



AMERICAN AIRLINES UPDATE JUNE 25, 2008

AMERICAN AIRLINES AND AMERICAN EAGLE ANNOUNCE ADDITIONAL DETAILS OF FOURTH QUARTER CAPACITY CUTS

SERVICE REDUCTION AT LAGUARDIA, THE NATION'S MOST CONGESTED AIRPORT, INTENDED TO HELP REDUCE DELAYS FOR ALL PASSENGERS

American Airlines and its regional affiliate, American Eagle, today announced additional details of their capacity reductions for the fourth quarter of 2008. The reductions are in line with American's previously announced (May 21) plans of cutting fourth quarter domestic capacity by 11 to 12 percent and regional affiliate capacity by 10 to 11 percent versus fourth quarter 2007 levels. The changes are being instituted to reduce costs and create a more sustainable supply-and-demand balance in today's high fuel-cost environment.

Today's announced reductions involve additional schedule changes taking effect in November. Previously announced (May 27) reductions will take effect in September.

American is reducing flights at most of its principal operations. This announcement, combined with the previously announced round of schedule reductions, means American will close its operations entirely at three of its airports, while Eagle will close five of its airports, out of a combined total of 250 airports for both. The airports/cities being closed are:

- American – Oakland, Calif. (previously announced); London Stansted (previously announced); and Barranquilla, Colombia
- American Eagle – Albany, N.Y.; Providence, R.I.; Harrisburg, Pa.; Samana, Dominican Republic (previously announced); and San Luis Obispo, Calif. American Eagle will also close its maintenance base in San Luis Obispo.

American plans to reduce its departures in Chicago by 28 flights with American Eagle reducing 34 departures. In St. Louis, American will reduce departures by 8 flights with American Eagle and AmericanConnection reducing 35 departures. American will reduce 19 departures at Dallas/Fort Worth along with 23 American Eagle flight reductions.

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The company also has decided to eliminate five AA flights and 37 American Eagle jet departures at LaGuardia Airport. In addition to the expected cost savings, these changes, coupled with appropriate government action, could allow the airport to operate with less chronic disruption and improve customer experience at one of the nation's most congested airports.

"Today, the dependability and delay issues that exist at LaGuardia have reached a crisis point and have a daily negative impact on the overall customer service and performance for every airline with flights at LaGuardia," said Bob Reding, American's Executive Vice President – Operations.

Historical data from the Bureau of Transportation Statistics on operational performance at LaGuardia highlights the issues. During the last five years, for example, delays at LaGuardia have increased 50 percent and now occur on one out of every four departures, with these delays averaging more than one hour. In large part, these delays are attributable to Air Traffic Control's inability to handle the scheduled service levels.

Likewise, inbound delays have increased by 55 percent and occur on four out of every 10 arrivals, on average delaying arrivals by 60 minutes. In addition, cancellations at the airport now average over 5 percent, an increase of more than 50 percent.

American has called for the FAA and the Department of Transportation to reduce the number of operations allowed at LaGuardia by 20 percent – or approximately 15 operations per hour until FAA airspace redesign efforts, ATC modernization, and other steps increase the level at which LaGuardia can operate reliably.

"As airport utilization increases, on-time arrival performance at any airport declines," Reding said. "The decline is particularly evident as airport utilization exceeds 80 percent. LaGuardia is scheduled at over 100 percent and has the worst dependability in the nation. With the retirement of American's five operations per hour at LaGuardia, the DOT will be able to achieve more than one-third of the objective, and will be well on its way to providing a real solution to the operational problems plaguing LaGuardia today."

American and American Eagle regret the potential impact these schedule changes will have on its people. The company is in the process of determining the overall impact on its employees, and it is the company's intent to offer voluntary programs before moving to involuntary separations.