



February 1, 2012

All Pilots, Ground School & Simulator Pilot Instructors, and Simulator Technicians,

We know you've heard about a lot of changes today and understand you may still be processing the information shared. It is a lot to absorb and the road ahead will not be an easy one. We will all be affected by the significant changes presented today as part of the plan to restructure our airline. However, with a strong business plan and a mission to return American to industry leadership, profitability, and growth, we are moving decisively towards the brighter future we all hope for.

As Tom Horton and Jeff Brundage outlined earlier today, we ultimately need more than \$3 billion in financial improvement to succeed. For us to achieve this plan, we must significantly improve our revenue and reduce our costs by more than \$2 billion, including \$1.25 billion in average annual employee cost savings. Make no mistake, while deep, these cost savings are critical to our survival and ultimately, our success. All of us – including your leadership team – will feel the effect as we reduce costs across all workgroups by 20 percent.

Key elements of the plan include areas of the business we live and breathe every day, such as modernizing our brand, products and services, as well as delivering a superior experience to our customers to earn their loyalty and drive revenue. In fact, more than \$1 billion will come from new revenue, as we attract more customers and grow. We will also reduce costs in core areas of the business – restructuring debt and leases, grounding older planes, and improving supplier contracts among other things.

Our goal is to reach consensual agreements with all of our unions. We developed our proposal for the pilots only after conducting a meticulous review of our operations, our competitive position, and our contract. We've worked hard to minimize the impact on pilot base pay rates and jobs by focusing instead on eliminating inefficiencies and operational barriers in contract areas like scheduling, reserves, and Scope. Unfortunately, the suggested changes are expected to result in a reduction of approximately 400 pilots. We also want to reach a consensual agreement with the TWU for our Ground School & Simulator Pilot Instructors and our Simulator Technicians. In order to function more efficiently, the pilot training facility needs to run as a 24-hour, seven-day per week operation, which calls for additional flexibility in scheduling for these groups.


We also believe it is important for employees to share in the company's success. That's why our proposals to both the APA and the TWU provide for annual pay increases and a first-dollar profit sharing plan that matches the most generous plan in the industry when we reach agreements.

We recognize you may have questions about changes to our healthcare plans and the need to terminate our defined benefit pension plans. We strongly encourage you to take a careful look at the information available on the Jetnet Restructuring Resource Center and on the AAPilots Restructuring page. For our



Ground School Instructors, Sim Instructors, and Sim Technicians, the site includes a pension estimator tool that will help you estimate your pension value and compare it to the PBGC Maximum Monthly Guarantees for 2011. Unfortunately, the tool will not work for our pilots. Instead, you can get your information by comparing your latest pension statement with the PBGC Maximum Monthly Guarantees Table for 2011. The PBGC table has been posted to AAPilots and you'll find your 2010 pension statement on the Jetnet Benefits page. The 2011 pension statements will be available in early April. You'll also find details of our proposals to APA and TWU posted to Jetnet.

While the path ahead is difficult, we are confident that the professionalism of our aviators and training staff will lead this company to the kind of future we all desire. Thank you for your support in this effort.

A handwritten signature in black ink, appearing to read "JR", with a long horizontal line extending to the right.

Jim Ream
Senior Vice President Operations

A handwritten signature in black ink, appearing to read "John Hale", with a long horizontal line extending to the right.

CA John Hale
Vice President Flight & Chief Pilot