



**American Airlines<sup>®</sup>**

**Reorganization Update  
February 2012**

# Forward-Looking Statements

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- This Presentation contains various forward-looking statements which represent our expectations or beliefs concerning future events. When used in this document, the words “expects,” “estimates,” “plans,” “anticipates,” “indicates,” “believes,” “projects,” “forecast,” “guidance,” “outlook,” “may,” “will,” “should,” “could,” “seeks,” “targets” and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe our strategies, objectives, plans or goals, or actions we may take in the future, are forward-looking statements. Forward-looking statements include, without limitation, the expected benefits of the restructuring:
  - our business strategies, plans and objectives, including the anticipated impact of such strategies, plans and objectives;
  - our future operating and financial performance, including changes in revenues and costs;
  - expectations regarding opportunities for growth;
  - future financing plans and needs; and
  - overall economic and industry conditions.
- Other forward-looking statements include statements which do not relate solely to historical facts, such as statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this presentation are based upon information available to us on the date of this Presentation. Neither we nor any of our subsidiaries, officers, directors, employees or retained professionals undertakes any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements are subject to a number of factors that could cause our actual results to differ materially from our expectations.
- This Presentation should not be regarded as a representation or warranty by the Debtors or any other person as to the accuracy of the projected financial or other information or that any projections set forth in the Presentation will be realized.



# Strategic Building Blocks

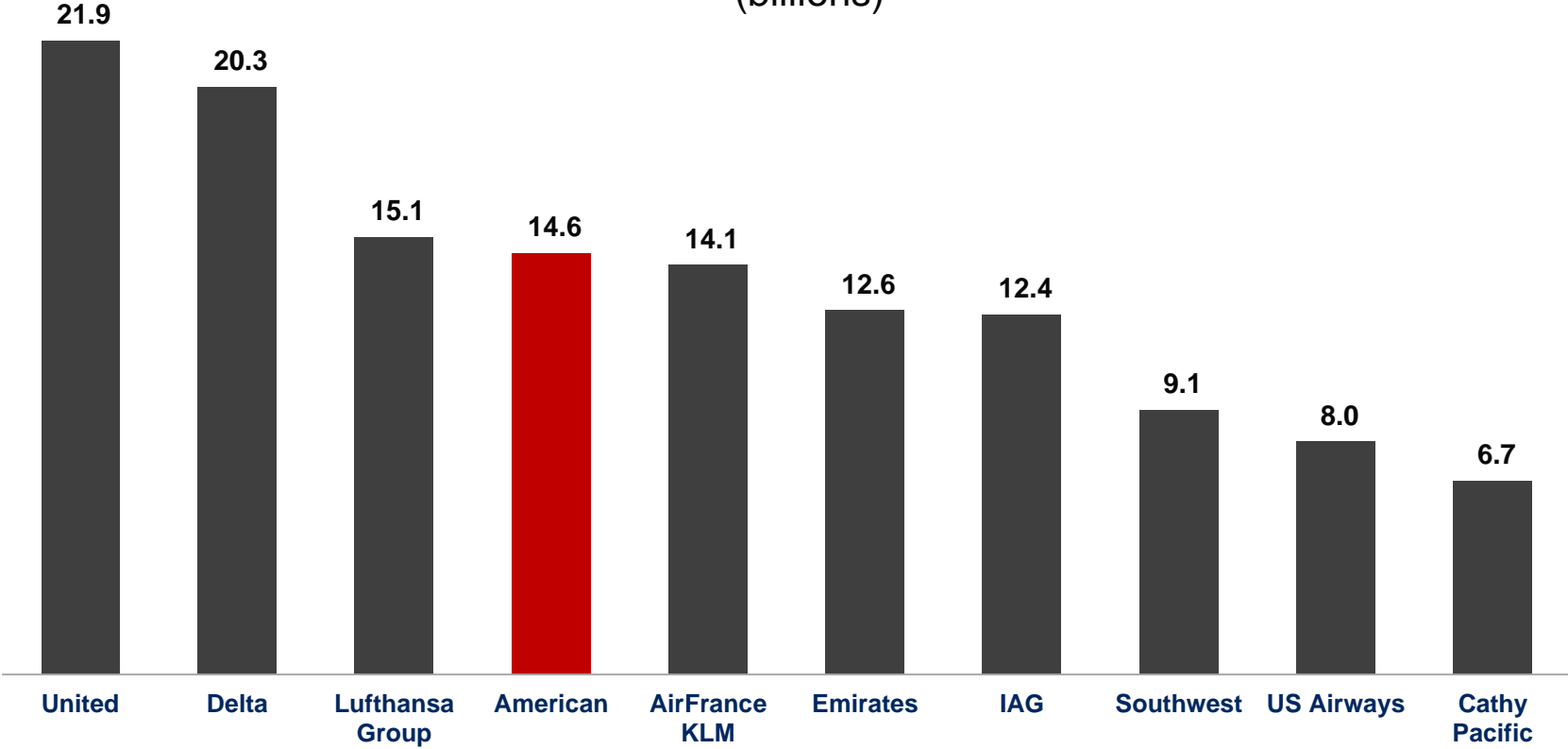
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- Concentrate our network and assets into five key markets
- Broaden and deepen our alliance relationships through joint ventures and alliance expansion
- Build a long-term fleet plan sufficient for both replacement and growth
- Achieve a competitive cost structure to drive profitable growth from our five hubs



