

FINAL Settlement Employee Q&A

1. What was announced today?

- Today we announced that American Airlines and US Airways settled the litigation brought by the Department of Justice (DOJ) and the State Attorneys General and we now expect to complete the merger of American and US Airways in December.
- We also have entered into an agreement with the U.S. Department of Transportation (DOT) related to small community service from Washington Reagan National Airport (DCA).
- We are pleased to have this lawsuit behind us and look forward to building the new American.

2. What are the terms of the DOJ settlement?

- Under the terms of the settlement, the airlines will divest 52 slot pairs at DCA and 17 slot pairs at New York LaGuardia Airport (LGA), as well as certain gates and related facilities to support service at those airports.
- The airlines also will divest two gates and related support facilities at each of Boston Logan International Airport, Chicago O'Hare International Airport, Dallas Love Field, Los Angeles International Airport, and Miami International Airport.

3. While this settlement resolves the issues raised by the DOJ, how does it resolve the issues raised by individual states?

- With the states, we have also agreed to maintain our hubs at CLT, DFW, JFK, LAX, MIA, ORD, PHL and PHX consistent with historical operations for a period of three years.
- In addition, with limited exceptions, for a period of five years the new American will continue to provide daily scheduled service from one or more of its hubs to each airport in each of the states involved in the original lawsuit that has scheduled daily service from either American or US Airways.

4. What are the terms of the DOT agreement?

- To ensure much of the service to small- and medium-sized communities from DCA is maintained, the new American has agreed with the DOT to use all of its DCA commuter slot pairs for service to these communities for 5 years.
 - DCA is the only airport that requires slots be designated for either commuter or mainline flying.
 - The slots that will be divested are mainline slots, so the new American will maintain the same number of commuter slots.

5. How was it determined that 52 DCA slot pairs would be divested? How many of the slot pairs will be from each airline?

- The 52 slot pairs the equivalent of American's departure portfolio at DCA today. However, that does not mean that all of the departures divested will come from American's current DCA operation.
- The divested departures will be coming from the combined new American's portfolio.
- Details of which departures will be divested will be decided soon based on the combined carrier's network.

6. What's the difference between a slot and a gate divestiture?

- A slot is authority flight and a gate is real estate at a particular airport.
- A slot can be a departure or landing, so today's announcement is for 52 slot pairs.

7. Does this settlement impact the success of the new American?

- No – despite the divestitures, the new American is still expected to generate more than \$1 billion in annual net synergies in 2015, as we estimated when the merger was announced in February.
- Our settlement with the DOJ and the State Attorneys General, as well as our agreement with the DOT, allows us to complete this combination and begin to deliver the benefits of the new American for employees and all of our stakeholders once the merger closes.

8. What routes are being impacted? Will we have to discontinue any service?

- The required divestitures are expected lead to a reduction of 44 round trips currently flown by the two airlines at DCA.
 - The remaining eight DCA slot pairs to be divested are currently operated by JetBlue.
- At LGA, the new American is required to divest 17 slot pairs, which is expected to lead to a reduction of 12 round trips currently flown by the two airlines.
 - The remaining five slot pairs to be divested are currently operated by Southwest.
- The divestiture of daily departures will require the new American to discontinue nonstop service from DCA to some destinations currently served.
- We will advise you as soon as those decisions are made.
- In addition, we want to announce the service changes that will result from the divestitures in advance of the sale of the daily DCA and LGA departures, so that the airlines acquiring those slots have the opportunity to maintain service to those impacted communities.

9. When will the slot divestitures occur?

- We expect to complete the DCA and LGA slot divestitures through a DOJ-approved process within 90 days of the merger closing.
- Until the merger closes and these divestitures are completed, there will be no changes to our operations – it will be business as usual at DCA, LGA and across our systems.
- The agreement and the divestitures will not result in any customer disruptions and will not affect current bookings.

10. Will this agreement impact jobs?

- Fortunately, the divestitures required by the settlement are not expected to impact total employment at the new American. Certain airports may have some impact as a result of the divestitures, but we will offer those employees opportunities elsewhere in the system.
- Following the divestitures, our total mainline operations at DCA and LGA will be very close to the combined mainline operations of US Airways and American pre-merger.
 - Importantly, there will be no furlough of mainline employees at DCA or LGA as a result of the required slot divestitures.
 - In the event that any mainline employee is displaced at an outstation as a result of the required slot divestitures, they will be offered employment elsewhere in the system.
 - If any American Eagle or Piedmont employees are displaced at DCA or LGA or outstations as a result of the required slot divestitures, they too, will be offered employment elsewhere in their respective companies.
- In addition, the reductions in DCA and LGA will impact regional jet flying mostly done by contract partners and those regional jets will be deployed elsewhere in the new American's network.

11. Will employees still receive the same pay and benefits they were promised?

- Yes. There are no changes to employee pay and benefits at this time. Any changes to pay, policies or work rules as a result of the merger will occur after the merger legally closes and will be communicated separately.

- The new American's robust network will provide the financial foundation for a stronger airline that will provide employees with competitive pay and benefits, better job security and more opportunities.

12. Will we close the crew bases at DCA?

- The divestiture of slots is not expected to impact total employment at the new American and, following the divestitures, our total mainline flying will be very close to the combined mainline operations of US Airways and American pre-merger.
- At this time, we are hopeful there will be no impact to the crew bases in DCA, but that decision will be made once slots are divested and network decisions on DCA flying for the new American have been made.

13. When will the combination be completed?

- Completion of the merger remains subject to the approval from the U.S. Bankruptcy Court and certain other conditions.
- We look forward to closing the merger in December, so we can focus on integrating our companies to create a premier global airline.

14. How does this news affect American's emergence from Chapter 11?

- American is expected to schedule a hearing in bankruptcy court in the coming weeks to review the merger plan which now includes the settlement.
- We believe we will receive the approvals and close the merger in December. Any changes as a result for emergence, such as equity for AMR's people, will take effect upon legal close.