

**Exhibit 1**

**Tax Engagement Letter**



Ernst & Young LLP  
One Victory Park  
Suite 2000  
2323 Victory Avenue  
Dallas, TX 75219  
Tel: +1 214 969 8000  
Fax: +1 214 969 8587  
www.ey.com

November 29, 2011

Mrs. Isabella Goren  
Senior Vice President and Chief Financial Officer  
AMR Corporation  
PO Box 619616  
Dallas/Ft. Worth Airport, TX 75261-9616

Dear Mrs. Goren :

Thank you for choosing Ernst & Young LLP (“we” or “EY”) to perform professional services (the “Services”) for AMR Corporation (“you” or “Client”) subsequent to Client filing a petition for relief under Chapter 11 (“Chapter 11”) of title 11 of the United States Code (the “Bankruptcy Code”) on November 29, 2011, with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). Our performance of Services is contingent upon the Bankruptcy Court’s approval of our retention in accordance with the terms and conditions that are set forth in this Agreement. We appreciate the opportunity to assist you and look forward to working with you.

For each project that we agree to undertake for you, we will prepare a Statement of Work describing the particular Services, as well as any advice, presentations, or filings to be made, our fees therefore, and any other project-specific arrangements and shall be subject to approval of the Bankruptcy Court. All of the Services will be subject to the terms and conditions of this letter, its attachments, including the General Terms and Conditions, and the applicable Statement of Work (together, this “Agreement”).

We may enter into Statements of Work with you for a period of two years following the date of this letter, although we may agree with you to extend that period, including by executing additional Statements of Work referencing this Agreement. This Agreement shall be effective as of Client’s filing of a Chapter 11 petition in the Bankruptcy Court.

Please sign this letter in the space provided below to indicate your agreement with these arrangements and return it to Jim Bradow at your earliest convenience. If you have any questions about any of these materials, please do not hesitate to contact me so that we can address any issues you identify before we begin to provide any Services.

Very truly yours,

*Ernst + Young LLP*

AGREED:

AMR Corporation

By: *Isabella Goren*  
Isabella Goren  
Senior Vice President and Chief Financial Officer

## GENERAL TERMS AND CONDITIONS

### Our Relationship with You

1. We will perform the Services in accordance with applicable professional standards, including those established by the American Institute of Certified Public Accountants ("AICPA").
2. We are a member of the global network of Ernst & Young firms ("EY Firms"), each of which is a separate legal entity.
3. We will provide the Services to you as an independent contractor and not as your employee, agent, partner or joint venturor. Neither you nor we have any right, power or authority to bind the other.
4. Subject to Bankruptcy Court approval, we may subcontract portions of the Services to other EY Firms, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Reports (as defined in Section 11), the performance of the Services, and our other obligations under this Agreement. From time to time, non-CPA personnel may perform the Services.
5. We will not assume any of your management responsibilities in connection with the Services. We will not be responsible for the use or implementation of the output of the Services, although we may otherwise provide advice and recommendations to assist you in your management functions and making decisions.

### Your Responsibilities

6. You shall assign a qualified person to oversee the Services. You are responsible for all management decisions relating to the Services, the use or implementation of the output of the Services and for determining whether the Services are appropriate for your purposes.
7. You shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services.
8. To the best of your knowledge, all information provided by you or on your behalf ("Client Information") will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.
9. We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.

10. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

### Our Reports

11. Any information, advice, recommendations or other content of any reports, presentations or other communications we provide under this Agreement ("Reports"), other than Client Information, are for your internal use only (consistent with the purpose of the particular Services).
12. You may not disclose a Report (or any portion or summary of a Report), or refer to us or to any other EY Firm in connection with the Services, except:
  - (a) to your lawyers (subject to these disclosure restrictions), who may use it only to give you advice relating to the Services,
  - (b) to the extent, and for the purposes, required by subpoena or similar legal process (of which you will promptly notify us),
  - (c) to other persons (including your affiliates) with our prior written consent, who have executed an access letter substantially in the form prescribed by the applicable Statement of Work and who may use it only as we have specified in our consent, or
  - (d) to the extent it contains Tax Advice, as set forth in Section 13.

If you are permitted to disclose a Report (or a portion thereof), you shall not alter, edit or modify it from the form we provided.

13. You may disclose to anyone a Report (or any portion or summary thereof) solely to the extent that it relates to tax matters, including tax advice, tax opinions, tax returns, or the tax treatment or tax structure of any transaction to which the Services relate ("Tax Advice"). With the exception of tax authorities, you shall inform those to whom you disclose Tax Advice that they may not rely on it for any purpose without our prior written consent.
14. You may incorporate into your internal documents any summaries, calculations or tables based on Client Information contained in a Report, but not our recommendations, conclusions or findings. If you then disclose such internal documents to anyone, you shall assume sole responsibility for their contents and you shall not refer to us or any other EY Firm in connection with them.

15. You may not rely on any draft Report. We shall not be required to update any final Report for circumstances of which we become aware, or events occurring, after its delivery.

#### Limitations

16. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, any amount with respect to loss of profit, data or goodwill, or any other consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, whether or not the likelihood of such loss or damage was contemplated.
17. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services. This limitation will not apply to losses caused by our gross negligence, bad faith or willful misconduct or to the extent prohibited by applicable law or professional regulations.
18. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services. This limitation will not apply to the extent prohibited by applicable law or professional regulations.
19. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("**EY Persons**"). You shall make any claim or bring proceedings only against us. The limitations in Sections 16 through 18 and this Section 19 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

#### Indemnity

20. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the disclosure of any Report (other than Tax Advice), or a third party's use of or reliance on any Report (including Tax Advice) except to the extent such claims are determined to have resulted from our gross negligence, bad faith or willful misconduct.

#### Intellectual Property Rights

21. We may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how ("**Materials**") that we own or license in performing the Services. Notwithstanding the delivery of any Reports, we retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in connection with the Services (but not Client Information reflected in them).

