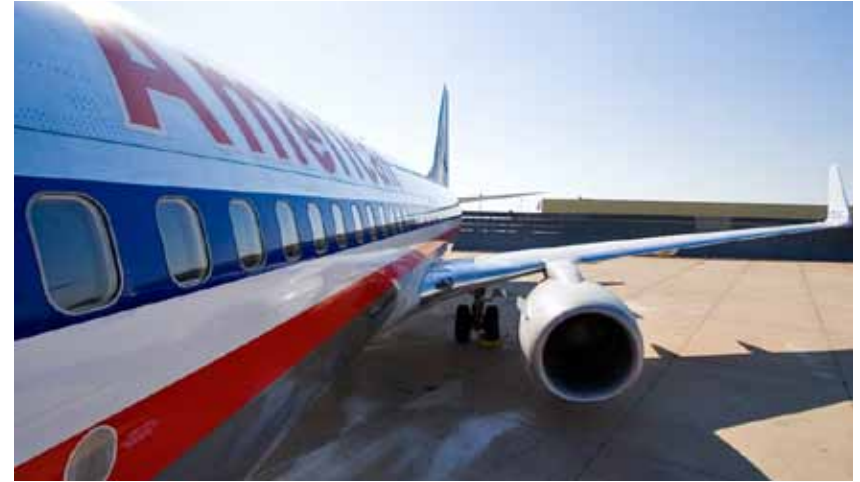


Global Community



Global Commitment

2008 Corporate Responsibility Report Prepared by AMR Corporation



About This Document

AMR's commitment to sustainability includes responsible production of this document. Its horizontal format is designed for easier on-screen viewing. We have endeavored to embed hot links within the report to previous reports and other digital resources outside this document to increase its value to readers and avoid unnecessary duplication. Please print it only if necessary.



Dear Friends of AMR Corporation:

For more than 80 years, through good times and bad, AMR Corporation (AMR) has sustained its position as one of the world's leading airlines. We have not done it alone. Our success has been built on the support of our customers, employees, shareholders, and the communities we serve and call home. In turn, we have done our best to make AMR a good place to work, a good neighbor, a positive contributor to the economy, and a reasonable investment.

The theme of this year's corporate responsibility report is commitment. The report aims to provide a clear picture of AMR's commitment to being a responsible corporation and describe the steps AMR is taking to meet the commitments made to the company's many constituencies. The report also highlights how AMR's employees demonstrate genuine care and citizenship in communities around the world beyond compliance with government rules and regulations.

This year's report has been enhanced in two important ways. First, it contains much more information than last year's report, in keeping with AMR's commitment to communicate with employees, customers, suppliers, communities, and investors. Second, the report provides more examples of AMR employees volunteering their time and talent to bring the value of these activities to life.

The choices AMR makes will always be driven by the values and aspirations that have sustained the company for more than 80 years. We are committed to improving our performance each and every year. I encourage you to chart our progress in the years to come.

A stylized, handwritten signature in black ink, appearing to read 'Gerard Arpey'.

Gerard Arpey¹
Chairman, President, and CEO
AMR Corporation and American Airlines

¹GRI standard disclosure 1.1





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About This Report²

This report is our first corporate responsibility report (CRR) and represents our efforts to expand the scope of our reporting to include more in-depth social and economic aspects of AMR Corporation (AMR). Close followers of AMR will note this was one goal set forth in our 2007 environmental responsibility report (ERR). We are happy to have achieved that goal and present this CRR, our first fully integrated record of corporate citizenship, economic impact, and environmental performance. This CRR is for calendar year 2008.

This report has been completed to meet the Global Reporting Initiative (GRI) Level C reporting requirements for AMR, the parent company of American Airlines (American) and its regional affiliate, American Eagle (Eagle). Unless otherwise specified, any reference to AMR indicates that the subject material applies broadly to both airlines. Where constraints associated with data collection have limited our reporting ability in select areas, we have estimated relevant values or included statements indicating whether we believe the incomplete measurements are material.



²GRI standard disclosure 3.1-3.8, 3.10-3.11, 4.14-4.15

With this CRR, we reaffirm our commitment to produce a CRR annually. Our goals for future reports will include evaluating increased use of hyperlinks to previous reports and other digital resources to increase its value to readers and eliminate the duplication of information easily obtained elsewhere. We welcome feedback regarding our corporate responsibility efforts and this report. For more information about this report, please contact Mr. Tom Opderbeck at tom.opderbeck@aa.com.