# One of the Largest Global Networks

**World's Ten Largest Airlines**  
Available Seat Miles  
(billions)



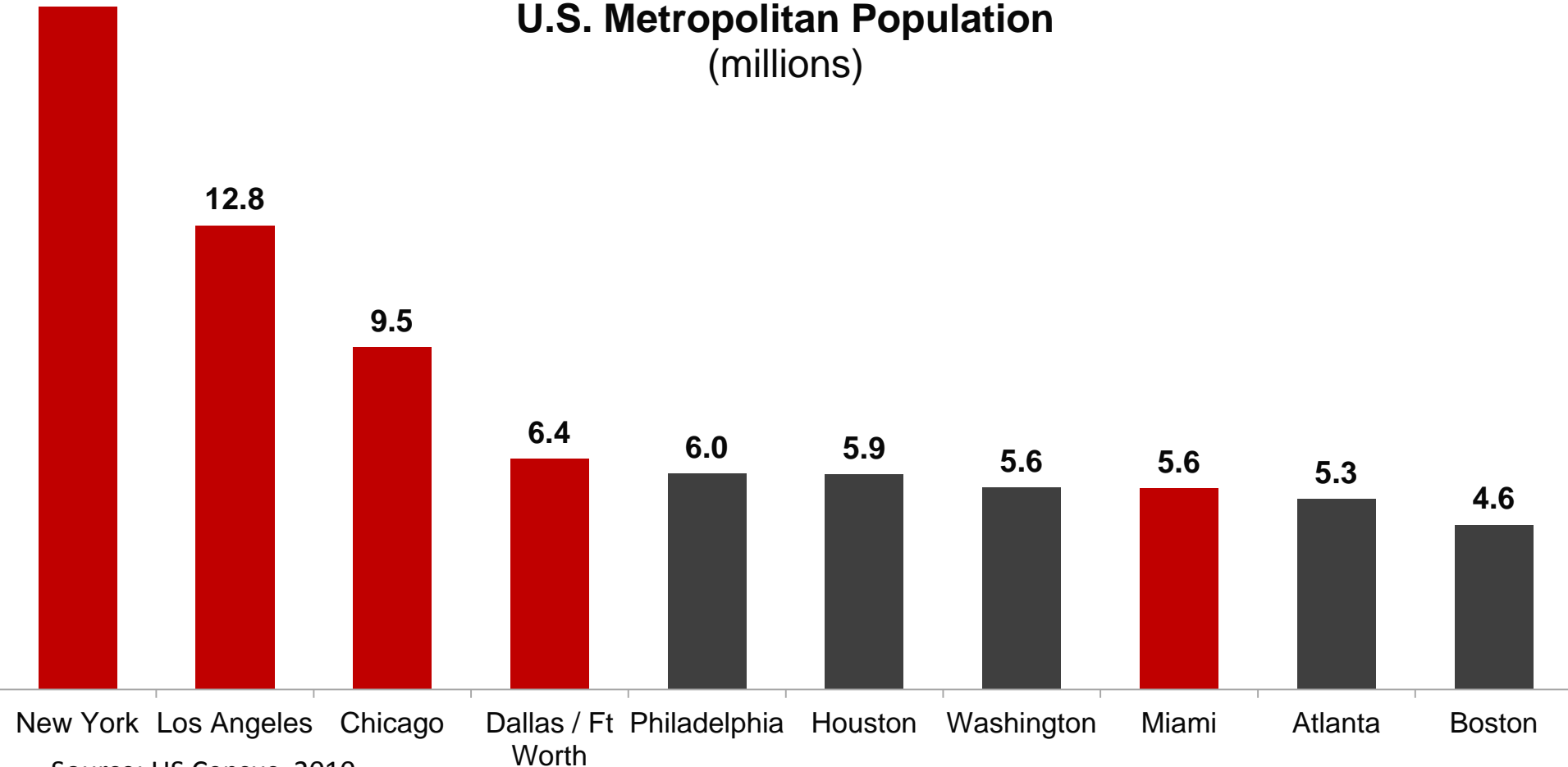
Source: Diio May 2012 Schedule. Note: Consolidated, Lufthansa Group= Lufthansa, Swiss, Austrian, Brussels, and Germanwings



