assumptions ~~that~~which, although developed and considered reasonable by the Debtors' management and their financial advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is also based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected might not be realized if the Debtors were, in fact, to undergo such a liquidation. The chapter 7 liquidation period is assumed to be a period of at least twelve (~~12-~~) months, allowing for, among other things, the discontinuation and wind-down of operations within the first few months, compliance with applicable regulatory requirements, the sale of assets, and the collection of receivables.

D. Valuation Analyses

In connection with the Plan and Disclosure Statement, the Debtors requested that Rothschild Inc. ("**Rothschild**"), the financial advisor and investment banker for the Debtors, estimate the implied value of the New Common Stock to be distributed under the Plan.

In preparing its estimate, Rothschild considered, among other things, the following factors:

(a) The market price of a publicly traded security in a liquid, established, and regulated market is generally accepted by financial advisors and other relevant professionals as a reasonable indicator of the current value for such security;

(b) US Airways Common Stock currently is listed and traded on the NYSE and is a highly liquid security trading in an established and regulated market;

(c) Pursuant to and upon consummation of the Merger, holders of US Airways Common Stock are to receive one share of New Common Stock in exchange for each share of existing US Airways Common Stock held by such holders;

(d) The terms of the Merger have been publicly announced;

(e) Pursuant to the Plan, the market value of the New Common Stock will be utilized to determine the amount of distributions of New Common Stock with respect to Allowed General Unsecured Claims, the American Labor Allocation, and AMR Equity Interests on and after the Effective Date; and

(f) Shares of New Common Stock are expected to be listed on a national stock exchange where AMR stakeholders will be able to sell shares they receive pursuant to the Plan at the then-market price.

Solely for ~~the~~ purposes of this Disclosure Statement and based upon the foregoing factors and the judgment and professional experience of Rothschild, Rothschild's view is that the trading market price of US Airways Common Stock is the best indicator of value of the New Common Stock. Accordingly, as of the date of this Disclosure Statement, Rothschild estimates the implied value of ~~a~~one share of New Common Stock to be equal to the trading price per share of US Airways Common Stock on the NYSE as of such date. For reference purposes only, Rothschild notes that the volume weighted average price of US Airways Common Stock on the NYSE during the five (5) trading day period ending on [ ] [ ], 2013 was $[ ] per share. Rothschild's views do not constitute an opinion as to fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan and is limited to the implied value of ~~a~~one share of New Common Stock to be issued pursuant to the Plan on the Effective Date.

Annexed hereto as **Exhibit "B"** is a chart ~~which~~ illustrat~~es~~ing potential recoveries with respect to Allowed General Unsecured Claims, the American Labor Allocation, and AMR Equity Interests assuming various constant trading prices for the New Common Stock during the 120-day period from and after the Effective Date~~,~~ and assuming, among other things, that the ultimate amount of Allowed ~~Single Dip~~Single-Dip General Unsecured Claims does not exceed $2.63 billion.

With the consent of the Debtors, Rothschild's estimate was based on the factors set forth above and was not based upon analysis of financial information or financial projections or forecasts for New AAG, the Debtors, or US Airways or traditional valuation methodologies.

The valuation of newly issued securities, such as the New Common Stock, is subject to a number of uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, and other factors that generally influence the prices of securities and performance of the relevant businesses. Actual market prices of such securities also may be affected by other factors not possible to predict. The value of shares of New Common Stock may be materially different than as estimated above. Accordingly, the implied value estimated by Rothschild does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets.

Rothschild's estimate of implied value is not an appraisal and does not conform to the standards of professional appraisal practice.

Rothschild's estimate of implied value does not constitute a recommendation to any party with respect to the Plan, the Merger, or any other transaction or a recommendation to

any party as to how to vote on the Plan or otherwise act with respect to the Plan or any other matter.

Rothschild's estimate of implied value is given and speaks only as of the date of this Disclosure Statement. It should be understood that subsequent developments may affect this estimate and the assumptions used in preparing it, and Rothschild does not have any obligation to update, revise, or reaffirm this estimate.

The value of the New Common Stock to be distributed under the Plan will be the price at which a holder could sell a share of New Common Stock on and after the Effective Date. Such price will depend on a variety of factors, including, among other things: (~~v~~i) the business performance and prospects of New AAG, the Debtors; and US Airways as of the relevant time~~,~~; (~~w~~ii) the market price of shares of New Common Stock~~,~~; (~~x~~iii) the dilutive or accretive effect of issuance of shares of New Common Stock from time to time (including the dilutive effects of future issuances under employee or similar compensation programs)~~,~~; (~~y~~iv) the ultimate final amount of Allowed Claims against the Debtors as the Debtors' claims objection and reconciliation process continues~~,~~; and (~~z~~v) market liquidity for the New Common Stock.

E. Feasibility

Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if the Court finds that such plan is "feasible." A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed the ability to meet the obligations under the Plan. As part of this analysis, the Debtors, with the assistance of their financial advisors, prepared financial projections for the post-Effective Date period of fiscal year 2013 and each of the fiscal years 2014 through 2017 (the "**Projection Period**") for New AAG. These projections, and the assumptions on which they are based, are included in the Debtors' Projected Financial Information, annexed hereto as **Exhibit "D."** Based upon such projections, the Debtors believe that all payments required pursuant to the Plan will be made and, therefore, that ~~that~~ confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization.

