

# American Airlines | EETC | 07-17 | \$1.02bn | 3x737-800 + 9x737Max8 +3x787-9 + 15xE175LR

American Airlines is in the market to issue a \$638.91 million enhanced equipment trust certificates (EETC) offering to finance a fleet of 23 aircraft. In an SEC filing today, the airline announced that it would issue two tranches of notes: \$436.669 million of Class AA and \$202.245 million Class A certificates.

The AA senior tranche amortises over 12.2 years with a 38.5% initial LTV and a weight average life of 8.7 years.

The A subordinated tranche amortises over 12.2 years with a 56.3% LTV and a weight average life of 8.7 years.

The fleet of aircraft being financed includes three Boeing 737-800s, five 737 Max 8s, 3 B787-9s and 12 E175 LR. Goldman Sachs, Credit Suisse and Deutsche Bank are the joint structuring agents. National Australia Bank is the liquidity facility provider and Natixis is the depositary manager, acting through its New York branch. American Airlines will have the option to issue additional series of certificates at any time. The structure of the deal will be consistent with American Airlines’ Series 2017-1 EETC. It will involve standard cross-collateralisation, cross-default and buy-out rights. Also, it will have an 18-month liquidity facility on both tranches and waterfall with preferred junior interest.

On 31st of July American Airlines have upsized the Series to \$796.9m to finance additional three ERJ175 and four 737Max8s;

Tranche AA is now \$544,644m

Tranche A is now \$252.254m;

The initial base LTV for the 'AA' tranche is 39.0% as calculated by Fitch, and the initial 'A' tranche LTV is 57.4%.

**Update:** In October 2017 a new class B Certificates were issued worth \$220,7m with interest rate of 3.70%.

**Update:** Fitch also affirmed the class AA, class A and class B certificates of American's 2017-2 and 2017-1 at A+, A- and BB, respectively.

**Update:** In August 2024 Fitch has upgraded American's 2017-2 class AA certificates to 'AA ' from 'AA-'

Transaction Overview

Structure

Product category:	Financing
Product type:	DCM
Structure	EETC
Use of proceeds	Aircraft Purchase

Transaction Categories

Regions:  
[North America](#) | [United States](#) |

Tagged as:  
[Secured](#) | [Debt Capital Markets](#) | [G8](#) |

Debt

Class B (USD 220.72m) 15 Oct 2017

# AIRFINANCE GLOBAL

Type:	Debt
Fitch:	BB
Tenor:	8 Years
Amount:	USD 220.72m
Maturity Date:	15 Oct 2025
Duration:	8 Years
Description:	Moody's Investors Service ("Moody's") assigned ratings to American Airlines, Inc.'s Pass Through Certificates, Series 2017-2: \$436.669 million Class AA with a legal final maturity date of April 15, 2031 at Aa3, \$202.245 million Class A with a legal final maturity date of April 15, 2031 at A2 (together, the "Certificates"). The scheduled maturity dates precede the respective legal final maturity dates by 18 months. The Certificate proceeds will finance 23 aircraft, 11 mainline aircraft to be delivered new to American between September 2017 and February 2018 and 12 Embraer regional jets that delivered new between October 2015 and August 2016. The Ba3 Corporate Family Rating (CFR) and stable outlook of the American Airlines Group, Inc. (AAL) family is unaffected by this action. The initial base LTV for the 'AA' tranche is 39.0% as calculated by Fitch, and the initial 'A' tranche LTV is 57.4%.