# Well Developed, Strategically Focused Domestic Network

18.9 **98% of AA's capacity is concentrated in its five hubs**

**U.S. Metropolitan Population**  
(millions)



Source: US Census, 2010



# Strategically Positioned oneworld Partners



# Unique and Transformational Aircraft Order Book



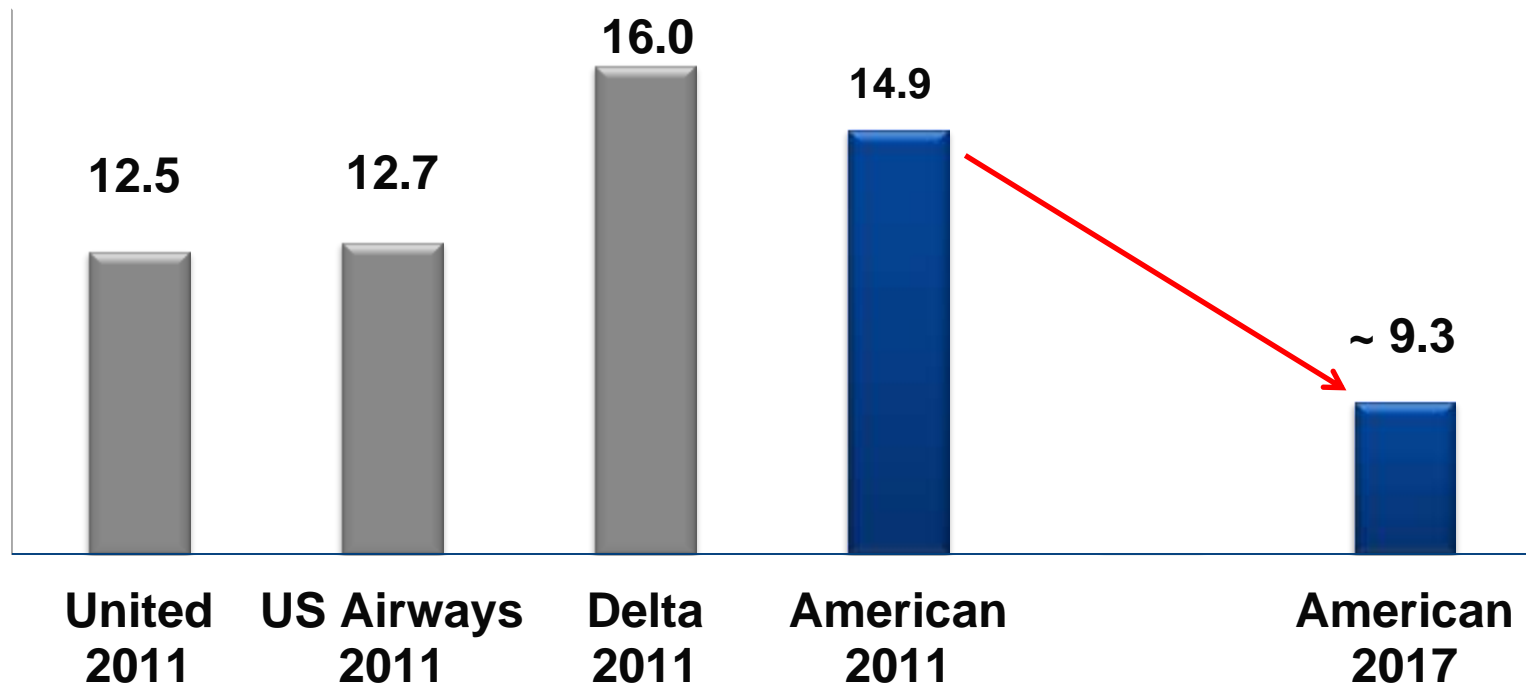
	Firm Orders	Options
B737 Family	138	40
B737 Family MAX	100	60
B777 Family	16	
B787 Family	42	58
Total Boeing	296	158
A320 Family	130	85
A320 Family NEO	130	280
Total Airbus	260	365
<b>Grand Total</b>	<b>556</b>	<b>523</b>



# Youngest Fleet in Just 5 Years

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**Average Mainline YE Fleet Age  
(in years)**



Source: Ascend; based on currently available/published Fleet Plans



