



Carmine J. Romano
Senior Vice President
Maintenance & Engineering

October 28, 2009

Dear Colleagues,

Today we are announcing a difficult but important step in resizing and reshaping our M&E operation. As American, like the rest of the industry, continues to reduce capacity, we must be strategic in structuring a maintenance system that serves the needs of the fleet we fly today as well as the plans in place for our airline in the future.

We are making critical changes to the M&E footprint to take into account our reduced flying and a fleet that has shrunk from a high of more than 900 planes to approximately 600 today. In addition, we are responding to the changes resulting from the major network re-alignment we announced earlier this year.

As our dock plan has shown, next year we will wind down all operations at our Kansas City Maintenance Base. We have now finalized plans and will close the location in September. We are also making major changes on the line, affecting SFO, which will become a Class II station, and closing the Class II stations in MCI, DTW, MSP, and SJC. In addition, St. Louis line operations will be downsized to adjust to the reduced flight schedule. These adjustments will also occur in September.

Unfortunately, these changes will cause a reduction of up to 700 positions, both management and union, in the M&E and supporting departments' workforce. Others could be impacted through bump and roll. We are working diligently to find ways to minimize the impact on our people and will provide voluntary separation options for our TWU-represented employees.

These options include Stand-in-Stead programs at affected locations. We will also offer an optional separation allowance of \$12,500 for eligible employees in Kansas City and St. Louis, who choose to leave the company before September 2010. More details will be available through your manager in the coming weeks. Management and support staff will receive separation benefits, including severance, based on level and seniority.

Our goal with these changes is to move toward a more flexible, cost-efficient operation that improves flow and takes into account the long-term impact of the recession on travel, deep capacity cuts across the industry, and a corresponding decline in the MRO business, along with the changes to our network and corresponding fleet size.

Despite this difficult decision, we should not let it detract us from continuing with our efforts to make the M&E team a success. After all, we are a company that takes responsibility for ourselves and has never used the bankruptcy process to cut costs. We must and will continue to provide superior performance and dependability, streamline our operations, improve efficiency, and attract third-party business. We all remain committed to performing as much of our aircraft maintenance in-house as we are able to accomplish on a competitive basis and to providing quality improvements and continued enhancement to the skills of our workgroup that I believe has made us the best M&E operation in the industry.

Our group has shown great resilience and professionalism through some difficult challenges, and this will be one of them. Nevertheless, I believe we are making the kind of changes now to lay the groundwork for a strong M&E operation, delivering the highest quality product on a competitive basis to our airline and our third party customers.

Sincerely,

(Original Signature on File)

Carmine Romano