22. Upon payment for particular Services, you may use any Materials included in the Reports relating to those Services, as well as the Reports themselves, as permitted by this Agreement.

#### Confidentiality

23. Except as otherwise permitted by this Agreement, neither of us may disclose to third parties the contents of this Agreement or any information (other than Tax Advice) provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Either of us may, however, disclose such information to the extent that it:

(a) is or becomes public other than through a breach of this Agreement,

(b) is subsequently received by the recipient from a third party who, to the recipient's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information,

(c) was known to the recipient at the time of disclosure or is thereafter created independently,

(d) is disclosed as necessary to enforce the recipient's rights under this Agreement, or

(e) must be disclosed under applicable law, legal process or professional regulations.

24. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Agreement.
25. Unless prohibited by applicable law, we may disclose Client Information to other EY Firms and EY Persons to facilitate performance of the Services, to comply with regulatory requirements, to check conflicts, or for quality, risk management or financial accounting purposes.
26. With respect to any Services, if U.S. Securities and Exchange Commission auditor independence regulations apply to the relationship between you or any of your associated entities and any EY Firm, or if you (or any entity or person related to you) have any filing obligation with the U.S. Internal Revenue Service, you represent, to

the best of your knowledge, as of the date of this Agreement, and as of the date of each Statement of Work hereunder, that neither you nor any of your affiliates has agreed, either orally or in writing, with any other advisor to restrict your ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Services relate. An agreement of this kind could impair an EY Firm's independence as to your audit or that of any of your affiliates, or require specific tax disclosures as to those restrictions. Accordingly, you agree that the impact of any such agreement is your responsibility.

#### **Data Protection**

27. We may collect, use, transfer, store or otherwise process (collectively, "**Process**") Client Information that can be linked to specific individuals ("**Personal Data**"). We may Process Personal Data in various jurisdictions in which we and the other EY Firms operate (which are listed at [www.ey.com](http://www.ey.com)). We will Process Personal Data in accordance with applicable law and professional regulations, including, where applicable, the European Union Safe Harbor program of the U.S. Department of Commerce, in which EY participates. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements. If any Client Information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information.
28. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been Processed in accordance with applicable law.

#### **Fees and Expenses Generally**

29. You shall pay our professional fees and specific expenses in connection with the Services as detailed in the applicable Statement of Work. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally). We may receive rebates in connection with certain purchases, which we use to reduce charges that we would otherwise pass on to you.
30. Subject to Bankruptcy Court approval, if necessary, we may charge additional professional fees if events beyond our control (including your acts or omissions) affect our ability to perform the Services as originally planned or if you ask us to perform additional tasks.
31. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement,

you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation.

#### **Force Majeure**

32. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

#### **Term and Termination**

33. This Agreement applies to all Services performed at any time after the date of your filing of a Chapter 11 petition (including before the date of this Agreement).
34. This Agreement shall terminate upon the completion of the Services. This Agreement and/or any or all Statements of Work may be terminated at any time by you or us, but in any event this Agreement including all Statements of Work will expire upon the effective date of your confirmed plan of reorganization, or liquidation of the your assets under Chapter 11 or 7 of the Bankruptcy Code, or otherwise.
35. We will submit an itemized and detailed billing statement and we will request payment of our fees and expenses, in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") and any relevant administrative orders of the Bankruptcy Court. You shall pay us for all work-in-progress, Services already performed, and expenses incurred by us up to and including the effective date of the termination of this Agreement. Payment shall be made in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any relevant orders of the Bankruptcy Court.
36. Our respective confidentiality obligations under this Agreement shall continue for a period of three years following the termination of this Agreement. The other provisions of this Agreement that give either of us rights or obligations beyond its termination including, without limitation, paragraph 37, shall continue indefinitely following the termination of this Agreement and shall survive completion of the Client's bankruptcy whether through a confirmed plan of reorganization under Chapter 11, liquidation of the Client's assets under Chapter 7 of the Bankruptcy Code, or otherwise.

#### **Governing Law and Dispute Resolution**

37. This Agreement, and any non-contractual obligations arising out of this Agreement or the Services, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to

be performed, therein by residents thereof. Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving any parent, subsidiary, affiliate, successor in interest or agent of Client or its subsidiaries or of EY) shall be brought in the Bankruptcy Court or the applicable district court (if such district court withdraws the reference) and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have jurisdiction and venue of such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court, or the district court upon withdrawal of the reference, does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement and any and all successors and assigns thereof, agree to submit first to nonbinding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures as set forth in Appendix 1 to these Terms and Conditions. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon Client, EY and any all successors and assigns thereof

#### **Miscellaneous**

38. This Agreement constitutes the entire agreement between us as to the Services and the other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto, including any confidentiality agreements previously delivered. Except as expressly provided otherwise herein, this Agreement does not modify the terms or provisions for other professional services executed prior to Client's filing of a Chapter 11 petition in the Bankruptcy Court.
39. Both of us may execute this Agreement, including Statements of Work (and modifications to them) by electronic means and each of us may sign a different copy of the same document. Both of us must agree in writing to modify this Agreement or any Statement of Work hereunder, subject to Bankruptcy Court approval, if necessary.
40. You represent that the person signing this Agreement and any Statement of Work hereunder on your behalf is expressly authorized to execute it and to bind you and any of your affiliates or others for whom Services are performed to its terms. You also represent that this Agreement has, if necessary, been considered and approved by your Audit Committee.
41. You agree that we and the other EY Firms may, subject to professional obligations, act for other clients, including your competitors.
42. Neither of us may assign any of our rights, obligations or claims under this Agreement.
43. If any provision of this Agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
44. If there is any inconsistency between provisions in different parts of this Agreement, those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Cover Letter, (b) the applicable Statement of Work and any attachments thereto, (c) these General Terms and Conditions, and (d) other attachments to this Agreement.
45. We may use your name publically to identify you as a client, but we may refer to you in connection with the Services only if it is a matter of public knowledge that we are providing them (or have provided them).
46. By agreement to the provision of the Services, we are not providing a guarantee to you that our performance of those services pursuant to the terms and conditions set forth in this Agreement will guarantee your successful reorganization under Chapter 11.