# Competitive Cost & Structural Disadvantages Prevented Achievement of Plan Benefits

- **Unsustainable Costs**
  - Restructurings have given our competitors a huge cost advantage
  - AA's overall labor costs are the highest in the industry
  - Uncompetitive capital costs
  - High unsecured debt load
- **Unsustainable Contracts**
  - Restrictive work rules
  - Low productivity rates
  - Unsustainable pension obligations
  - Uncompetitive active and retiree health costs

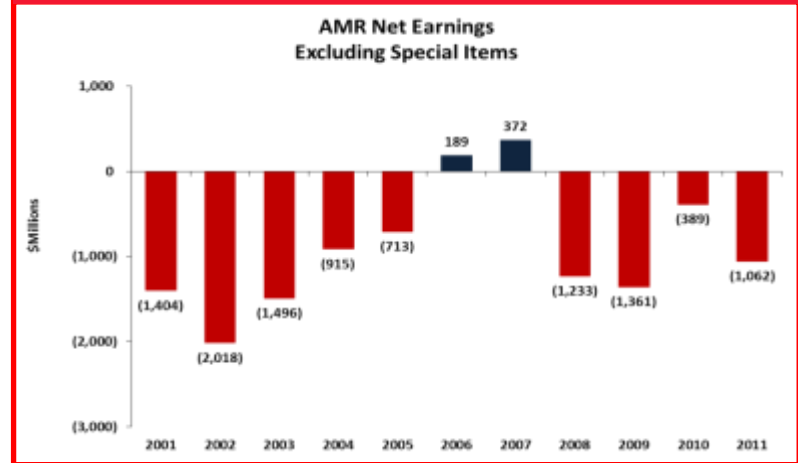
2011 Mainline	
Airline	Labor Cost per SLASM (¢)
AA	4.4
UA/CO	3.7
DL/NW	3.7
US	3.0
AS	3.0
WN/FL	2.6
B6	2.4

Note: Mainline Stage Length adjusted Cost per Available Seat Mile (ASM), excluding special items.

