American Airlines Enhances Strategic Position

American in recent months has taken what already could be called the strongest domestic network in the industry – bolstered by the biggest, most important business markets and anchored internationally by an alliance with the best brands and global presence – and made it better by taking positive steps to strengthen its ties in the Pacific and across the Atlantic via antitrust immunity while complementing its leading position in Latin America.

CORNERSTONE STRENGTH: Underlying the recent international progress is an important strategic move the company made in September 2009 to reallocate flying within American’s domestic network from unprofitable routes to the airline’s primary markets in a push to provide more connections to and from the major U.S. business markets and international gateways – New York, Chicago, Los Angeles, Dallas/Fort Worth and Miami. These cities represent five out of 10 of the largest metropolitan areas in the country and form what the company calls the cornerstones of its network. In addition to encompassing some of the largest populations, the cities are key business centers and critical international gateways that allow American to provide better international connections to its oneworld and other partners, further enhancing the airline’s global reach.

Combined with a robust schedule of direct flights to the world’s prime business centers, such as London, Madrid, Tokyo, Shanghai, Beijing, Sao Paulo, Buenos Aires and Mexico City, it’s clear American is strong and getting stronger in the biggest, most important markets in the world. The American and oneworld® Alliance philosophy emphasizes quality over quantity – being big in the right places across the globe. American’s trans-Atlantic and trans-Pacific joint business agreements are key parts of the airline’s network plans and complement the strength of its existing routes.

Starting in summer 2010, American is enhancing its network and schedule in New York with new routes and frequencies. In addition, American is introducing new two-class CRJ700s on select routes and is investing in JFK and LaGuardia terminal improvements. American also has reached an agreement with JetBlue Airways that will offer JetBlue customers connections to American’s international flights and new domestic flight options on JetBlue for American’s customers out of New York and Boston.

The essence of American’s network is the strength of its cornerstone markets, combined with the global reach the airline has via oneworld – flying to cities worldwide that matter most to travelers, especially premium ones. Here are some interesting facts about American’s network and its key cities.

General Facts

- USA Today ranks Dallas/Fort Worth, Chicago, Miami, New York and Los Angeles – AA’s cornerstone cities – in the top 20 favorite destinations for business in North America in 2009. And the five cities represent the top four and five out of 10 top cities in terms of population. New York, Los Angeles, Chicago, Dallas/Fort Worth are the top four markets by population and Miami is the gateway to main Latin America.
• American has a superior network among U.S. airlines, with nonstop service that could be used by 52 percent of the domestic non-connecting traffic in the top 10 U.S. cities, ranked by traffic (domestic and international)\(^1\). The nearest competitor offers nonstop service to 47 percent of non-connecting passengers in these cities.

• According to a *New York Times* article published in October 2009, New York took the top spot from London as the world’s leading global financial center, based on a study conducted by Bloomberg News. The study ranked New York first, followed next by Singapore then London.

• According to PricewaterhouseCoopers – Global City GDP Rankings 2008-2025, American Airlines key cities Tokyo, New York, Los Angeles, Chicago, London, Mexico City and São Paulo are included in the top 10 global cities with the highest gross domestic product (GDP).

**Facts About American’s Key Cities**

**United States**

**Cornerstone Markets**

**Chicago**
- According to World Business Chicago, more than 400 major corporate headquarters are based in the Chicago region and the city has more than 240,000 businesses.
- Chicago, with 9.5 million people, 4.5 million jobs and a $500 billion economy, is the nation’s Midwest financial center.
- According to the Chicagoland Chamber of Commerce, the Chicago area has a globally diversified economy, including 160 company headquarters, 29 *Fortune* 500 company headquarters, 12 *Fortune* Global 500 and 10 *Financial Times* Global 500 companies.
- According to the Chicago Federal Reserve Bank, Chicago was home to 1,380 company headquarters in 2009.

**Dallas/Fort Worth**
- Dallas is home to 14 of America’s *Fortune* 500 headquarters, ranking third on the list in 2009 behind New York and Houston, respectively. The DFW metroplex region was home to 25 *Fortune* 500 headquarters in 2009.
- The DFW region ranks second in U.S. metropolitan areas for revenue generated from *Fortune* 500 companies, according to the Dallas Regional Chamber.
- According to the Bureau of Labor Statistics, Dallas-Fort Worth has the fourth largest labor force in the United States. The Dallas/Fort Worth region has 2.9 million employees, employed in 117,566 companies.

**New York**
- New York has the most *Fortune* 500 companies in America, with 43 corporate headquarters on the list.
- New York ranks fourth in the list of Global 500 companies with 18, behind Tokyo, Paris and Beijing, respectively.
- According to the Chicago Federal Reserve Bank, New York was home to 1,217 company headquarters in 2009.
- New York is home to the world’s two largest stock exchanges by market capitalization – the New York Stock Exchange and the NASDAQ – and is home to three other stock exchanges: the American Stock Exchange, New York Board of Trade and NYSE Arca.

**Miami**
- Miami-Dade County has more than 500 multinational corporations.
- Because of its proximity to Latin America, Miami serves as the headquarters of Latin American operations for more than 1,400 multinational corporations.
- Miami is home to four *Fortune* 500 company headquarters.

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\(^1\) According to March 2009 schedule data
• Miami is home to the corporate headquarters of one of the world’s largest fast food chains, Burger King Holdings, as well as a few of the world’s largest cruise lines, including Carnival, Royal Caribbean Cruises and Norwegian Cruise Lines.