## APPENDIX 1

### DISPUTE RESOLUTION PROCEDURES

#### *Mediation*

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

#### *Arbitration*

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.





## **Statement of Work – Employment Tax Advisory Services**

This Statement of Work, which is effective as of July 1, 2013 (this “SOW”), is made by Ernst & Young LLP (“we” or “EY”) and AMR Corporation (“you” or “Client”), pursuant to the Agreement, dated November 29, 2011 (the “Agreement”), between EY and Client, which was executed in connection with the Client filing a petition under Chapter 11 of the United States Bankruptcy Code (“Chapter 11”) on or about November 29, 2011 with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), and describes certain tax services that EY will perform for the Client during the Client’s Chapter 11 proceedings. This SOW shall be effective as of the date first noted above.

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the tax advisory Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to “you” or “Client” shall be deemed references to you.

### **Scope of Services**

We will provide the following tax advisory Services to you, contingent upon the Bankruptcy Court’s approval of our retention in accordance with the terms and conditions that are set forth in the Agreement (inclusive of this SOW):

As part of a corporate restructuring and emergence from bankruptcy, Client intends to issue a large volume of new company stock to its employees. As part of the issuance, there will be both federal and state employment tax implications (e.g., “next day” withholding deposit rules), as well as stock valuation implications under I.R.C. § 409A (e.g., “blockage discount theory”). Accordingly, to assist Client in addressing these issues surrounding the proposed stock issuance with the Internal Revenue Service (“IRS”), EY will undertake the following phased engagement:

#### **Workstream I – Project initiation and meeting with IRS**

- ▶ Provide an information request to Client and assist in obtaining relevant background information, prior employment tax filings and stock valuation data;
- ▶ Prepare authorization letters (and/or limited powers of attorney) for Client’s review, approval and execution, where applicable;
- ▶ Analyze computations of the employment tax liability and tax deposits, as well as the federal Form 941, *Employer’s Quarterly Federal Tax Returns* reporting for the stock distribution wage payments;



Building a better  
working world

- ▶ Schedule and attend various meetings with the IRS to discuss their potential interpretation of Client's facts and circumstances in anticipation of preparing a Closing Agreement<sup>1</sup>; and
- ▶ Provide a preliminary overview in the form of a written outline to the IRS to assist them in making a determination of whether to accept a Closing Agreement with Client.

*Workstream II – Draft and submit Closing Agreement with IRS (OPTIONAL)*

Should Client decide to proceed with Workstream II, and based on the IRS response during the meetings in Workstream I, we expect to complete the following tasks:

- ▶ Draft a written request for a Closing Agreement<sup>2</sup> asking the IRS to agree to extend the next day deposit rules to a fifteen day settlement period and to agree that the Code of Federal Regulations relating to I.R.C. § 409A (which permit an average selling price to be used to determine fair market value<sup>3</sup>), will apply to Client's facts and the stock distributions that will be treated as wage payments;
- ▶ Ensure that the written request for a Closing Agreement<sup>4</sup> include the following:
  - A statement of the facts of the stock distributions that will occur when Client emerges from bankruptcy (the facts and summary of I.R.C. § 409A position will be drafted by AMR, and EY will present the document to the IRS);
  - A statement of the effect of a same day sale of a number of shares of stock that will be needed to fund the employment tax liabilities and deposits;
  - A statement of the federal employment tax issues regarding deposit timing (specifically, EY will request an application and extension of the general rules outlined in the IRS *Field Directive on Assertion of the Penalty for Failure to Deposit Employment Taxes*, released March 14, 2003, with respect to timing of required next day deposit);
  - A proposed agreement (specifically, regarding the fifteen day sale period, EY will request the use of an average price over the fifteen day period to determine fair market value, thereby treating the last day of the fifteen days as the wage payment date for purposes of I.R.C. § 409A valuation);
  - The tax technical support for our proposed agreement based on applicable law; and
  - An explanation of the practical benefits to the IRS and Client of the proposed agreement.

---

<sup>1</sup> Note that EY will attempt to schedule the meeting in Workstream I with the head of the IRS Employment Tax section and/or IRS Chief Counsel's Office.

<sup>2</sup> The Closing Agreement would be in the nature of a Pre-Filing Agreement ("PFA") although it would not be submitted to IRS pursuant to the Rev. Proc. 2009-14. The request would not go in as a PFA because of the limited time available to reach an agreement with the IRS regarding the treatment of the stock sale.

<sup>3</sup> For stocks with a readily ascertainable value.

<sup>4</sup> The Closing Agreement will be reviewed, approved and executed by Client's management team, and it is expected that the document will be submitted on Client's letterhead.



*Workstream III – Facilitate an IRS response to the Closing Agreement (OPTIONAL)*

Should Client decide to proceed with Workstream III, and based on the nature of the IRS response to the Closing Agreement in Workstream II, we expect to complete the following tasks:

- ▶ Perform required follow-up by assisting Client to facilitate an IRS response to the Closing Agreement;
  - Specific work included in follow-up may include assisting with responding to questions that may arise, coordinating requests for additional documentation or attending additional meetings with IRS;
- ▶ In the event an agreement with IRS is reached, assist Client with finalizing and submit the Closing Agreement document and attachments; and
- ▶ Secure the relevant IRS signatures on the Closing Agreement.