Our Global Commitment³

The history of AMR can be traced back to 1929. Today, American is a global airline with service to more than 250 cities in 50 countries, and we take pride in bringing people together. Based in Fort Worth, Texas, AMR's operations are almost entirely within the airline industry. The company carries over 100 million passengers and transports more than a half million tons of cargo annually. In addition, American is a founding member of the **oneworld Alliance**[®]. A complete organizational profile is available at www.aa.com/aa/i18nForward.do?p=/amrcorp/newsroom/amr-corporation.jsp and is included in our annual report filed each year with the U.S. Securities and Exchange Commission (SEC).

Corporate responsibility has different meanings for many organizations. At AMR, we view it as our responsibility to do our part to influence global solutions for the benefit of generations to come. The scale of our operations affords us the opportunity to affect positive change around the world. We appreciate this opportunity and take pride in employing practices that positively impact our commitment to diversity, corporate citizenship, and environmental performance — the major platforms of our corporate responsibility program. Like any natural system, these platforms are deeply connected and do not stop at national or continental boundaries. For this reason, AMR's global commitment to corporate responsibility touches every department in every corner of our global organization and every aspect of our business.

³GRI standard disclosure 2.1-2.9

Although the airline industry is a complex and changing industry, we have always believed that our responsibility to employees is to:

- Provide competitive pay and benefits
- Ensure a respectful and safe work environment
- Embrace diversity and promote inclusiveness
- Extend opportunities for career growth and development

Our customers' needs can be simply expressed:

- Be safe and secure
- Arrive at destinations on schedule
- Receive bags and cargo on schedule and in the expected condition
- Interact along the way with competent, caring, and pleasant individuals

We strive to make a positive contribution to the many communities we serve around the world by:

- Connecting developing and mature markets
- Providing high-quality employment opportunities
- Protecting environmental resources
- Supporting local and regional economies
- Sharing our time, talent, and other resources with local non-profit organizations

Our long-standing and global commitment to diversity, environmental responsibility, and ethical business practices is fundamental to our operations. It is also a key to our sustained success and why our employees, customers, and communities place their trust in AMR.

We understand that practicing corporate responsibility is not always easy. Compromise is sometimes required. But when done right, sustainable practices create a new sense of optimism and belief that economic success and corporate responsibility are not mutually exclusive. Indeed, these practices provide a more hopeful and constructive way to organize our business activities that inspire and motivate others to embrace a new outlook in diversity, corporate citizenship, and environmental performance.



AMR Global Corporate Responsibility Statement

As a global airline carrying more than 100 million passengers and more than 500,000 tons of cargo a year, AMR promotes commerce, trade, and economic prosperity, as well as a sense of global community and citizenship. Our business also affects the environment around us, and we are committed to being good stewards by minimizing our environmental footprint.

With more than 80,000 employees worldwide, we understand that our responsibility as a global citizen begins with our people and extends to communities around the world. Our sustained investment in responsible business

practices takes many forms — from ethical governance to our commitment to diversity and inclusion, to our focus on safety, the environment, and giving back to our communities. We continuously strive to make a positive impact in the lives of our customers, employees, shareholders, and in the communities and environments where we live, work, and play.

Our commitment to corporate responsibility is more than a business decision. It's an important part of our culture — part of who we are. At AMR, operating in a responsible manner is not just an aspiration; it's the way we do business.



Social

- AMR connects mature and developing markets in more than 50 countries.
- We serve many cultures and embrace that diversity in our operations with the help of 16 Employee Resource Groups.
- We provided \$28 million in contributions to charitable causes in 2008.
- We empower our employees and customers to make a difference that results in positive impacts beyond what AMR can do alone.
- We respond when needed most, supporting disaster relief in the U.S. and abroad.

Economic

- In 2008, AMR generated nearly \$24 billion in revenue and maintained more than 84,000 high-quality jobs.
- We directly and indirectly contribute \$115 billion to the U.S. economy and more than 900,000 jobs.
- In 2008, we contributed \$3 billion in taxes and fees to the U.S. government and public entities, and an additional \$900 million to non-U.S. government and public entities.
- We provide a key service that promotes economic growth in communities around the world.