## Class AA (USD 544.64m) 31 Jul 2017

Type:	Debt
Fitch:	AA
Moody's:	Aa3
Tenor:	12 Years 2 Months
Amount:	USD 544.64m
LTV:	38.4000
Reference Benchmark:	US Treasury
Reference Spread:	113.0000
Maturity Date:	15 Oct 2029
Duration:	12 Years 2 Months
Description:	Moody's Investors Service ("Moody's") assigned ratings to American Airlines, Inc.'s Pass Through Certificates, Series 2017-2: \$436.669 million Class AA with a legal final maturity date of April 15, 2031 at Aa3, \$202.245 million Class A with a legal final maturity date of April 15, 2031 at A2 (together, the "Certificates"). The scheduled maturity dates precede the respective legal final maturity dates by 18 months. The Certificate proceeds will finance 23 aircraft, 11 mainline aircraft to be delivered new to American between September 2017 and February 2018 and 12 Embraer regional jets that delivered new between October 2015 and August 2016. The Ba3 Corporate Family Rating (CFR) and stable outlook of the American Airlines Group, Inc. (AAL) family is unaffected by this action. The initial base LTV for the 'AA' tranche is 39.0% as calculated by Fitch, and the initial 'A' tranche LTV is 57.4%.

## Tranche Pricings

Coupon Type	Fixed Rate
Coupon %	3.35

## Class A (USD 252.25m) 31 Jul 2017

Type:	Debt
Fitch:	A+
Moody's:	A2
Tenor:	12 Years 3 Months
Amount:	USD 252.25m
LTV:	56.2000
Reference Benchmark:	US Treasury
Reference Spread:	138.0000
Maturity Date:	31 Oct 2029
Duration:	12 Years 3 Months

# AIRFINANCE GLOBAL

## Description:

Moody's Investors Service (&quot;Moody's&quot;) assigned ratings to American Airlines, Inc.'s Pass Through Certificates, Series 2017-2: \$436.669 million Class AA with a legal final maturity date of April 15, 2031 at Aa3, \$202.245 million Class A with a legal final maturity date of April 15, 2031 at A2 (together, the &quot;Certificates&quot;). The scheduled maturity dates precede the respective legal final maturity dates by 18 months. The Certificate proceeds will finance 23 aircraft, 11 mainline aircraft to be delivered new to American between September 2017 and February 2018 and 12 Embraer regional jets that delivered new between October 2015 and August 2016. The Ba3 Corporate Family Rating (CFR) and stable outlook of the American Airlines Group, Inc. (AAL) family is unaffected by this action. The initial base LTV for the 'AA' tranche is 39.0% as calculated by Fitch, and the initial 'A' tranche LTV is 57.4%.

## Tranche Pricings

**Coupon Type** Fixed Rate

**Coupon %** 3.60

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## Transaction Roles

### Borrower/Issuer

Company Name	Role	Client
American Airlines	Borrower/Issuer	

### Banks

Company Name	Role	Client
Goldman Sachs	Structuring agent	
Credit Suisse	Structuring agent	
Natixis	Co-managers	
Deutsche Bank	Structuring agent	
Deutsche Bank	Debt Arranger	
Deutsche Bank	Overall Arranger	
Credit Suisse	Debt Arranger	
Credit Suisse	Overall Arranger	
Goldman Sachs	Debt Arranger	
Goldman Sachs	Overall Arranger	
Citigroup	Bookrunner	
Credit Agricole Securities	Bookrunner	
Morgan Stanley	Bookrunner	
Bank of America	Bookrunner	
Barclays	Bookrunner	
JP Morgan	Bookrunner	
BNP Paribas	Bookrunner	
ICBC	Bookrunner	
US Bancorp	Bookrunner	

### Lawyers

Company Name	Role	Client
Vedder Price	Advisor	
Pillsbury	Advisor	
Morris James	Advisor	
Milbank	Advisor	

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## Transaction Timeline

31/07/2017	Financial close	<a href="#">American Airlines launches \$638.91m EETC</a>
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MSN	Quantity	Model	BodyType	Manufacturer
MSN 1234 15		Embraer 175	Regional	Embraer
MSN 1234 3		737-800	Narrowbody	Boeing
MSN 1234 9		737-MAX 8	Narrowbody	Boeing
MSN 1234 3		787-9	Widebody	Boeing

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## Coverage

[American EETC ratings affirmed by Fitch](#)

Transaction supported by underlying new technology assets and higher gauge regional jets.

[CA-CIB closes Jolco transaction](#)

[Hong Kong 2017: American on the hunt for Boeing funding](#)

[American Airlines issues \\$220m pass through certificates](#)

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