*Workstream IV – Identify state withholding tax deposit issues (OPTIONAL)*

Should Client decide to proceed with Workstream IV, we expect to complete the following tasks:

- ▶ In the event of a finalized Closing Agreement, EY will survey all the relevant state income tax withholding agencies to identify state deposit issues associated with the stock issuance and proposed IRS employment tax treatment;
- ▶ In states where deposit issues exist, EY will follow-up with each respective state agency with a written cover letter to ensure timely notification of the IRS Closing Agreement and request state conformity or acceptance (all cover letters will be reviewed, approved and executed by Client's management team, and it is expected that all cover letters will be submitted on Client's letterhead); and
- ▶ Create and update an account matrix to track the status of the state agency conformity.

The Services may be modified from time to time by our mutual written agreement and approval of the Bankruptcy Court, if required.

Client acknowledges and agrees that, whether or not this SOW has been approved by the Bankruptcy Court at the time any Report is rendered, any such Report rendered by EY prior to the delivery of its final Report is preliminary in nature and cannot be relied upon for any purpose, including penalty protection.



### **Out-of-Scope Services**

Any activities not described as Services, as indicated above under Scope of Services, are not covered by the fees stated herein. These services will be considered outside the scope of this SOW and are the responsibility of Client to perform on a timely basis unless otherwise agreed by the parties in writing (in a separate SOW or an amendment to this SOW) and approved by the Bankruptcy Court.

### **Your obligations**

We draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, and your representation, as of the date hereof, under paragraph 26 thereof. You have obtained the prior approval of your Audit Committee for these Services, as applicable.

You will not, and you will not permit others to, quote or refer to any Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws ("Securities Laws") are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this SOW.

### **Additional terms and conditions**

The Services are advisory in nature. EY will not render an assurance report or assurance opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. We will not conduct a review to detect fraud or illegal acts. You should be aware that the Internal Revenue Code imposes a penalty on an underpayment of tax attributable to any disallowance of claimed tax benefits because a transaction entered into after March 30, 2010, lacks "economic substance." The penalty rate is 20 percent if the transaction is adequately disclosed to the IRS, with the penalty rate increased to 40 percent if the transaction is not adequately disclosed in the relevant tax return or attachment to that return. As the penalty is one of strict liability, a taxpayer cannot show reasonable cause for the avoidance of the economic substance penalty by establishing reliance on the tax advice of a qualified advisor. Accordingly, our Tax Advice cannot provide any assurance that the claimed tax benefits of a transaction entered into after March 30, 2010, would not be subject to disallowance by reason of a determination by the IRS or the courts that a transaction lacks economic substance or fails to meet the requirements of any similar rule of law, nor can Tax Advice that we provide be relied upon to protect against applicable penalties that may be asserted if it is determined that the transaction lacked economic substance where otherwise required.



Building a better  
working world

If we receive a request from a third party for any information relating to our Tax Advice, we will notify you and will not release any such information unless you have executed an appropriate written consent authorizing such disclosure and the third party has executed a nonreliance and release letter acceptable to us in form and substance.

### **Contacts**

You have identified Jim Fitzgerald as your contact with whom we should communicate about these Services. Your contact at EY for these Services will be Greg Carver.

### **Engagement Team**

Greg Carver (Partner) and David Northcut (Partner) will lead the EY team in providing the Services. If either of these individuals ceases to provide tax services to the Client pursuant to the Agreement, EY will so advise the Client and, if that person is replaced, provide the Client with the name of the professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

### **Fees**

The General Terms and Conditions of the Agreement address our fees and expenses generally.

You shall pay fees for the Services, which fees are based on the time that our professionals spend performing them, as adjusted annually on July 1 while the Services under this SOW are being performed. The rates, by level of tax professional, are as follows:

<b>Title</b>	<b>Rate Per Hour</b>
Principal/Partner	\$697
Executive Director	\$630
Senior Manager	\$600
Manager	\$475
Senior	\$370
Staff	\$242

You shall also pay any potential value-added taxes (VAT), sales taxes, and other indirect taxes incurred in connection with the delivery of the Services, including any such taxes and related administrative costs that result from billing arrangements specifically requested by you.



Building a better  
working world

We will submit an itemized and detailed billing statement, and we will request payment of our fees and expenses, in accordance with the United States Bankruptcy Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Southern District of New York ("Local Rules") and any relevant administrative orders. We will submit our invoices as the work progresses and payment of them will be made upon receipt, or as quickly as the Bankruptcy Code, the Bankruptcy Rules, Local Rules and any relevant administrative orders allow.

We acknowledge that payment of our fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, any order of the Bankruptcy Court approving the retention of us and the U.S. Trustee Guidelines, (ii) any applicable fee and expense guidelines and/or orders and (iii) any requirements governing interim and final fee applications.

Thanks again for your selection of our firm.

*Ernst + Young LLP*

AMR Corporation

By: \_\_\_\_\_

Jim Fitzgerald

Chief Tax Officer and Chief Tax Counsel

Date: \_\_\_\_\_

*7/25/13*



## **Statement of Work**

This Statement of Work, which is effective as of July 1, 2013 (this "SOW"), is made by Ernst & Young LLP ("we" or "EY") and AMR Corporation ("you" or "Client"), pursuant to the Agreement, dated November 29, 2011 (the "Agreement"), between EY and AMR Corporation, which was executed in connection with the Client filing a petition under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") on or about November 29, 2011 with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and describes certain tax services that EY will perform for the Client during the Client's Chapter 11 proceedings. This SOW shall be effective as of the date first noted above.

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the tax advisory Services covered by this SOW and not to Services covered by any other Statement of Work pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement, and references in the Agreement to "you" or "Client" shall be deemed references to you.

## **Scope of Services**

We will provide the following tax advisory Services to you, contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in the Agreement (inclusive of this SOW):

EY will provide to Client routine tax advice and assistance concerning issues as requested by Client when such projects are not covered by a separate SOW and do not involve any significant tax planning or projects ("on-call tax advisory services").

This SOW is intended to be used for engagements to respond to general tax questions and assignments that are expected, at the beginning of the project, to involve total professional time not to exceed (with respect to the specific project) \$25,000 in professional fees at 70% of the standard hourly rates for the professionals involved. The scope of these services may be agreed to orally or through written communications with Client such as e-mails.