Environmental

- AMR emitted 29 million metric tons of carbon dioxide equivalents (CO₂e) in 2008, a decrease of 5 percent from the previous year.
- Our intensity ratio, as measured by emissions per revenue ton mile, increased by 0.3 percent in 2008 due to lower payload.
- We are keenly focused on increasing our fuel efficiency 30 percent between 2005 and 2025 to reduce our environmental footprint.
- We continue our fleet renewal efforts introduced in our 2007 ERR, and we support efforts to develop alternative and renewable aviation fuels.



When done right, sustainable practices create a new sense of optimism and belief that economic success and corporate responsibility are not mutually exclusive.





Governance⁴

AMR recognizes that strong corporate governance is critical to achieving long-term success in our business.

We have established a diverse representation of board members, who are considered independent, with the sole exception of CEO Gerard Arpey. Approximately 50 percent of our board is composed of female and minority directors.⁵

Governance Practices

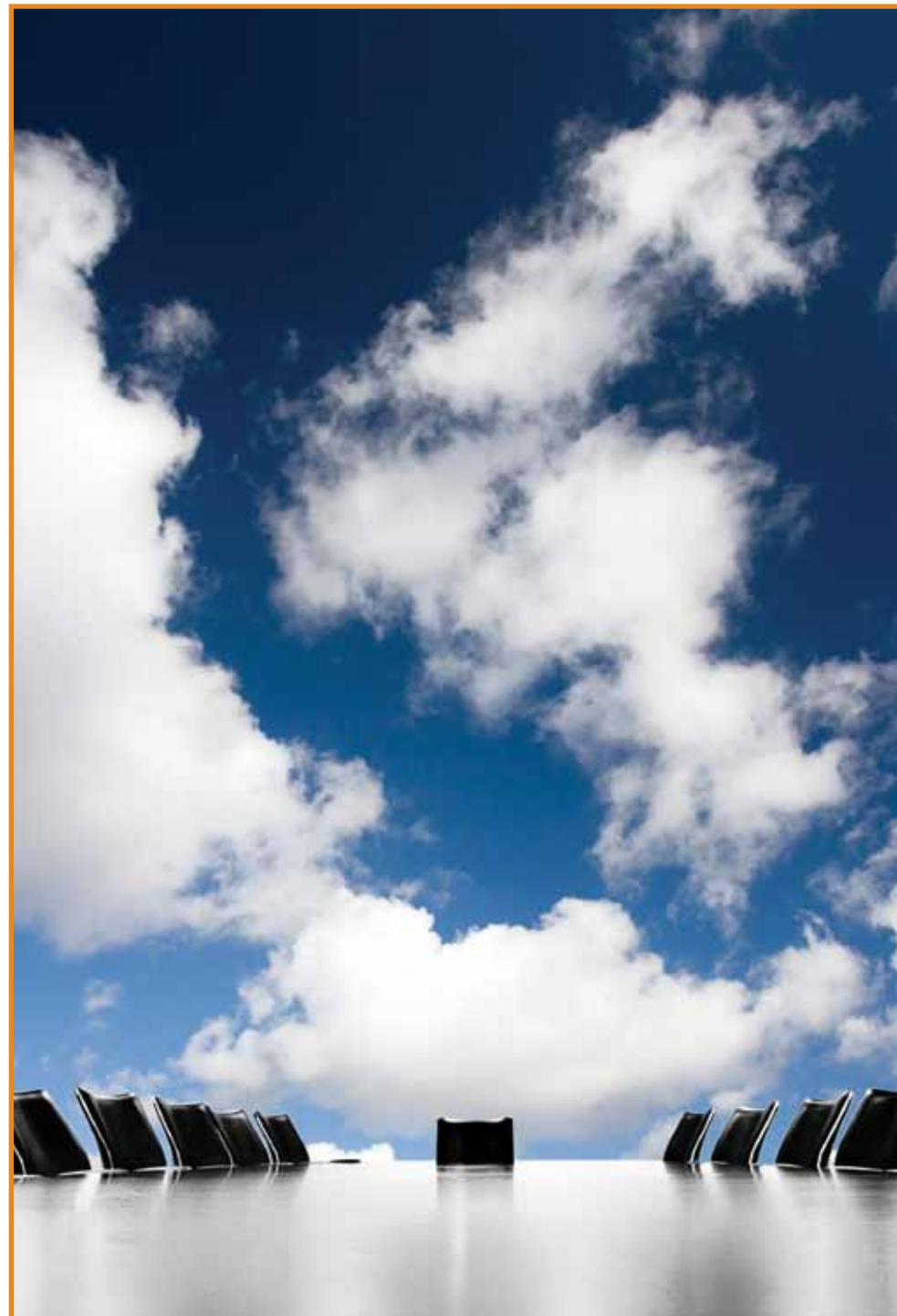
Good Governance Practices at AMR

Our sound corporate governance is reflected in strong rankings of our board and its practices by independent governance rating associations. Some of the practices that demonstrate our strong board governance include:

- Board members are elected annually
- Board members, including those on standing committees, are considered independent, with the exception of CEO Gerard Arpey
- Each director who receives more withheld votes than votes for his or her election must tender his or her resignation
- Board members meet frequently each year, often in executive sessions without any member of management (including the CEO) present
- Shareholders can call special meetings, including to remove/elect directors
- Shareholders can act by written consent without a meeting

⁴GRI standard disclosures 4.1-4.2, 4.4-4.6, 4.8, 4.10, 4.16

⁵GRI performance indicator LA13: All AMR board members are over the age of 50; 31 percent are minority; 15 percent are women.



The board, often by and through its standing committees, oversees many aspects of our social and corporate responsibility policies and activities, as described below. AMR's board has four independent standing committees:

- The Audit Committee selects and oversees our independent auditors and reviews the scope and results of their annual audit, including its assessment of internal controls. This committee also reviews and discusses our internal assessment of our safety, security, and environmental measures, as well as our employee legal, ethical, and conduct complaints.
- The Compensation Committee establishes and implements our executive compensation objectives and approves all executive compensation. As part of this role, it also determines metrics for performance-based awards for executives.
- The Diversity Committee provides oversight, counsel, and guidance to senior management on issues related to diversity and inclusion, including:
 - Equal employment opportunity policies
 - Hiring practices and employee retention issues
 - Corporate procurement decisions, including oversight of our Supplier Diversity Program
- The Nominating/Corporate Governance Committee establishes and implements

appropriate processes for the board and its standing committees. It recommends candidates for officer positions and, along with the CEO, reviews our succession planning.

AMR's board of directors' governance policies govern certain procedures and protocols of the board. The governance policies are available in the Investor Relations section of our Web site, www.aa.com/investorrelations, by clicking on the "Corporate Governance" link. Additional details of board and committee responsibilities and the frequency of meetings in 2008 are published in our 2009 Proxy Statement, also available at www.aa.com/investorrelations.

Executive Pay

AMR is committed to responsible corporate compensation policies. One tool employed to align the interests of AMR with those of our executive managers is responsible, merit-based executive pay. Our Compensation Committee, which comprises directors who are independent from the company, benchmarks executive compensation with eight major U.S. passenger airlines and 26 additional public companies of comparable revenue size and operational complexity. We target executive pay at the median of this benchmark group — approximately half of the benchmark executives make more than American executives and half make less. Two

outside consultants, Deloitte Consulting and Hewitt Associates, provide third-party, expert analyses and marketplace data to make sure American's compensation levels are reasonable and fair. The Compensation Committee believes that the median reflects competitive market compensation for our executive officers, and in 2008, it approved executive compensation packages that are consistent with that policy. Management compensation also is harmonious with the terms of the Annual Incentive Plan, as agreed to in Letters of Agreement reached with the unions during the 2003 restructuring.

The compensation policy strongly links pay to performance, which aligns the personal interests of executives with those of shareholders. Total compensation for AMR executives includes a mix of base salary and "at-risk" compensation. At-risk compensation is primarily provided through grants of stock-based compensation and participation in compensation plans tied to achieving strategic, financial, and operational goals and performance measures. In 2008, the at-risk portion of our executive compensation program represented more than 70 percent of executive officers' total compensation package. Less than 25 percent of senior management's income is salary-based or fixed. For senior executive officers, on average, only 15 percent of income is fixed. However, approximately 94 percent of front-line employees' income is salary/wage-based or fixed.