Los Angeles
• According to the Chicago Federal Reserve Bank, Los Angeles was home to 1,007 company headquarters in 2009.
• The Los Angeles metropolitan area is home to major entertainment company headquarters, including the Academy of Motion Picture Arts and Sciences, DIC Entertainment, Walt Disney, Warner Brothers, Sony Pictures Entertainment, DirecTV, Mattel and DreamWorks.
• Los Angeles is home to six Fortune 500 companies.

International
Major cities served by American, with oneworld and other partners in parentheses

London (British Airways)
• More than half of the UK’s top 100 listed companies and over 100 of Europe’s 500 largest companies are headquartered in central London.
• Fifteen Global 500 companies are based in London, including BP, HSBC Holdings and Barclays.

Madrid (Iberia)
• Madrid is considered the major financial center of the Iberian Peninsula because of its economic output and market size.
• Madrid hosts the head offices of the vast majority of the major Spanish companies, as well as the headquarters of three of the world's 100 largest companies – Telefónica, Repsol-YPF and Banco Santander. Madrid is home to six Global 500 corporate headquarters.

Tokyo (JAL)
• Tokyo has the most Global 500 companies in the world, as it is home to 51 Global 500 corporate headquarters, including Toyota Motor and Japan Post Holdings, Nos. 1 and 2, respectively, in 2009 rankings. Tokyo houses the headquarters of automotive and electronic powerhouses, including Honda Motor, Hitachi, Nissan Motor, Panasonic, Sony, Toshiba, Mitsubishi, Fujitsu and Canon.
• The Tokyo Stock Exchange ranked as the second major stock exchange in the world by market value in 2009.

Shanghai (China Eastern)
• According to Bloomberg, in 2009, “Shanghai’s economy exceeded the size of Hong Kong’s for the first time in at least three decades after stimulus spending helped China skirt the global crisis and lead the world out of recession.”
• Shanghai was without a stock exchange just 20 years ago and now its stock exchange, measured by market capitalization, is bigger than that of Hong Kong.
• Shanghai is the largest city in the world by population.
• Shanghai is home to four Global 500 companies.

São Paulo (GOL)
• According to the Financial Times, São Paulo is emerging as a popular destination for business events in the Americas. With the influx of conference business to the city, São Paulo is on its way to becoming the leading convention capital of the Americas.
• São Paulo is the largest metropolitan area in South America.
• The 2009 annual study by América Economia Intelligence ranks the 42 best Latin American cities for business, considering innovative potential, capacity to generate new business, telecommunications, security, quality and cost of life. For the second time, São Paulo is the best business destination in Latin America.

Buenos Aires (LAN)
• Buenos Aires is the second largest metropolitan area in South America behind São Paulo.
• USA Today named Buenos Aires as a favorite foreign travel destination for business in the 2009 Road Warrior Survey.

Mexico City (Mexicana)
• Mexico City is home to Latin America’s second largest stock exchange, the Mexican Stock Exchange.
• The city is home to three Global 500 companies – Pemex, América Móvil and CFE.

oneworld Facts

oneworld’s Network Reach
• oneworld comprises 11 of the world’s finest airlines and 20 affiliate carriers. It is the only airline alliance with a truly global network – the only alliance with member airlines based on all continents (except Antarctica) and the only alliance with member airlines based in South America, Australia or Middle East.
• The member airlines: American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, LAN, Malév Hungarian Airlines, Mexicana, Qantas and Royal Jordanian.
• oneworld’s member airlines:
  • Serve 700 airports in more than 130 countries
  • Offer nearly 550 airport lounges for premium customers
  • Carry more than 330 million passengers a year
  • Operate almost 2,500 aircraft
  • Generate about $100 billion annual revenue
• Strongest network in Latin America through AA, Mexicana and LAN with over 150 destinations.
• Highest concentration of premium traffic in Europe from BA’s London hub, Europe’s financial center.
• Broader European coverage from geographically diverse hubs in London, Helsinki and Madrid that serve more than 100 unique destinations combined.
• Complementary network with Cathay (hub in Hong Kong, a global financial center) and Qantas (combined with Jetstar has the largest market share of all carriers in the Japan to Australia/Oceania market), both with First Class products.
• Growth will come from Russia’s S7, set to join the alliance later this year, and India’s Kingfisher, expected to join in 2011. Both are the leading domestic airlines in their respective countries.
• American’s Chicago-Beijing nonstop service is set to begin April 26, adding to the airline’s Shanghai route and deepening its presence in a critical market.

Trans-Oceanic Joint Business to Benefit Operations
• American Airlines, British Airways, and Iberia – along with fellow oneworld alliance airlines Finnair and Royal Jordanian – filed an antitrust immunity application in August 2008 with the U.S. Department of Transportation (DOT) for global antitrust immunity (ATI). The agreement, which received tentative approval from DOT in February, will allow the three airlines to integrate their route networks as well as many of their travel services on flights, between North America and Europe, spurring healthier competition across the Atlantic. We are also looking forward to receiving European Union approval.
• American Airlines plans to implement a trans-Pacific Joint Business Agreement with fellow oneworld partner Japan Airlines (JAL). Both carriers have filed an application for ATI with the DOT to benefit the public, offer new competition in the fast-growing Asian aviation marketplace and strengthen the relationship between American and Japan Airlines, which will support JAL’s successful restructuring.
• Another example of the future benefit from American’s enhanced relationship with JAL is its decision to apply to serve Tokyo’s Haneda airport with flights to New York and Los Angeles.

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