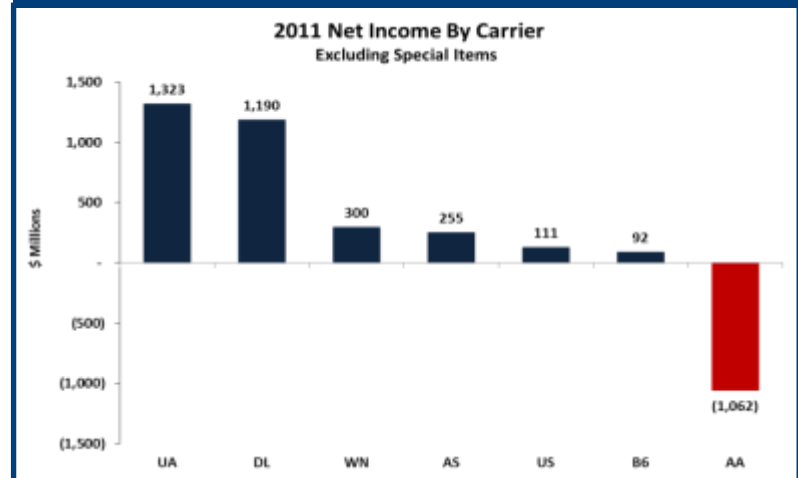
# Widening Performance Gap Remains Unsustainable

- **Filing for reorganization was a very difficult decision**
  - Took a much tougher path over the past decade
  - Exhausted virtually every option in an attempt to avoid it
  - But given the alternatives, it was the best choice for us
  
- **...But a necessary one.**
  - Global economic uncertainty and resulting revenue instability
  - Volatile and rising fuel prices
  - Credit downgrade
  - Intensifying competitive challenges
  - Continued cost disadvantage

AMR has lost \$10 Billion over the last decade



All major carriers, except AA, are generating a profit



# Serving Our Customers While Restructuring Our Company

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## NORMAL OPERATIONS

- Continue to fly regular schedules, honor tickets and reservations, offer exchanges and refunds
- Maintain AAdvantage and other important customer service programs
- Continue to pay our suppliers for goods and services
- Continue to pay employees and provide benefits

## TAKING CARE OF OUR CUSTOMERS IS JOB ONE

- Ensuring their safety and comfort remain our top priority
- Their satisfaction determines whether we succeed or fail



# To Succeed, the New American Must Have...

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- A superior customer experience that earns loyalty and drives revenue
- A work environment that recognizes excellence and rewards success
- Attractive financial returns for our investors and stakeholders



# Success Requires \$3.0 Billion in Annual Financial Improvement by 2017

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*American intends to engage in appropriate negotiations with its economic stakeholders and union representatives and seek necessary Bankruptcy Court approvals.*