Due to the financial and economic challenges facing the airline industry, linking executive pay to company performance has resulted in our executives being paid approximately 67 percent of the total compensation granted to them for the years 1998 through 2007. Cash bonuses under our annual incentive plan have not been paid out since 2001, for performance in 2000, because the profitability targets are so difficult to achieve. In addition, there have been many years when distributions under our long-term stock incentive plan resulted in extremely modest distributions.

Detailed information regarding our merit-based executive pay system is available in our 2009 Proxy Statement published at www.aa.com/investorrelations.

Code of Ethics⁶

AMR's policy is to maintain the highest standards of safety, legal, and ethical conduct in transacting business. To ensure ethical compliance with both the letter and spirit of the laws in every country in which we do business, we developed a Business Ethics & Compliance Program and adopted standards of business conduct for all employees. The basic principles of our standards:

- Safety is the first consideration at AMR. It is crucial that all employees perform their jobs with the highest regard for safety — both for our customers and their fellow employees.

- We do not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.
- We do not tolerate unlawful discrimination, harassment, or hate-related behavior.
- We continually encourage our employees to be responsible for their own actions. No one will be excused for misconduct just because it was directed or requested by someone else.
- We educate our staff that they are also responsible for the conduct of employees reporting to them and can be held responsible for negligently failing to take reasonable steps to prevent and detect criminal conduct by their employees.
- We encourage all our employees to immediately report suspected illegal or unethical activity, including financial fraud/accounting matters.
- We do not tolerate retaliation against employees who act in good faith by reporting suspected illegal acts or unethical behavior and we are prepared to react swiftly against anyone encouraging such behavior with corrective action and possible termination.

Through our business ethics and compliance training and an annual compliance certification, we provide anti-corruption and business ethics training to all upper-level management and most lower-level management employees. In 2008, 91 percent of this group had

completed this online training.⁷ They in turn communicate our standards to their staff. As a result of this recurrent training and consistent communication, our employees conduct

Implementing the Standards

The AMR code of ethics addresses many areas of our business practice, including:

- Reporting illegal or unethical conduct
- Antitrust and restraint of trade
- Bribes, illegal payments, and illegal solicitations
- Political contributions
- Books, records, and communications
- Intellectual property
- Inside information and investment in securities
- Environment and safety
- Conflict of interest
- Gift policy for public officials
- Data privacy
- Training records
- Unlawful harassment
- Hate-related conduct
- Workplace violence
- Rules of conduct
- Business ethics training and compliance certification

⁶GRI performance indicator SO2

⁷GRI performance indicator SO3

themselves with the highest standards of honesty, integrity, and fairness when dealing with customers, suppliers, competitors, the general public, and other employees.⁸

Public Policy Development⁹

Because of the airline industry's history of public regulation and its reliance on public agencies for provisions of airport and airway infrastructure, AMR has long maintained relationships with federal, state, and local officials in the U.S. and their counterparts in the several dozen countries that we serve.

We understand that these dealings need to be honest, ethical, and transparent, and we are committed to those values. Our Legal Department oversees regular periodic review of the behavior of its senior managers in the United States and abroad to ensure compliance with federal law, including the Foreign Corrupt Practices Act.

In 1985 AMR formed the American Airlines Political Action Committee (PAC), funded through employee contributions. Through the PAC, support is provided to lawmakers who share our position

on critical issues such as energy, infrastructure revitalization, and pension reform. Contributions from the PAC to lawmakers are based on specific criteria, including voting record or position on specific company-chosen issues, regardless of political affiliation.

American also is an active participant in the Air Transport Association (ATA) and the International Air Transport Association (IATA), which are the domestic and international trade organizations for the airline industry. Similarly, Eagle is an active participant of the Regional Airline Association (RAA). The ATA, IATA, and RAA represent the aviation industry from an advocacy perspective to ensure domestic and worldwide regulations foster a healthy, competitive industry. In addition, they play an important role in communicating technical expertise and operational knowledge to improve our safety, service and efficiency.



⁸GRI performance indicator SO4

⁹GRI performance indicator SO5

Funding For NextGen¹⁰



AMR supports funding of the NextGen Air Transportation System as an important investment needed to increase the efficiency of the aviation industry. The world is increasingly dependent on the rapid transport of products and people enabled by aviation. It is a critical time to make wise investments that will begin modernizing the outdated air traffic control system, reduce emissions and fuel consumption, improve safety, and stop the loss of aviation jobs.