The projects covered by this SOW include assistance with tax issues by answering one-off questions, drafting memos describing how specific tax rules work, assisting with general transactional issues, and assisting Client in connection with its dealings with tax authorities (other than serving as a representative).



Building a better  
working world

Specific tasks that may be involved in connection with the Services include the following: participating in meetings and telephone calls with Client; participating in meetings and telephone calls with taxing authorities and other third parties where we are not representing Client before the taxing authority; reviewing transaction-related documentation; researching technical issues; and preparing technical memoranda, letters, e-mails, and other written documentation.

This SOW is not intended to cover services related to significant tax planning or other projects where a mutual understanding of the scope of the engagement should be formally documented.

Accordingly, in lieu of this SOW, separate SOWs generally will be entered into in connection with the following: services related to a transaction that is a listed transaction, reportable transaction, transaction of interest or transaction similarly designated by a tax authority; engagements where we will render formal opinions or opinions that will be relied upon by third parties; engagements where we prepare tax returns or entries on tax returns; studies with respect to Client's tax attributes (e.g., basis studies or repairs and maintenance studies); loaned or assigned staff engagements; and due diligence engagements.

The Services may be modified from time to time by our mutual written agreement and approval of the Bankruptcy Court, if required.

Client acknowledges and agrees that, whether or not this SOW has been approved by the Bankruptcy Court at the time any Report is rendered, any such Report rendered by EY prior to the delivery of its final Report is preliminary in nature and cannot be relied upon for any purpose, including penalty protection.

### **Out-of-Scope Services**

Any activities not described as Services, as indicated above under Scope of Services, are not covered by the fees stated herein. These services will be considered outside the scope of this SOW and are the responsibility of Client to perform on a timely basis unless otherwise agreed by the parties in writing (in a separate SOW or an amendment to this SOW) and approved by the Bankruptcy Court.

### **Your obligations**

We draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, and your representation, as of the date hereof, under paragraph 26 thereof. You have obtained the prior approval of your Audit Committee for these Services, as applicable.





You will not, and you will not permit others to, quote or refer to any Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws ("Securities Laws") are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this SOW.

### **Additional terms and conditions**

The Services are advisory in nature. EY will not render an assurance report or assurance opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. We will not conduct a review to detect fraud or illegal acts.

You should be aware that the Internal Revenue Code imposes a penalty on an underpayment of tax attributable to any disallowance of claimed tax benefits because a transaction entered into after March 30, 2010, lacks "economic substance." The penalty rate is 20 percent if the transaction is adequately disclosed to the IRS, with the penalty rate increased to 40 percent if the transaction is not adequately disclosed in the relevant tax return or attachment to that return. As the penalty is one of strict liability, a taxpayer cannot show reasonable cause for the avoidance of the economic substance penalty by establishing reliance on the tax advice of a qualified advisor. Accordingly, our Tax Advice cannot provide any assurance that the claimed tax benefits of a transaction entered into after March 30, 2010, would not be subject to disallowance by reason of a determination by the IRS or the courts that a transaction lacks economic substance or fails to meet the requirements of any similar rule of law, nor can Tax Advice that we provide be relied upon to protect against applicable penalties that may be asserted if it is determined that the transaction lacked economic substance where otherwise required.

If we receive a request from a third party for any information relating to our Tax Advice, we will notify you and will not release any such information unless you have executed an appropriate written consent authorizing such disclosure and the third party has executed a nonreliance and release letter acceptable to us in form and substance.

### **Contacts**

You have identified Mitch Frank as your contact with whom we should communicate about these Services. Your contact at EY for these Services will be David Northcut.



## Engagement Team

David Northcut (Partner) and Amanda Schulz (Senior Manager) will lead the EY team in providing the Services. If either of these individuals ceases to provide tax services to the Client pursuant to the Agreement, EY will so advise the Client and, if that person is replaced, provide the Client with the name of the professional's replacement. Other staff, not identified herein, may be utilized as required to conduct our work in an efficient manner.

## Fees

The General Terms and Conditions of the Agreement address our fees and expenses generally.

You shall pay fees for the Services, which fees are based on the time that our professionals spend performing them, as adjusted annually on July 1 while the Services under this SOW are being performed. The rates, by level of tax professional, are as follows:

<b>Title</b>	<b>Rate Per Hour</b>
Principal/Partner	\$697
Executive Director	\$630
Senior Manager	\$600
Manager	\$475
Senior	\$370
Staff	\$242

You shall also pay any potential value-added taxes (VAT), sales taxes, and other indirect taxes incurred in connection with the delivery of the Services, including any such taxes and related administrative costs that result from billing arrangements specifically requested by you.

We will submit an itemized and detailed billing statement, and we will request payment of our fees and expenses, in accordance with the United States Bankruptcy Code (the "Bankruptcy Code"), the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Southern District of New York ("Local Rules") and any relevant administrative orders. We will submit our invoices as the work progresses and payment of them will be made upon receipt, or as quickly as the Bankruptcy Code, the Bankruptcy Rules, Local Rules and any relevant administrative orders allow.



Building a better  
working world

We acknowledge that payment of our fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, any order of the Bankruptcy Court approving the retention of us and the U.S. Trustee Guidelines, (ii) any applicable fee and expense guidelines and/or orders and (iii) any requirements governing interim and final fee applications.

Thanks again for your selection of our firm.

