

American Airlines
Jeff Brundage
Senior Vice President
Human Resources

June 25, 2008

Dear Colleague,

As you know, last month we announced a number of actions designed to help overcome nearterm challenges and secure our company's long-term future. This includes significantly reducing the airlines' flying and retiring a number of airplanes. Earlier today we shared the schedule reductions that will take effect in November. These are difficult, but necessary changes in light of the challenges we face with overcapacity in the industry, skyrocketing fuel and a worsening U.S. economy.

When we announced the capacity reductions last month, we also said the changes are expected to include employee reductions company-wide, and could result in facility closures or consolidations. Although we do not have a company-wide timeline for layoffs, many employee reductions will be closely tied to when flying comes out of the schedule. To better match our resources to our needs, management and support staff positions will be reduced. While the reductions will vary by department, they will generally be in line with the capacity reduction of approximately 8 percent from the 2008 Plan. Reductions should be completed within the month of September. Also, each department will decide whether voluntary programs like Stand-in-Stead and extended leaves will be incorporated into its plan.

We understand that you and your people are anxious to know what these decisions mean and the personal impact they will have. We are committed to keeping you informed and will make every effort that you hear about it from us first. These are decisions that take a toll on people, and as such we take them very seriously. It is critical that we find ways to remain competitive to protect everyone's long-term future.

Sincerely,

Jeff Brundage