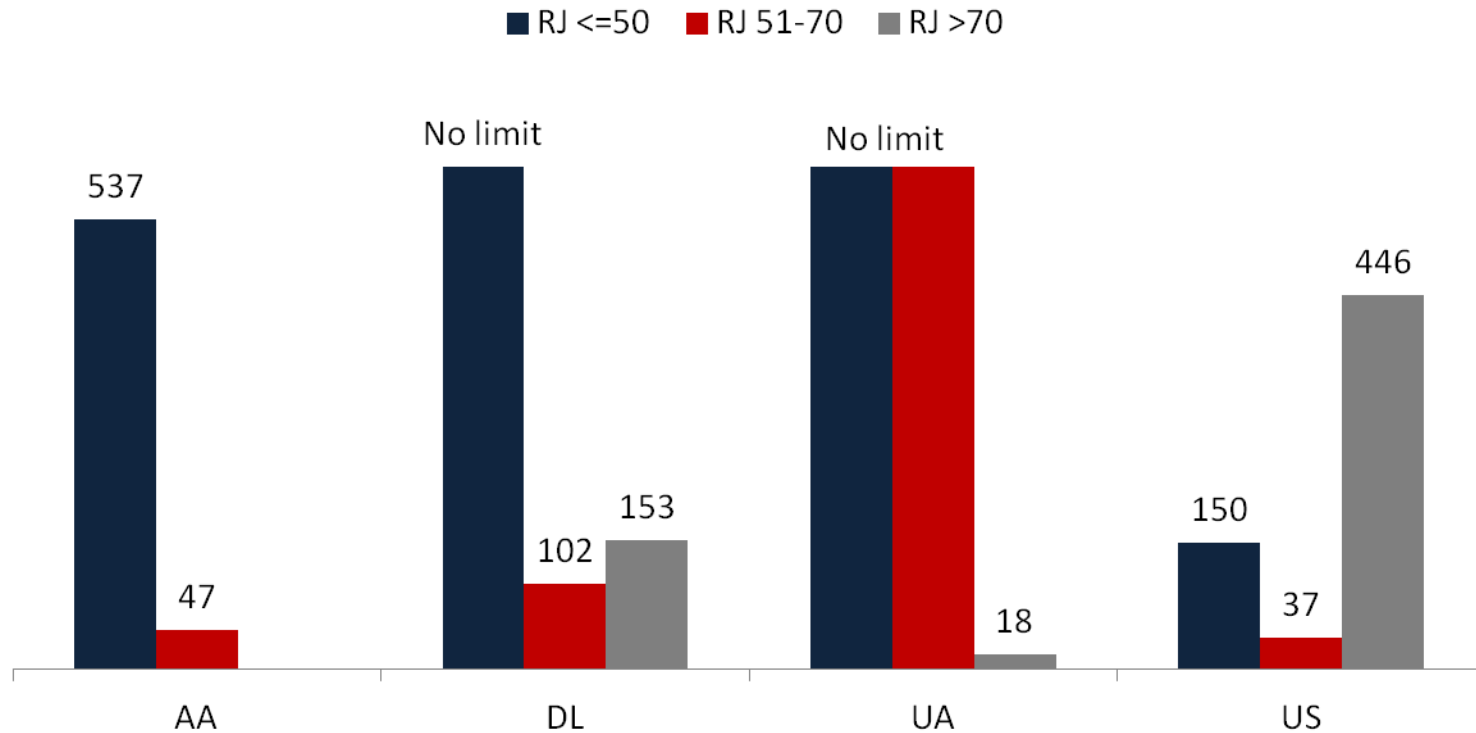
<b>Required Financial Improvement</b>	<b>\$3.0 billion</b>	
<b>Revenue</b>	<b>\$1.0 billion</b>	<ul style="list-style-type: none"><li>• Network Scale</li><li>• Fleet Renewal and Optimization</li><li>• Remove Structural Barriers to Operational Flexibility</li><li>• Product Improvements</li></ul>
<b>Restructuring Savings</b>	<b>\$2.0 billion</b>	<ul style="list-style-type: none"><li>• Employee-Related Cost Savings</li><li>• Restructuring Debt and Leases</li><li>• Grounding Older Planes</li><li>• Improving Supplier Relationships</li><li>• Facility Savings</li></ul>



# Plan Provides Greater Diversity of Regional Jets

Our competitors can source a diversity of regional jets, but AA is currently limited by its scope clause

Number of RJs Allowed (Based on Pilot Scope Clauses)