Specifically, a significant investment is needed now to support advanced avionics equipment and the necessary procedures needed to meet future NextGen Air Transportation System requirements,

¹⁰GRI standard disclosures 4.12-4.13



including surveillance (ADS-B), navigation (RNP and RNAV), and safety-enhancing equipment (cockpit displays). An infusion of governmental infrastructure funding would jumpstart the modernization of the air traffic control system, advancing the schedule and resulting in job creation, a reduction in carbon emissions, and an air transportation system supporting economic growth. This investment reduces carbon emissions, promotes economic growth, and would also help address the record delays and congestion that the aviation industry experienced in 2008.

NextGen investments will protect existing jobs and restore jobs lost within the aviation industry. This includes indirectly increasing aircraft sales by enabling demand growth. It is estimated that an infusion of \$4



billion in funding for NextGen will generate 77,000 jobs. These jobs will be created throughout the industry for manufacturers, equipment installers, and airlines. The Federal Aviation Administration (FAA) has already developed a process to fund these types of projects, and it has indicated it will be able to move these new projects forward quickly if funding becomes available.

Finally, accelerating the NextGen program will result in tangible improvements in capacity and environmental performance. The FAA states the full implementation of NextGen could reduce greenhouse gas (GHG) emissions from aircraft by up to 12 percent by 2025. This reduction in CO₂ production is roughly equivalent to taking 2.2 million cars off the road.

Climate Change¹¹



AMR recognizes climate change as one of the most important issues the aviation industry will face in the first half of the 21st century, and we are committed to minimizing our GHG emissions. While we are a carbon-intensive industry, our industry also plays an irreplaceable role in the world economy and its communities. By safely and efficiently connecting people and products, the airline industry is a key driver of social and economic progress.

Given the oversized role that jet fuel — by far our largest source of GHG emissions — plays in our industry, we have long been focused on maximizing the fuel efficiency of our fleets. This attention to fuel



efficiency improvement is reflected in our impressive track record. In the past 30 years, the fuel efficiency of U.S. commercial airlines has more than doubled.

AMR has committed to continuing our past progress with an aggressive goal to improve efficiency by an additional 30 percent between 2005 and 2025. As with any thoughtful goal, our success will depend on creative problem solving, proper planning, and strong execution. But improving aircraft efficiency will also depend on events outside our direct control.

A key success factor to reducing our GHG emissions will be prudent public policy decisions that help make efficiency improvements possible. Policies



that promote a financially strong airline industry and healthy financial markets will be needed to enable our investment in new, efficient aircraft. Support for airline infrastructure investment, particularly the modernization of our air traffic control systems, will be needed to optimize route plans and reduce wasteful delays. Research and investment in alternative fuels will be needed to provide the industry with a low-carbon energy source.

At AMR, we continue our climate change commitment through our own efforts and through working with others to lay the groundwork for greater efficiencies. We believe this not only helps protect the environment but also helps maintain the many benefits of air travel.

¹¹ GRI performance indicator EC2

Antitrust Immunity and Joint Business Agreement

The United States-European Union (EU) Open Skies Agreement, which became effective March 30, 2008, changed the landscape of international aviation by replacing restrictive bilateral air services agreements with a single liberalized accord. The Open Skies Agreement allows any U.S. or EU carrier to fly between any point in the U.S. and any point in the EU. Current restrictions on foreign ownership and control of U.S. and EU carriers make it impossible for any single carrier to have a comprehensive global network. However, the U.S. Department of Transportation (DOT) has the authority to approve and immunize alliances between U.S. and foreign airlines from the U.S. antitrust laws. Immunized alliances have historically enabled airlines to offer consumers better service and a better competitive edge in a global marketplace; however, vibrant inter-alliance competition is necessary for consumers to enjoy the full benefits.

