

American Airlines®

January 18, 2005

John M. Conley
International Representative
AA System Coordinator
Transport Workers Union of America
1791 Hurstview Drive
Hurst, TX 76054

Dear John,

I would like to respond to your letter of Jan 10, 2005 to Bob Reding and Ralph Richardi.

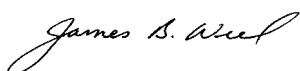
John, as we have discussed with the Intl TWU leadership and all of the Local Presidents throughout the decision making process to reduce headcount, we all recognized there was some operational risk associated with these very difficult decisions. However, based on our financial situation, the financial risk to our company to not implement the reductions, was far greater than the operational risk. I hope you can understand the dilemma there.

As of today we are seeing some of the normal problems we have with any RIF and resulting schedule changes. Since we are still in the bumping process, we still have some holes in bids that should be filled in the next week to ten days. For the most part, the operation seems to be running reasonably well and that's a credit to all involved. We will get the holes filled and monitor our performance. We will also make changes, if we think them necessary, as we always do after reviewing operational changes. In addition, we will comply with all the terms and conditions of the AA/TWU labor agreements as part of the implementation.

These are very difficult times for American Airlines and many other airlines. The significant changes within our industry, a few of which you mention in your letter, unfortunately requires us to make difficult decisions which affect all of our management and employee groups, not just TWU represented employees. We appreciate you expressing your concerns and we are committed to work with the TWU and our other unions to make American Airlines as successful as possible going forward.

If you should have any questions, please contact me at 817-967-1447.

Sincerely,



James B. Weel
Director
Employee Relations

cc: R. Richardi
B. Reding
J. Brundage
M. Burdette
J. Little
G. Yingst
M. Tinsman
C. Alexander
R. Gless
ER Field Principals