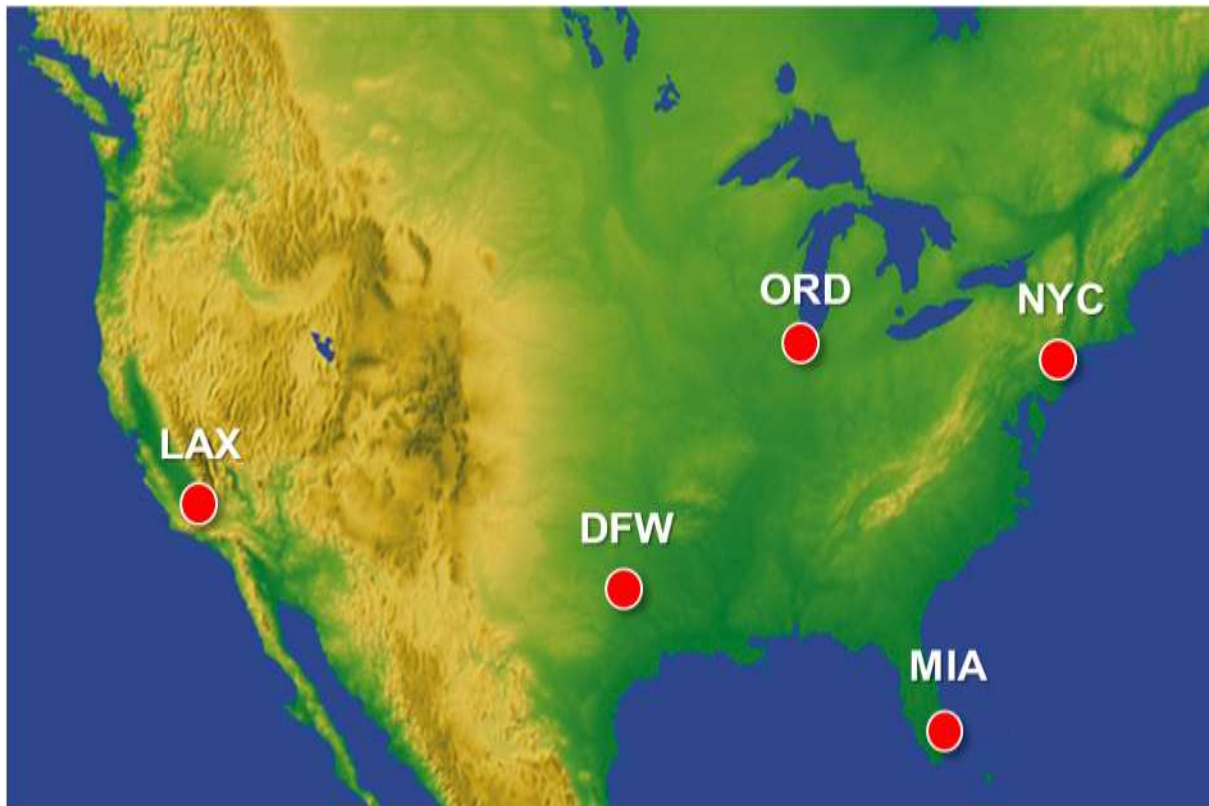
Source: SEC Filings



# Plan Will Allow Us to Build Scale Across Our Network

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Build scale of network and alliances by increasing departures across AA's key markets – DFW, Miami, Chicago, New York and Los Angeles – by approximately 20% over the next five years.