The financial information and projections appended to the Disclosure Statement include:

- Projected Consolidated Balance Sheets of New AAG as of ~~[~~December 31, 2013, December 31, 2014, December 31, 2015, December 31, 2016, and December 31, 2017~~]~~;
- Projected Consolidated Income Statements of New AAG as of ~~[~~December 31, 2013, December 31, 2014, December 31, 2015, December 31, 2016, and December 31, 2017~~]~~; and

- Projected Consolidated Statements of Cash Flow of New AAG as of ~~[~~December 31, 2013, December 31, 2014, December 31, 2015, December 31, 2016, and December 31, 2017~~]~~.

The projections are based on the assumption that the Plan will be confirmed by the Bankruptcy Court and, for projection purposes, that the Effective Date under the Plan will occur on August 31, 2013.

The Debtors prepared these financial projections, with the assistance of their financial advisors, based upon certain assumptions that they believe to be reasonable under the circumstances. Those assumptions considered to be significant are described in the Projected Financial Information annexed hereto as **Exhibit "D."** The Projected Financial Information has not been examined or compiled by independent accountants. The Debtors make no representation as to the accuracy of the projections or the ability to achieve the projected results. Many of the assumptions on which the projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the actual financial results. Therefore, the actual results achieved throughout the Projection Period will vary from the projected results and the variations may be material. All holders of Claims and Equity Interests that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the financial projections are based in connection with their evaluation of the Plan.

F. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold the Confirmation Hearing. The Confirmation Hearing is scheduled for [_____ __, 2013 at __:__ _.m.] (Eastern Time), or as soon thereafter as counsel may be heard, before the Honorable Sean H. Lane, United States Bankruptcy Judge, in Room 701 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York. The Confirmation Hearing may be adjourned from time to time by the Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned confirmation hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the Local Rules, must set forth the name of the objector and the nature and amount of claims or interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court (a) electronically in accordance with General Order M-399 (General Order M-399 and the User's Manual for the Electronic Case Filing System can be found at http://www.nysb.uscourts.gov, the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's

case filing system and (b) by all other parties in interest, on a CD-ROM or 3.5 inch disk, in text-searchable portable document format (PDF) (with a hard-copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and shall be served in accordance with General Order M-399 and on (i) Weil, Gotshal & Manges LLP, attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153 (Attn: Stephen Karotkin, Esq. and Alfredo R. Pérez, Esq.), (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Brian Masumoto, Esq.), (iii) attorneys for the Creditors' Committee, Skadden, Arps, Slate, Meagher & Flom, 155 North Wacker Drive, Chicago, Illinois 60606 (Attn: John Wm. Butler, Jr., Esq.) and Four Times Square, New York, New York 10036 (Attn: Jay M. Goffman, Esq.), and (iv) attorneys for the Retiree Committee, Jenner & Block LLP, 353 North Clark Street, Chicago, Illinois 60654 (Attn: Catherine L. Steege, Esq.) and 919 Third Avenue, 37th Floor, New York, New York 10022 (Attn: Marc B. Hankin, Esq.) so as to be **ACTUALLY RECEIVED** no later than [_____ __, 2013, at __:00 p.m.] (Eastern Time).

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

X. CONCLUSION

The Debtors believe the Plan is in the best interests of all creditors and equity interest holders and urge the holders of impaired Claims in AMR Class 3 (AMR General Unsecured Guaranteed Claims), AMR Class 4 (American Other General Unsecured Claims), AMR Class 5 (AMR Equity Interests), American Class 4 (American General Unsecured Guaranteed Claims), American Class 5 (American Other General Unsecured Claims), American Class 6 (American Union Claims), American Class 7 (American Convenience Class Claims), Eagle Class 3 (Eagle General Unsecured Claims), and Eagle Class 4 (Eagle Convenience Class Claims) to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received not later than [_____ __, 2013, at __:00 p.m. (Eastern Time)].

Dated: New York, New York
~~April 15~~June __, 2013

Respectfully submitted,

AMR CORPORATION

By:_____
Name: Gary F. Kennedy
Title: Senior Vice President, General Counsel & Chief Compliance Officer

AMERICAN AIRLINES, INC.
AMR EAGLE HOLDING CORPORATION
AMERICAN AIRLINES REALTY (NYC) HOLDINGS, INC.
AMERICAS GROUND SERVICES, INC.
PMA INVESTMENT SUBSIDIARY, INC.
SC INVESTMENT, INC.
AMERICAN EAGLE AIRLINES, INC.
EXECUTIVE AIRLINES, INC.
EXECUTIVE GROUND SERVICES, INC.
EAGLE AVIATION SERVICES, INC.
ADMIRALS CLUB, INC.
BUSINESS EXPRESS AIRLINES, INC.
RENO AIR, INC.
AA REAL ESTATE HOLDING GP LLC
AA REAL ESTATE HOLDING L.P.
AMERICAN AIRLINES MARKETING SERVICES LLC
AMERICAN AIRLINES VACATIONS LLC
AMERICAN AVIATION SUPPLY LLC
AMERICAN AIRLINES IP LICENSING HOLDING, LLC

By: AMR CORPORATION, as agent for each of the foregoing entities

By:_____
Name: Gary F. Kennedy
Title: Senior Vice President, General Counsel & Chief Compliance Officer

Counsel:

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and Debtors in Possession