Antitrust immunity is critical for American and the **oneworld** alliance to remain competitive in an increasingly global industry. SkyTeam and the Star Alliance, **oneworld**'s two alliance competitors, have already received antitrust immunity. Thus, both SkyTeam and Star Alliance hold a significant competitive advantage over the **oneworld** alliance by allowing them to provide a more seamless and integrated product to their customers. In a tough global economy marked by severely shrinking demand for travel, it is critical for **oneworld** and American to compete on equal footing in the marketplace. In August 2008, American, along with British Airways, Iberia Airlines, Royal Jordanian, and Finnair (**oneworld** members making transatlantic flights) asked the DOT for the same immunity that Star Alliance and SkyTeam possess. Antitrust Immunity will help American and **oneworld** level the playing field against these two larger alliances and permit them to work more closely to coordinate routes, prices, frequent flyer programs, and services for customers. Customers would also receive greater access to discounted fares. A decision is expected from the DOT by Oct. 31, 2009. Additionally, these five airlines are working to ensure that their plans meet the expectations of European regulators.

Airlines with immunity have a strong track record of transatlantic growth that has far outpaced the growth of American, British Airways and Iberia Airlines. From 1992 to 2009, Northwest and KLM grew transatlantic capacity by 53 percent compared to 37 percent for American-British Airways and 16 percent for American-Iberia Airlines. From 1995-2009, United-Lufthansa grew transatlantic capacity by 88 percent, compared to 18 percent for American-British Airways and 14 percent for American-Iberia Airlines. From 2001-2009, Delta and Air France grew transatlantic capacity by 17 percent while American-British Airways and American-Iberia Airlines capacity was roughly flat to down slightly.

After receiving antitrust immunity, American, British Airways and Iberia Airlines would implement a joint business agreement (JBA) for flights between North America and Europe. This JBA would give the three airlines the ability to work together on all transatlantic service. The carriers would link, coordinate, and market their three networks in ways that are not possible today, while remaining individual companies with separate workforces, fleets, operations, brands, and identities. Employees are expected to benefit from the airlines' improved stability, financial resources and competitive position. The airlines are expected to have a greater ability to invest in their people, products, services, and fleets over the long term. The agreement is fundamentally the same as the agreements under which SkyTeam and Star Alliance operate today.





American and Eagle each dedicated a yellow-ribbon aircraft as part of a Veterans Day observance at Dallas-Fort Worth Airport. The tails on the American Boeing 757 and Eagle ATR bear the iconic yellow ribbon to remind everyone to honor the men and women of the military.

AMERICAN AIRLINES' AND AMERICAN EAGLE'S VETERANS AND MILITARY INITIATIVE¹²

American has a long history of supporting veterans and military personnel, and this initiative creates opportunities for employees to engage in an area where there is significant employee involvement at a grassroots level in addition to the corporate efforts. The company's efforts include honoring veterans through special events and tributes, which provide positive and memorable experiences for soldiers, veterans, and their families, and fundraising events. A snapshot of American's primary activities:

- **Seats for Soldiers** — For the past five years, American and the Dallas Mavericks have partnered to bring 150 soldiers from Brooke Army Medical Center in San Antonio to the American Airlines Center to watch a Mavericks game from front-row seats, valued at more than \$200,000. Flight crews donate their time.
- **Snowball Express** — This initiative provides memorable and fun experiences for children and spouses of fallen military heroes. American provides the majority of flights for nearly 1,400 people to take an all-expenses-paid vacation.
- **American and the Huey 091 Foundation** — Together, the two organizations have provided more than 25 iBOTs® — highly specialized wheelchairs that are truly life-changing in the capabilities they provide — to severely wounded service members.
- **Veteran Military Employee Resource Group** — Though established only recently (in November 2008), this organization has provided calling cards worth \$4,000 to service men and women by collecting and recycling used cell phones.
- **Sky Ball** — This event raised more than \$600,000 for the Navy, Air Force, Marine Corp, National Guard Relief Fund, and families at the Naval Air Station Joint Reserve Base in Fort Worth, Texas. American has teamed up with the Fort Worth Air Power Foundation each year since 2003, and more than 700 employee volunteers supported the 2008 event.

¹² GRI standard disclosure 4.12



Inauguration of the Flagship Freedom aircraft in recognition of the men and women in the armed forces.

Snowball Express — Beyond Funding

American also seeks out ways to bring pure fun into the lives of children who need it most. Few things are a faster route to a child's heart than a trip to Disneyland.