# Plan Envisions Substantial Investment in Products and Services to Drive Revenue

## Productivity / Connectivity

- In-flight Wi-Fi
- Power Ports
- Entertainment On Demand
- Mobile Applications/ Boarding Passes



## Premium Enhancements

- Turn Down Service
- Samsung Galaxy Tablets
- Flagship Check-In
- Concierge Key
- 5-Star Service Expansion
- Admirals Club Improvements
- New Consulting Chefs

## Fleet Modernization

- New seats
- In-Flight Entertainment
- New Boeing/Airbus Narrowbody Fleet
- 737 Boeing Sky Interior
- 777-300ERs
- 787-9s



# Non-Employee Cost Reduction Efforts

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- Restructuring Debt and Leases
- Grounding Older Planes
- Improving Supplier Relationships
- Facility Savings

# Difficult but Necessary Changes

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- **Reduction in Force.** Approximately 13, 000 fewer jobs, but will save 52,000 domestic jobs.
- **Some Outsourcing.** Outsourcing a portion of American's aircraft maintenance work, including seeking closure of the Fort Worth Alliance Airport (AFW) maintenance base, and certain airport fleet service clerk work.
- **Operational and Structural Changes.** Removing major structural barriers to operational flexibility, such as restrictions on code sharing and regional flying in line with the rest of the industry.
- **Productivity Improvements.** Introducing work rule changes to increase productivity.
- **Defined Benefit Plan.** Seek court approval to terminate our defined benefit pension plans. If terminated, the plans would be replaced with a 401(k) plan with a company match. Over 90% of our employees will not be impacted should we terminate our defined benefit plan, assuming normal retirement age.
- **Retiree Medical.** Seek to discontinue company-subsidized retiree medical coverage for current employees, but will offer access to these plans if employees choose to pay for them.
- **Benefit Alignment.** Move to implement common medical plans and contribution structures across all active employee groups.



# Fair and Equitable with Employee Participation in Future Success

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- **Fair and Equitable Impact.** AA is seeking a 20% cost reduction across all work groups, including management. We are seeking to maintain base pay rates to the greatest extent possible.
- **Best Outcome for the Most Employees.** American seeks the best possible outcome for the most employees and will seize the opportunity to save tens of thousands of jobs and create opportunities to grow in the future.
- **Return to Profitability.** Restructuring its business will significantly improve AA's ability to earn consistent profits. Healthy financial reports from industry competitors who have restructured are proof of this.
- **Industry Leading Employee Profit Sharing.** When AA emerges from reorganization, it plans to offer a profit sharing plan that, beginning with the first dollar of pre-tax income, would pay awards totaling 15% of all pre-tax income.
- **Growth and Upward Mobility.** American's business plan calls for future growth, which means new opportunities and upward mobility for American's employees.



# Summary

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- **Solid building blocks for our future are already in place**
  - Strong domestic and international network
  - Best partners in **oneworld**
  - 556 fuel-efficient aircraft on order with options for 523 more
  - Ongoing investment in new products and technology
- **Success requires difficult, but necessary, changes**
  - Obtaining \$3 Billion annual financial improvement by 2017
  - Includes average annual \$1.25 billion in employee related cost savings
  - Additional non-employee savings, from restructuring debt, renegotiating airplane leases, improving supplier relationships
- **Plan enables investments to drive revenue growth**
  - Building the scale of our hubs
  - Renewing, re-gauging, and optimizing our fleet
  - Modernizing our brand and products
- **Upon completion of our reorganization, AA will be well positioned for long-term growth and sustained prosperity for many years to come, benefitting our customers, our employees, and the communities that we serve.**



# We Will Compete and Win

## Building Blocks

- Brand & Franchise
- Network Footprint
- Alliance Partners
- Aircraft Deals
- Culture of Safety & Reliability

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## Restructured Costs

- Supplier Costs
- Rationalized Debt
- Aircraft Expense
- Labor Costs / Flexibility

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## New Approach

- Network Strategy
- Fleet Plan
- Superior Product
- Durable Capital Structure
- Brand Modernization

**Combination of our strategic assets, restructured costs, and new strategy will create a lasting competitive advantage**



# Notes

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Fleet orders and certain other plans are subject to U.S. Bankruptcy Court approval.





**American Airlines<sup>®</sup>**

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Reorganization Update  
January 2012