



AMERICAN AIRLINES UPDATE AUGUST 14, 2008

AMERICAN AIRLINES, BRITISH AIRWAYS, AND IBERIA SIGN JOINT BUSINESS AGREEMENT

oneworld Global Alliance Members Apply For Antitrust Immunity To Create Worldwide Cooperation

Customers to Benefit from Expanded Network, Improved Choices and Services, Reciprocal Frequent Flyer and Airport Lounge Access and Enhanced Competition from oneworld

American Airlines (NYSE: AMR), British Airways (LSE: BAY.L), and Iberia (IGBM: IBLA.MC) have signed a joint business agreement on flights between North America and Europe and plan to expand their global cooperation.

This relationship will benefit consumers by providing easy, seamless and convenient travel to more global destinations with better connections, improved flight schedules, and enhanced frequent flyer benefits. It will improve customer choice by enabling the oneworld global alliance, of which American, British Airways, and Iberia are key members, to compete more effectively around the world with other global alliances.

The airlines plan to file today for worldwide antitrust immunity from the U.S. Department of Transportation and will notify the appropriate regulatory authorities in the European Union.

In addition, fellow oneworld members Finnair and Royal Jordanian are included in the antitrust immunity application.

Under the joint business agreement, the three airlines will cooperate commercially on flights between the United States, Mexico, and Canada, and the European Union, Switzerland, and Norway while continuing to operate as separate legal entities. They will expand their codeshare arrangements on flights within and beyond the EU and U.S., significantly increasing the number of destination choices that the airlines can offer customers.

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Today's announcement is a significant step towards strengthening customer choice. This agreement will enable **oneworld** to compete effectively with rival global air alliances that have already received transatlantic antitrust immunity. Currently, six airlines in SkyTeam and nine Star Alliance airlines have such immunity.

Customers will be able to travel more easily on the three airlines' combined route network which will serve 443 destinations in 106 countries with nearly 6,300 daily departures and more frequent and convenient schedule options than any of the three carriers could offer individually. By working together to provide links for connecting passengers, the airlines can expand customer choice by supporting routes that would not be economically viable for the individual airlines.

Customers will also benefit from expanded opportunities to earn and redeem frequent flyer miles and elite tier benefits on flights worldwide and continued reciprocal airport lounge access.

The joint business agreement will enable the airlines to reduce costs and attract new customers, helping to mitigate pressure on fares from record fuel costs. This means that the airlines will have greater ability to invest in their products, services and fleets. Employees and shareholders will also benefit from the agreement.

Gerard Arpey, Chairman and CEO of AMR Corp., the parent of American Airlines, said, "We believe our proposed cooperation is an important step towards ensuring that we can compete effectively with rival alliances and manage through the challenges of record fuel prices and growing economic concerns. In addition, we believe we will be more effective competitors with greater ability to invest in our products and services. As a result, this business agreement will create positive outcomes for our customers, shareholders, employees and the communities we serve."

Willie Walsh, British Airways' Chief Executive, said, "This strategic relationship strengthens competition by providing consumers with easier journeys to more destinations with better aligned schedules and frequencies. We are applying for EU-U.S. antitrust immunity in a changed regulatory world where London Heathrow is open to any U.S. or EU airline that wants to fly to the United States and where rival alliances have immunity."

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Fernando Conte, Iberia Chairman and Chief executive, said, "Customers will benefit the most from this relationship as they will have better connections to more destinations around the world. It will increase competition as the three global airline alliances will play under the same rules. We are taking a very important step towards consolidation which is necessary in today's aviation industry."

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Notes to editors

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Statements of participants regarding forward-looking statements:

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