

American Airlines®

MAINTENANCE AND ENGINEERING CENTER

April 24, 2006

Dear Colleague,

As you know, last month we announced a comprehensive review of our line maintenance operation driven by the fact that our operating plan has reduced our fleet size, which reduces our workload, and requires much less of a line maintenance presence. These issues, coupled with increasing competitive pressure, require us to adapt to these changes in our industry.

To help identify solutions that will allow us to reduce costs and be more competitive in the future, we involved more than 50 employees, TWU International and local leaders. We discussed the issues and gathered input to offset the impact to employees. These solutions include efforts to drive down overtime, additional flexibility for the Stand-In-Stead program, and consolidation of work to select locations resulting in the creation of opportunities for every line maintenance employee affected by the Reduction-In-Force.

While these results significantly lessen the adverse impact to employees, unfortunately we must reduce aircraft maintenance staffing in ATL, AUS, DEN, DTW, EWR, IAH, LAS, MCO, MSP, PHX, RDU, SAT, SEA, SJC and TPA, and cease performing aircraft maintenance operations in BNA, BDL, IAD and SNA. These changes are based on headcount relative to maintenance standards, check volumes, departure and terminator levels, and other operational factors.

To operate more efficiently, we will realign our line maintenance operations and move positions into DFW and AFW. This realignment creates opportunities so we will have aircraft maintenance and stores opportunities for all who choose to stay with the company. In addition, we will broaden the scope of our existing Stand-In-Stead agreement to increase eligibility and discretion to grant volunteers allowing us to reduce involuntary movement.

We plan to make these changes by the end of May. Specific information regarding headcount reduction and opportunities will be provided through your Regional Managing Director and the TWU Local President or representative.

More detailed information will follow as it becomes available. I will continue to update you by letter, and personally where possible, as I travel throughout the system. It is never easy to make decisions that will impact employees in this way, but the reality we must face demands that we operate more efficiently so we can compete in such a challenging environment.



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