

### **Win for the new American**

- This agreement allows us to take the final steps in creating the world's largest airline, which will fly more travelers to more places than ever before.
- We thank the U.S. Department of Justice, the State Attorneys General and the U.S. Department of Transportation.
- We are pleased to have this lawsuit behind us and look forward to building the new American.
- We now expect to close the merger in December.

### **Support from employees and communities has made this possible**

- Our employees said "Let us Compete. Together" and their voices were heard.
- Throughout this process, employees continued to believe in a better future as one airline and they voiced their support passionately and consistently.
- We also appreciate the support and endorsement from elected officials, business leaders and our thousands of customers.

### **The new American equals the best network in the world, despite divestitures**

- New American will fly more than 6,700 flights to 336 destinations in 56 countries daily.
- The new American will still be the largest airline in the world and will have a comprehensive network that will enable it to compete with Delta, United, Southwest and as well as the large foreign carriers from around the world.
- Customers will have access to more choices and increased service across the new American's larger worldwide network and through an enhanced **oneworld®** Alliance.

### **Financial impact of the settlement agreement is limited**

- Even with these required divestitures, we fully expect to deliver more than \$1 billion in annual synergies by 2015.
- The economic opportunity inherent in the combination rests in the power of our larger, more competitive network, which will be much more attractive to passengers and allow us to more effectively compete with Delta, United, Southwest and the fast growing low cost airlines.

### **Capacity reduction at DCA and LGA is manageable**

- Given the size and scope of the new American, these divestitures are ones that we will be able to manage.
  - Capacity reduction at DCA, LGA represents less than a quarter of a percentage of the new American's 2013 total system capacity.
    - In other words, 112 out of approximately 6,700 daily flights.

- The reductions in DCA and LGA will have an impact on regional jet flying performed mostly by contract carriers.
- Currently, American holds ~14% of DCA slots and US Airways holds ~55% of DCA slots. Following these divestitures, the new American will hold ~57% of DCA slots.

#### **DCA:**

- **Settlement impacts less than 15 percent of the daily departures operated at DCA by US Airways and American prior to the merger.**
  - At DCA, agreement calls for 104 slot divestitures – or 52 daily departures/slot pairs. But this includes 16 JetBlue slots (8 daily departures) currently owned by AA and leased by JetBlue.
    - Taking into account these leased slots, the settlement will result in an actual reduction of 44 daily departures by the combined airline.
  - To put this in perspective, at DCA, today US Airways and American together operate 294 daily departures (243 US and 51 AA).
    - After the DCA slots are divested, we expect to operate approximately 250 daily weekday departures.
  - The airlines have not been required to divest their exemptions that today allow service beyond the perimeter from DCA. (For reference, today those exemptions allow nonstop flights by US Airways or American to LAX, SAN, PHX, AND LAS.)
  - NOTE: Because slot allocation is confusing (takes two slots to operate one roundtrip, for example, and some of the existing slots are already leased to and being used by JetBlue), you can't simply do straight math and assume that 104 divestitures translates into 52 fewer flights.

#### **New American serves small- and medium-sized communities:**

- Pursuant to our agreement with the DOT, we have committed to use all of our commuter slots (74 slot pairs) at DCA to serve small- and medium-sized markets exclusively for five years.
  - Slots are distinguished by type: commuter slots, Air 21 slots, and Air Carrier slots.
  - The DOT agreement will only impact the use of commuter slots. Air Carrier slots and Air 21 slots will be unaffected.

#### **LGA:**

- **Settlement impacts less than 7 percent of the daily departures operated at LGA by US Airways and American prior to the merger.**
  - At LGA, agreement calls for 34 slot divestitures – or 17 daily departures/slot pairs. This includes the 10 slots, or five daily departures, currently owned by American and leased to Southwest.
    - Taking into account these leased slots, the agreement requires the divestiture of only 24 slots – or 12 daily departures.
  - At LGA, US and AA together operate 175 daily departures (65 US and 110 AA).
    - US Airways and American will divest 34 slots at LGA or 17 daily departures. Because 10 of these (5 departures) are already used by Southwest and AirTran, the impact to our schedule is 24.
    - 24 slot reductions results in 12 fewer daily departures versus our current schedule.
  - Post divestment we will operate 163 daily departures at LGA.

#### **Other Airports:**

- At five additional airports, agreement calls for two gates and associated ground facilities(which includes things like ticket counters, hold-rooms, jet bridges and operations space):

- BOS: 2 gates out of 28 gates (7AA / 21 US) currently operated by US Airways and American, pre-merger (24 gates are currently operated by the airlines).
- DAL: 2 American gates out of 2 American gates. Those gates are currently leased to Delta.
- LAX: 2 gates (expected to be 31A and 31B in Terminal 3) out of 26 gates (23 AA / 3 US) currently operated by US Airways and American, pre-merger.
- MIA: Two US gates in Terminal J out of 67 gates (65 AA / 2 US) currently operated by US Airways and American, pre-merger
- ORD: Two American gates on Concourse L out of 71 gates (68 AA / 3 US) currently operated by US Airways and American, pre-merger

#### **Agreement with States:**

- In the settlement agreement with the state Attorneys General, the new American has agreed to maintain its 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. This agreement does not include service that is discontinued as the result of the divestitures required as a condition to completing the merger.
- A previous settlement agreement with the state of Texas will be amended to make it consistent with those entered into today with the other states.

#### **Hopeful that airlines acquiring divested slots will maintain service to affected communities**

- The new American will not end service to any cities. **All** cities currently served by American and US Airways will retain service.
- The divestiture of slots will, of course, require the new American to discontinue nonstop service from DCA to some destinations currently served by our independent airlines today.
- Those cities are not yet known, but we plan to announce the service changes that will result from the divestitures in advance of the sale of the DCA and LGA slots, so that the airlines acquiring those slots have the opportunity to maintain service to those communities.

#### **DOJ Divestiture process overview**

- DOJ agreement term is 10 years.
- Process for divesting DCA and LGA slots calls for the sale of slots to occur as quickly as reasonably possible with full transfer of slots to occur within 90 days of merger close to acquirers that the DOJ must approve; other gates must be transferred within 90 days after the related slot sale.
- Process for divesting key airport gates allows for 180 days post-merger close. Again, DOJ must approve final acquirers.

#### **Benefits to AMR debt and equity holders maintained**

- This merger still provides enhanced potential for full recovery for AMR's creditors and a meaningful recovery for its equity holders.

- As announced on February 14, this is an incredibly successful restructuring – and one that is unprecedented in airline restructurings and one of the most successful bankruptcy reorganizations in history.
- The economic opportunity inherent in the combination rests in the power of our larger, more competitive network, which will be more attractive to passengers and allow us to compete more effectively with Delta, United, Southwest and the fast growing low cost carriers.

### **Employees realize the significant benefits of the new American**

- For our employees, the new American's robust network will provide the financial foundation for a stronger airline that will provide its employees with competitive pay and benefits, better job security and more opportunities.
- 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.
  - 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.
  - In the event that 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. It is expected that any staffing overages throughout the American Eagle and Piedmont systems will be managed through normal attrition, minimizing the need for displacements.

### **Merger expected to close in December**

- We still need to obtain approval of the settlement by the U.S. Bankruptcy Court and some other closing approvals, but we now expect to be able to do that to close the merger in December 2013.
- Until the merger closes and these divestitures are completed, there will be no changes to our operations – it will be business as usual across our systems.