

American Airlines Introduces New Basic Economy Fare

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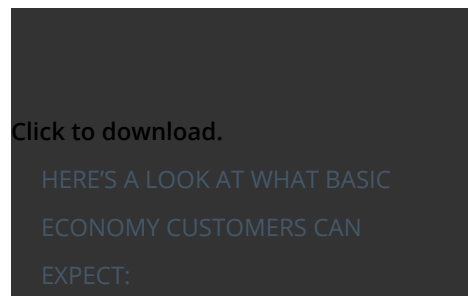
American Airlines (Nasdaq:AAL) today announced it will begin selling Basic Economy fares in addition to the wide range of Main Cabin fares currently offered. These no-frills tickets provide a simple and affordable way to experience American's network, and provide customers the option to pay for the services they want.

Basic Economy fares will go on sale in February in 10 select markets, with the first flights occurring shortly thereafter and expansion to additional markets expected later this year. Not every American Airlines flight will offer Basic Economy fares.

"American Airlines now has something to offer every customer, from those who want simple, low-price travel to

those who want an ultra-premium experience via First Class,” said American Airlines President Robert Isom. “Importantly, this new fare product also gives American the ability to compete more effectively with the growing number of ultra low-cost carriers.”

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In-flight experience – The same in-flight experience that all Main Cabin customers receive today, including free entertainment options, soft drinks, and snacks, and the same seats.

Seat assignments – Made automatically and only when customers check in. Paid seat assignments can be purchased 48 hours before the flight.

Upgrades – Not permitted, regardless of elite status level.

Bags – One personal carry-on item that fits under the seat (such as a purse or small backpack) is allowed. No overhead bin luggage may be brought on board. Larger carry-ons such as a rollerboard bag must be checked at the ticket counter for the applicable checked-baggage charge. Basic Economy customers who bring more than an under-seat personal item to the gate will incur regular checked baggage charges plus a \$25 gate service charge per bag.

Elite customers and eligible AAdvantage® credit cardmembers will be allowed to bring one personal item, one rollerboard, and they maintain their current free checked bag allowance.

Boarding – Basic Economy customers will comprise the last boarding group and will be seated in the Main Cabin. Elite customers and eligible AAdvantage® credit cardmembers will continue to receive Priority or preferred boarding even when purchasing this fare.

Tickets – Non-refundable, non-changeable. Use it or lose it. No same-day flight change or same-day standby.

AAdvantage – Full AAdvantage miles and Elite Qualifying Dollars may be earned when purchasing these fares; however, only one-half Elite Qualifying Mile will be earned per mile flown, and one-half Elite Qualifying Segment per segment flown.

American is committed to helping every customer find the ticket price and service that's best for his or her travel needs. Multiple disclosures will spell out the attributes of a Basic Economy ticket at the time of purchase on aa.com, and when utilizing the airline's reservations phone centers or when booking through a travel agent or online travel site. In addition to clear disclosures at the time of purchase, Basic Economy customers will also receive reminders as their travel day gets closer, including at check-in kiosks at the airport.

"Our goal is to make sure that all customers have the opportunity to purchase a ticket on American that works for their specific needs," continued Isom. "We will work hard to ensure transparency, provide clear explanations of these fares, and we look forward to continuing to offer a wide variety of services to our customers."

Q&A

Is this a new fare discount?

In general these fares will be lower than regular Main Cabin fares in the same way that Main Cabin fares are lower than Business Class. The idea is to give customers a choice in the kind of ticket they want to purchase. It's not a new discount, but a new set of attributes for our lowest fares.

How many Basic Economy seats will be available on each flight?

The number will vary depending on the same factors that affect pricing generally.

How many markets will have Basic Economy fares available?

We'll introduce Basic Economy in ten markets and expand in line with customer interest. Just like with other fare decisions, we'll always be evaluating the right mix of products to offer our customers and we may change those offerings depending on customer demand.

Why not charge Basic Economy customers to bring a large carry-on

instead of requiring them to check it?

We hope that limiting carry-ons to a personal item will result in fewer bags in overhead bins. For Basic Economy customers, planning ahead to check a bag at the ticket counter or kiosk ensures a smoother travel experience without worrying about bin space.

What happens if a Basic Economy customer brings a bag to the gate that doesn't fit under the seat?

They will need to check that bag at the gate and pay the applicable checked-baggage fee -- \$25 for a first bag, \$35 for a second bag, etc., including bags checked at the ticket counter. They would also owe a \$25 gate service charge per bag for checking a first or second bag at the gate. (No gate service charge on bags 3+).

Is the on-board experience in Basic Economy different?

Once on the plane, Basic Economy customers have the same in-flight experience as anyone else in Main Cabin, including complimentary soft drinks and a snack. They sit in regular Main Cabin seats. American has no plans to alter its seats or the interior of its aircraft for Basic Economy.

Will families that include young children be seated together?

As it does today, American's reservations system will check for families traveling with children 13 and under a few days before the flight, and attempt to seat each child with an adult. This is the same process we follow for Main Cabin customers.

About American Airlines Group

American Airlines and American Eagle offer an average of nearly 6,700 flights per day to nearly 350 destinations in more than 50 countries. American has hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix, and Washington, D.C. American is a founding member of the oneworld® alliance, whose members serve more than 1,000 destinations with about 14,250 daily flights to over 150 countries. Shares of American Airlines Group Inc. trade on Nasdaq under the ticker symbol AAL. In 2015, its stock joined the S&P 500 index. Connect with American on Twitter [@AmericanAir](https://twitter.com/AmericanAir) and at [Facebook.com/AmericanAirlines](https://www.facebook.com/AmericanAirlines).