

PRESENTMENT DATE AND TIME: December 30, 2011 at 12:00 p.m. (Eastern Time)

OBJECTION DEADLINE: December 30, 2011 at 11:30 a.m. (Eastern Time)

Harvey R. Miller
Stephen Karotkin
Alfredo R. Pérez
Stephen A. Youngman
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Attorneys for Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
In re	:	Chapter 11 Case No.
	:	
AMR CORPORATION, et al.,	:	11-15643 (SHL)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**STIPULATION, AGREEMENT, AND ORDER BETWEEN
AMERICAN AIRLINES, INC. AND CITIBANK, N.A.**

This Stipulation, Agreement, and Order (this “**Stipulation**”) is entered into between American Airlines, Inc. (“**American**”) and Citibank, N.A. (“**Citibank**,” and together with American, the “**Parties**”) in furtherance of the Final Order Pursuant to 11 U.S.C. §§ 105(a), 363 and 364(c) Authorizing But Not Directing Debtors to Enter Into, Modify, Continue Performance Under and Provide Credit Support Under, Derivative Contracts [Docket No. 433] (the “**Final Derivatives Order**”).

RECITALS:

1. On November 29, 2011 (the “**Commencement Date**”), American and certain of its affiliates (collectively, the “**Debtors**”) each commenced with this Court a voluntary case under chapter 11 of title 11, United States Code (the “**Bankruptcy Code**”). The Debtors

are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**").

3. Citibank and American are parties to a certain ISDA Master Agreement dated as of July 8, 1993 (as subsequently amended and together with any schedules, exhibits and annexes thereto, the "**Agreement**"), pursuant to which American hedges certain of its jet fuel costs.

4. On December 22, 2011, this Court entered the Final Derivatives Order, which, among other things, authorizes, but does not direct, the Debtors to enter into, modify, and perform under Derivative Contracts (as such term is defined in the Final Derivatives Order) and to provide Credit Support (as such term is defined in the Final Derivatives Order) under such contracts.

5. The Parties agree that the Commencement Date constitutes an Event of Default (as such term is defined therein) under the Agreement, thus giving Citibank the ability to terminate the Agreement.

6. To enable American to engage in hedging transactions with Citibank, including, but not limited to, with respect to jet fuel costs, the Parties have agreed as follows.

AGREEMENT:

7. Effective upon entry of this Stipulation by the Court, pursuant to section 365 of the Bankruptcy Code, the Parties will amend and assume the Agreement, to allow the

parties to continue engaging in hedging transactions. The material amendments to the Agreement are as follows:¹

- Certain increases in the requirement to provide Credit Support (as that term is defined in the Final Derivatives Order);
- Elimination of the filing of American's chapter 11 case as an event of default; and
- Addition of certain events of default relating to conversion of American's chapter 11 case, appointment of a chapter 11 trustee, and certain other actions taken by American or a third party during the chapter 11 case.

8. No cure amount is owed to Citibank by American with respect to the Agreement.

9. The Parties will execute, deliver, implement and fully perform any and all obligations, instruments, documents and papers and take any and all actions that may be reasonably necessary or appropriate to implement the Agreement and perform all obligations contemplated thereunder, including, without limitation, the payment of any fees, charges and expenses required thereby.

10. Pursuant to sections 105 and 362(d)(1) of the Bankruptcy Code, the automatic stay of section 362 of the Bankruptcy Code, to the extent applicable, is hereby modified to enable the Parties to amend and assume the Agreement.

11. Pursuant to sections 105 and 362(d)(1) of the Bankruptcy Code, the automatic stay of section 362 of the Bankruptcy Code, to the extent applicable, is hereby modified to enable Citibank to exercise any and all of its contractual rights under the Agreement, including, without limitation, all rights and remedies provided for in the Agreement that are

¹ This summary is for summary purposes only. In the event of any conflict between this summary and the Agreement, the terms of the Agreement shall govern.

related to events of default and similar events, without requesting further relief from the automatic stay, and neither American nor any other party in interest may enforce the automatic stay against Citibank with respect to these rights.

12. Citibank's right to liquidate, terminate or accelerate the Agreement and its rights to net and setoff against amounts due it, including its right to apply any collateral, all in accordance with the Agreement, shall not be stayed, avoided or otherwise limited at any time during the pendency of American's chapter 11 case by any provision of the Bankruptcy Code, including, without limitation, sections 362(a) or 549 thereof, and Citibank requires no further court order to exercise these rights at any time during the pendency of American's chapter 11 case.

13. Citibank's lien with respect to American's collateral provided under the Agreement shall be a perfected first priority lien and a security interest pursuant to section 364(c)(2) of the Bankruptcy Code with respect to all collateral provided by American under the Agreement pursuant to the Final Derivatives Order during the pendency of American's chapter 11 case.

14. To the extent set forth in the Agreement, no obligation, payment, transfer or grant of security or other property by American to Citibank under, pursuant to, and consistent with the Agreement shall be stayed, restrained, voidable or recoverable under the Bankruptcy Code (including, without limitation, under section 502(d) of the Bankruptcy Code), or under any other applicable law, or subject to any defense, reduction, setoff or counterclaim.

15. American's liabilities and any amounts due and owing from American pursuant to the Agreement constitute administrative expenses under section 503(b) of the

Bankruptcy Code, and are entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code.

16. This Stipulation may not be modified other than by a signed writing executed by the Parties hereto or by order of the Court.

17. Each person who executes this Stipulation on behalf of a Party hereto represents that he or she is duly authorized to execute this Stipulation on behalf of such Party.

18. This Stipulation 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 conflict of laws thereof.

19. The Parties hereby irrevocably and unconditionally agree that the Court shall retain exclusive jurisdiction (i) to interpret, implement and enforce the provisions of this Stipulation, and (ii) for so long as American remains a debtor in a case under the Bankruptcy Code, enforce and implement the terms and provisions of the Agreement and to resolve any disputes arising under or related to the Agreement. Should the Court abstain from exercising its jurisdiction or be found not to have jurisdiction over a matter relating to this Stipulation or the Agreement, such matter shall be adjudicated in accordance with the Agreement.

20. This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Evidence of execution of this Stipulation may be exchanged by fax or by electronic transmission of a scanned copy of the signature pages or by exchange of an originally signed document, each of which shall be as fully binding on the party as a signed original.

Dated: New York, New York
December 22, 2011

By: /s/ Alfredo R. Pérez By: /s/ Brian M. Resnick

Harvey R. Miller
Stephen Karotkin
Alfredo R. Pérez
Stephen A. Youngman
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Attorneys for the
Debtors and Debtors in Possession

Marshall S. Huebner
Brian M. Resnick
Brian J. Rooder
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 607-7985

Attorneys for Citibank, N.A.

SO ORDERED, this
___ day of _____, 2011

UNITED STATES BANKRUPTCY JUDGE