*Ernst + Young LLP*

AMR Corporation

By: \_\_\_\_\_

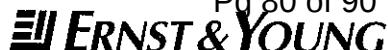
Mr. Jim Fitzgerald  
Chief Tax Officer and Chief Tax Counsel

Date: \_\_\_\_\_

*7/25/13*

**Exhibit 2**

**Additional Audit Engagement Letter**



Ernst & Young LLP  
One Victory Park  
Suite 2000  
2323 Victory Avenue  
Dallas, TX 75219  
Tel: +1 214 969 8000  
Fax: +1 214 969 8587  
www.ey.com

July 30, 2013

John Hutchinson  
SVP Finance & Planning and  
Chief Financial Officer  
AMR Eagle Holding Corporation  
4333 Amon Carter Blvd.  
Fort Worth, TX 76155

Dear Mr. Hutchinson:

1. This agreement (together with all attachments hereto, the "Agreement") confirms the engagement of Ernst & Young LLP ("we" or "EY") by AMR Eagle Holding Corporation ("Eagle" or the "Company" or "you") to audit and report on the financial statements and supplemental schedules of the American Eagle Puerto Rico Capital Accumulation Plan for Employees of Participating AMR Eagle Holding Corporation Subsidiaries (the "Plan") for the period July 8, 2011 (inception) to December 31, 2011 and for the year ended December 31, 2012, which are to be included in the Plan's Form 5500 filings with the Employee Benefits Security Administration of the Department of Labor (the "DOL") subsequent to the Company filing a petition for relief under chapter 11 ("Chapter 11") of title 11 of the United States Code (the "Bankruptcy Code") on November 29, 2011, with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). Our performance of services contemplated under this engagement is contingent upon the Bankruptcy Court's approval of our retention in accordance with the terms and conditions that are set forth in this Agreement. This Agreement shall be effective as of June 15, 2013.

All of the services described in this paragraph are referred to collectively as the "Services" or the "engagements." References to "management" herein shall be deemed to be references to management of Eagle, acting for Eagle in its capacity as such. Should conditions not now anticipated preclude us from completing the engagements and issuing a report, we will advise management promptly and take such action as we deem appropriate.

#### **Audit responsibilities and limitations**

2. We will conduct our engagements to audit the financial statements of the Plan in accordance with auditing standards generally accepted in the United States, as established by the American Institute of Certified Public Accountants (the "AICPA"), except that, as permitted by Regulation 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and as instructed by you, we will not perform any auditing procedures with respect to the certified investment information, other than comparing that information with the related information included in the financial statements and supplemental schedules. We have been informed that certifications from entities that meet the requirements of Regulation 2520.103-8 will be provided to us. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements and supplemental schedules as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived

from the investment information certified by the Trustees, will be audited by us in accordance with AICPA auditing standards generally accepted in the United States and will be subjected to tests of your accounting records and other procedures as we consider necessary to enable us to express an opinion as to whether they are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

3. AICPA auditing standards require that we obtain reasonable rather than absolute assurance that the financial statements are free of material misstatement whether caused by error or fraud. As management is aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud, or illegal acts, including prohibited transactions with parties in interest and other violations of the DOL's Rules and Regulations under ERISA. Accordingly, because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States, as established by the AICPA. Also, our engagements are not designed to detect error or fraud that is immaterial to the financial statements.
4. We will obtain pre-approval from Eagle for any services we are to provide to the Plan pursuant to Eagle's pre-approval process, policies, and procedures.
5. As a part of our engagement to audit the financial statements of the Plan, we will perform certain procedures, as required by AICPA auditing standards, directed at considering the Plan's compliance with applicable Internal Revenue Code ("IRC") requirements for tax-exempt status, including reading the Plan's latest tax determination letter from the Internal Revenue Service ("IRS"). As we conduct our engagements, we may become aware of the possibility that events affecting the Plan's tax status may have occurred. Similarly, we may become aware of the possibility that events affecting the Plan's compliance with the requirements of ERISA may have occurred. We will inform you of any instances of tax or ERISA noncompliance that come to our attention during the course of our engagement. You should recognize, however, that the engagement is not designed to nor is it intended to verify the Plan's overall compliance with applicable provisions of the IRC or ERISA, including but not limited to Eagle's deduction limits, and, accordingly, we assume no responsibility for failure to detect instances of noncompliance with applicable provisions of the IRC or ERISA.
6. As part of our Services, we will consider, solely for the purpose of planning the engagement and determining the nature, timing, and extent of our procedures, the Plan's internal control, except for the investment information which is excluded as described in paragraph 2. This consideration will not be sufficient to enable us to provide assurance on internal control or to identify all significant deficiencies and material weaknesses.
7. In accordance with AICPA auditing standards, we will communicate certain matters related to the conduct and results of the engagement to audit the Plan to Eagle.
8. If we determine that there is evidence that fraud or possible illegal acts may have occurred, we will bring such matters to the attention of the appropriate level of management. If we become aware of fraud involving senior management or fraud (whether committed by senior management or other employees) that causes a material misstatement of the financial statements, we will report this matter directly to Eagle. We will determine that Eagle and appropriate members of management are adequately informed of illegal acts that come to our attention unless they are clearly inconsequential. We also will inform Eagle and appropriate members of management of significant corrected misstatements and uncorrected misstatements other than those that are clearly trivial noted during our Services.

9. We will communicate in writing to management all significant deficiencies and material weaknesses identified during our engagements, including those that were remediated.
10. We also may communicate other opportunities we observe for economies in or improved controls over the Plan's operations.

**Management's responsibilities and representations**

11. The financial statements (including disclosures) and supplemental schedules are the responsibility of management. Management also is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, for properly recording transactions in the accounting records, for safeguarding assets, and for the overall fair presentation of the financial statements, in conformity with the applicable generally accepted accounting principles, and the preparation and fair presentation of the supplemental schedules. Management also is responsible for the identification of, and for the Plan's compliance with, the laws and regulations applicable to its activities.
12. Management is responsible for the preparation of the supplemental schedules in accordance with the applicable rules and regulations for reporting and disclosure. For any document that contains the supplemental schedules and indicates that we have issued a report on the supplemental schedules, management will include our report on such supplemental schedules. The supplemental schedules will be presented with the audited financial statements. Management will make appropriate representations to us regarding these matters.
13. Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in its representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagements to audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.
14. Management is responsible for apprising us of all allegations involving financial improprieties received by management (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), and providing us full access to these allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY, or other allegations of illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Plan. If management limits the information otherwise available to us under this paragraph (based on management's claims of attorney/client privilege, work product doctrine, or otherwise), management will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of our Services and may prevent us from opining on the Plan's financial statements; alter the form of report we may issue on such financial statements; or otherwise affect our ability to continue as the Plan's independent auditors. We will disclose any such withholding of information to Eagle.
15. Management is responsible for providing us access to: all information of which management is aware that is relevant to the Services, such as records, documentation and other matters to complete the Services on a timely basis; additional information that we may request from management for purposes of the audit; and unrestricted access to persons within the Plan Sponsor from whom we determine it necessary to obtain audit evidence. Management's failure to do so may cause us to delay our report, modify our procedures, or even terminate the Services.

