

American Airlines

Thomas W. Horton
Chairman and Chief Executive Officer

March 27, 2012

Dear American Team:

It has been four months since we began our journey to restore American to industry leadership, profitability and growth as America's Flag Carrier. The plan put forth is all about renewal and growth, but also includes necessary and difficult cost reduction. I would like to provide another update on the progress so far and next steps in the process.

We have made very good progress during this time on restructuring the balance sheet and aircraft leases and by grounding some older inefficient aircraft in anticipation of new aircraft deliveries. We are improving the terms of supplier contracts and shedding surplus facilities. Starting at the top, we are streamlining the management structure to reduce cost and to remove barriers to fast, effective decision making. We have reduced the top leadership team in size by nearly 30% and we will continue through all levels of the organization. All of these steps together, when complete, will help reduce our costs by hundreds of millions of dollars as part of the plan to make our company profitable and successful again.

The next phase of the process will be the most challenging. This is the point at which we must achieve competitiveness and flexibility associated with all of our employee related costs. This will require many changes in the way we do business and, regrettably, job losses. But we must remember failure to make the right changes is failure and that puts all jobs at American at risk. We will continue to work for the best outcome for the greatest number of our people.

As you know, company and union negotiators have been working long hours to try to agree upon new labor contracts in the interest of making the company successful. This has gone on for some time since restructuring began and indeed years prior to that without conclusion. With losses mounting and oil prices rising, there is growing urgency to move more quickly. The bankruptcy law provides a process for the court to address such a situation as has been done in virtually all prior successful airline restructurings.

We will now proceed down that track which is known as the section 1113 process. While this process can allow the court to reject current labor contracts when it is necessary for a successful restructuring of the company, of course, the best outcome is consensually negotiated new contracts. This will remain the ultimate objective of all parties as we proceed and we will continue to work with our union negotiating committees to reach agreement. At the same time, all our existing labor contracts will remain in effect and we will continue to work through the required changes for all management and other independent workgroups.

I have continued to spend a lot of time meeting with folks in all areas of the company. In the past couple of weeks I was in Chicago and in London, enroute to a **oneworld** meeting, and had another opportunity to hear from many people. I know that many of you are concerned about the future and about job losses. I've heard that some of the changes we must make are not popular and that everyone has their own opinion about what we should or should not do. But I also hear fierce conviction that we must do what it takes now to succeed and make American a leader again.

I have also heard great concern that American could be the target of those who wish to acquire our company or break it up. As you know, there is and will continue to be much speculation in the press generated by those with their own agendas. The best way for us to assure the best possible outcome -- and prevent a bad outcome -- for our company, our people and our stakeholders is to proceed quickly on our restructuring to create a successful, profitable and growing American. This will position us to determine our future and choose, on our own terms, the very best path forward for all of our stakeholders.

As I've said before, I believe any discord will only serve to strengthen those who wish to knock us off course and who certainly don't have our best interests at heart. I would encourage you to stay very informed and engaged as we proceed.

As we've journeyed down the restructuring path, the people of American have continued to stand tall and do a great job for our customers. Our operating performance in the first months of this year has been our very best in many years and customers are taking note. As you all know, caring for our customers is the most essential thing we can all do to ensure a successful future for our company.

Most importantly, thanks for all you do every day.

Sincerely,

A handwritten signature in black ink, consisting of a long, sweeping horizontal line followed by the letters "Tom" in a cursive, lowercase script.