16. As required by AICPA auditing standards, we will make specific inquiries of Eagle about the representations contained in the financial statements and supplemental schedules. Auditing standards also require that, at the conclusion of the engagements, we obtain representation letters from certain members of management about these matters and to represent that management has fulfilled its responsibilities as set out in this Agreement, including that all material transactions have been recorded in the accounting records and are reflected in the financial statements. The responses to those inquiries, the written representations, and the results of our procedures comprise evidence on which we will rely in reporting on the financial statements and supplemental schedules.
17. Management is responsible for informing EY about any related party transactions, including transactions with parties in interest, as defined in ERISA section 3(14) and the regulations thereunder, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties. We will assess whether all identified prohibited party-in-interest transactions are included in the supplemental schedule of nonexempt transactions.
18. Eagle shall make appropriate inquiries to determine whether the Plan or Eagle has a capital lease, material cooperative arrangement, or other business relationship with EY or any other member firm of the global Ernst & Young organization (any of which, an EY Firm") other than one pursuant to which an EY Firm performs professional services.
19. Management shall discuss any independence matters with EY that, in management's judgment, could bear upon EY's independence.
20. Eagle shall be responsible for its personnel's compliance with Eagle's obligations under this Agreement.

**Fees and billings**

21. We estimate that our fees for the Services will be as outlined in Attachment B. However, our actual fees may exceed the top of this range based on changes to the Plan (e.g., change in Plan's provisions or changes in service providers) or out-of-scope work. Unless we agree otherwise in writing, our fees shall be paid directly by Eagle. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs, imposed in respect of the Services, all of which Eagle shall pay (other than taxes imposed on our income generally). We will submit our invoices based on Attachment B, and we will request payment of our fees and expenses, in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") and any relevant administrative orders of the Bankruptcy Court. We will submit our invoices as the work progresses and payment of them will be made in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any relevant administrative orders allow. We acknowledge that payment of our fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code, any order of the Bankruptcy Court approving the retention of EY and the U.S. Trustee Guidelines, (ii) any applicable fee and expense guidelines and/or orders, and (iii) any requirements governing interim and final fee applications, provided that the Company will seek pre-approval by the Bankruptcy Court of fixed fees described herein under Section 328 of the Bankruptcy Code, and in the event such approval is obtained such Services shall not be subject to the requirements of Section 330 or requirements for detailed time submissions in fee applications.
22. Our estimated pricing and schedule of performance are based upon, among other things, our preliminary review of the Plan's records and the representations Eagle has made to us and are dependent upon Eagle providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the, condition of records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimates are



based, we may adjust our fees and planned completion dates. Fees for any special audit-related projects, such as research and/or consultation on operational or financial issues of the Plan, will be billed separately from the fee outlined in Attachment B and will be the subject of other written agreements, which shall be subject to Bankruptcy Court approval.

23. If we are requested or authorized by Eagle or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the Plan or Eagle, the Plan or Eagle will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

#### **Other Matters**

24. The financial statements of the Plan are required to be filed with their respective Form 5500. Professional standards require that we read each respective Plan's Form 5500 prior to its filing. The purpose of this procedure is to consider whether such information, or the manner of its presentation in each Form 5500, is materially inconsistent with the information, or the manner of its presentation, appearing in the financial statements and supplemental schedules. These procedures are not sufficient nor are they intended to determine that each Form 5500 is completely and accurately prepared. Accordingly, you understand and agree that we do not assume any responsibility for the completeness and/or accuracy of each Form 5500 as part of the Services. In the event that our reports are issued prior to our having read the Plan's Form 5500, you agree not to attach our reports to the financial statements included with the Form 5500 filings until we have read the completed Form 5500s.
25. From time to time, and depending on the circumstances, (1) we may subcontract portions of the Services to other EY Firms (listed at [www.ey.com](http://www.ey.com)), who may deal with Eagle or its affiliates directly, although EY alone will remain responsible to you for the Services, and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY Firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Services. In addition, third-party service providers may perform services for EY or another EY Firm in connection with the Services. Unless prohibited by applicable law, we may provide Company information to other EY Firms and their personnel, as well as third-party service providers acting on their behalf, who may collect, use, transfer, store or otherwise process (collectively, "Process") it in various jurisdictions in which they operate to facilitate performance of the Services, to comply with regulatory requirements, to check conflicts, to provide financial accounting and other administrative support services, or for quality and risk management purposes. We shall be responsible to you for maintaining the confidentiality of Company information, regardless of where or by whom such information is Processed on our behalf. Either EY or Eagle may use electronic media to correspond or transmit information relating to the Services, and such use will not, in itself, constitute a breach of any confidentiality obligations.
26. We may be requested to make certain workpapers available to the DOL pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the DOL. We will label all workpapers as confidential and maintain control over their duplication.
27. Eagle shall not, during the term of this Agreement and for 12 months following its termination for any reason, without the prior written consent of EY, solicit for employment or a position on Eagle's Board of Directors, or hire or appoint to Eagle's Board of Directors any current or former partner, principal, or professional employee of EY, any affiliate thereof, or other EY Firm or any of their respective affiliates, if any such professional either: (i) performed any audit, review, attest, or related service for or relating to the Plan or Eagle at any time (a) during the then current fiscal year of the Plan up to and including the date of the report for that year, or (b) in the 12 months ended on the report date for the immediately

preceding fiscal year; or (ii) influences EY's operations or financial policies or has any capital balances or any other continuing financial arrangement with EY.

28. EY shall remain fully responsible for the Services and for all of its other responsibilities, covenants and obligations under this Agreement, notwithstanding that we may subcontract portions of the Services to other EY Firms or that other EY Firms may participate in the provision of the Services. Eagle may not, on behalf of the Plan or otherwise, make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm and EY shall not contest its responsibility for the Services on the basis that any of them were performed by another EY Firm. Eagle shall make any claim or bring proceedings only against EY. This paragraph is intended to benefit the other EY Firms, which shall be entitled to enforce it. Each EY Firm is a separate legal entity.
29. If we Process Company information that can be linked to specific individuals ("Personal Data"), we will Process it in accordance with paragraph 25 of this Agreement, as well as applicable law and professional regulations, including, where applicable, the European Union Safe Harbor program of the US Department of Commerce, in which EY participates. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements. If any Company information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information. The Company warrants that it has the authority to provide the Personal Data to EY in connection with the performance of the Services and that the Personal Data provided to us has been processed by the Company in accordance with applicable law.
30. In order to provide the Services, we may need to access Personal Data consisting of protected health information, financial account numbers, Social Security or other government-issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law ("Restricted Personal Data"). In the event that we need access to such information, you will consult with us on appropriate measures (consistent with professional standards applicable to us) to protect the Restricted Personal Data, such as deleting or masking unnecessary information before it is made available to us, encrypting any data transferred to us, or making the data available for on-site review at a Company site. You will provide us with copies of any Restricted Personal Data only in accordance with mutually agreed protective measures.
31. By your signature below, you confirm that you have been expressly authorized by Eagle to execute this Agreement on behalf of, and to bind, Eagle with respect to the engagement to audit the Plan. In addition, you confirm that Eagle agrees to, acknowledges, and understands its responsibilities as outlined in "Management's responsibilities and representations." Either EY or Eagle may execute this Agreement (and any supplements or modifications hereto) by electronic means, and each of EY and Eagle may sign a different copy of the same document.
32. EY retains ownership in the workpapers compiled in connection with the performance of the Services.
33. Any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Agreement or the services provided hereunder (including any such matter involving any parent, subsidiary, affiliate, successor in interest or agent of Company or its subsidiaries or of EY) shall be brought in the Bankruptcy Court or the applicable district court (if such district court withdraws the reference) and the parties to this Agreement, and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such court does not have jurisdiction and venue of such claims or controversies) for the resolution of such claims, causes of action or lawsuits. The parties to this Agreement, and any and all successors and assigns thereof, hereby waive trial by jury, such waiver being informed and freely made. If the Bankruptcy Court, or the district court

upon withdrawal of the reference, does not have or retain jurisdiction over the foregoing claims or controversies, the parties to this Agreement and any and all successors and assigns thereof, agree to submit first to nonbinding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures as set forth in the attachment to this Agreement, which is incorporated herein by reference. Judgment on any arbitration award may be entered in any court having proper jurisdiction. The foregoing is binding upon Company, EY and any and all successors and assigns thereof.

34. If any portion of this Agreement is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this Agreement shall remain in effect. This Agreement applies to all Services (as defined in paragraph 1), including any such services performed and begun before the date of this Agreement.

To the extent that EY agrees to perform Services for a subsequent fiscal year, and subject to Bankruptcy Court approval, the terms and conditions set forth in this Agreement shall apply to the performance of such Services, except as specifically modified, amended or supplemented in writing by the parties. Changes in the scope of the Services and estimated fees for such services in subsequent fiscal years will be communicated in supplemental agreements. This agreement may be terminated at any time by the Company or EY but in any event this Agreement will expire upon the effective date of the Company's confirmed plan of reorganization, or liquidation of the Company's assets under Chapter 11 or 7 of the Bankruptcy Code, or otherwise. Upon any termination of the Audit Services or this Agreement, the Company shall pay EY for all work-in-progress, Audit Services already performed and expenses incurred by us up to and including the effective date of such termination. The provisions of this Agreement that give either of us rights or obligations beyond its termination including, without limitation, paragraph 37, shall continue indefinitely following the termination of this Agreement and shall survive completion of the Company's bankruptcy whether through a confirmed plan of reorganization under Chapter 11, liquidation of the Company's assets under Chapter 7 of the Bankruptcy Code, or otherwise.

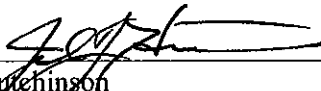
35. By agreement to the provision of the Services, we are not providing a guarantee to you that our performance of those services pursuant to the terms and conditions set forth in this Agreement will guarantee your successful reorganization under Chapter 11.

EY appreciates the opportunity to be of assistance to the Plan and Eagle. If this Agreement accurately reflects the terms on which Eagle has agreed to engage EY, please sign below on behalf of the Company and return it to Jim Bradow, 2323 Victory Avenue, Suite 2000, Dallas, TX 75219.

Respectfully,

*Ernet + Young LLP*

Agreed and accepted by:  
AMR Eagle Holding Corporation

By:   
John Hutchinson  
SVP Finance & Planning and Chief Financial Officer

## **Attachment A**

### **Dispute resolution procedures**

#### **Mediation**

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any Ernst & Young audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

#### **Arbitration**

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any Ernst & Young audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

**Attachment B**

American Eagle Puerto Rico Capital Accumulation Plan for  
Employees of Participating AMR Eagle Holding Corporation  
Subsidiaries

EY Invoice  
Date  
July 8, 2011 to  
December 31,  
2011 and the  
twelve months  
ended  
December 31,  
2012 Fees

---

June 30, 2013	\$40,000
------------------	----------

---