At Christmastime in 2008, American's Seattle employees pulled together to give royal

treatment to children of soldiers killed while serving in the U.S. armed forces. The children and surviving spouses were treated to a winter wonderland at gate No. 9 at Seattle-Tacoma International Airport, complete with a castle and American employees dressed in full holiday regalia.

But the experience was more than a dream come true for the families treated to the trip. American employees who didn't even know each other provided a one-of-a-kind experience for the families. Emotions ran high as teary-eyed employees checked in baggage. One stood in full salute as the children and parents were taxied in.

"Everyone wanted to make sure it was an incredible experience for the kids, but as it turned out, it was an incredible experience for us," says Seattle agent Tina Towner.



AMR, Airpower Foundation Give It Up for Veterans and Military Families

AMR employees are passionate about helping veterans and military families.

That sentiment was evident at the 2008 annual Airpower Foundation's Sky Ball on Oct. 11, when more than \$600,000 was raised for families of north Texas military members serving in Iraq and Afghanistan.

More than 750 American volunteers supported the event, attended by more than 3,000 guests. It was an evening of non-stop entertainment that included the first-ever night air show over Fort Worth.

Proceeds support veterans and active military in many forms, including financial aid for deployment, welcome-home receptions, comfort gatherings for families, support for the welfare and relief projects of the units assigned in north Texas, and delivering care packages and other gifts to the soldiers wounded in battle who are recuperating at Texas military hospitals.

Brooke Army Medical Center presented iBOTs® to two veterans who suffered injuries while serving their country. The iBOT®, a state-of-the-art mobility device, provides significantly more flexibility and freedom to users than ordinary wheelchairs. But the \$25,000 price tag keeps it from being an option for most soldiers.

"Helping North Texas military families is important to the employees of American Airlines and American Eagle because they know these are our neighbors fighting to defend our freedom," said Mike Snyder, Fort Worth Airpower Foundation chairman. "These employees have made this effort their own. Without their passion, this cause and this event would not be possible."

For its efforts, AMR was honored with the Tony Orlando Yellow Ribbon Award in recognition of its commitment to veterans' initiatives.



Global Commitment: Focus on Safety

In any number of ways, our safety commitment focuses on the physical well-being of customers and employees.

But other important dimensions of safety focus on customer service and transportation initiatives aimed at ensuring that every experience with American is both safe and enjoyable. Day in and day out, in every aspect of our operations, we strive to create an environment that allows customers to fly with us — and employees to serve with us — in complete confidence, no matter where they may be in the global network.

Internal Oversight

The core of our safety oversight is our Safety Management System (SMS). The SMS consists of 12 data collection and analysis programs that continuously monitor the safety of every aspect of our operations. Examples of these collection and analysis programs include:

- **Flight Operations Quality Assurance (FOQA):** FOQA collects and analyzes digital flight data generated during normal flight operations. This data provides greater insight into the total flight operations environment.
- **Aviation Safety Action Program (ASAP):** The foundation of ASAP is a safety partnership between the FAA, AMR, and our employee labor unions. The program's focus is to encourage voluntary reporting of any safety issues and events that come to the attention of pilots, flight attendants, dispatchers, and maintenance workers. Events or issues are analyzed, and corrective action is taken when necessary. In conjunction with the FAA, American was the first airline to implement ASAP.
- **Internal Evaluation Program (IEP):** IEP audits and inspects company policies, procedures, and systems to identify and correct potential findings before they occur. IEP provides a functionally independent review beyond what is required for regulatory compliance.

In-Flight Safety

No commitment is more important — or pursued more pervasively or with greater energy, day after day — than our commitment to the safety of customers. Indeed, safety is at the core of our airline operations, and we have developed an array of initiatives to help meet our objectives in the air and on the ground. In addition to our internal safety efforts, our operations receive extensive external oversight to ensure that every flight is conducted as safely as possible.

AMR Commitment to Safety and Security

For all of us at AMR, our first and top priority is the safety and security of our co-workers and customers. We strive to be the world leader in safety and recognize that a safe operation is the key to our success. To reach this goal, we rely on both our safety management system and the sound judgment and experience of our employees. Safety must be the first and

foremost consideration in every decision and in every facet of our company.

We are committed to a culture that has safety, security, and quality as fundamental priorities. We all have a personal responsibility to promote a safe workplace and continually improve safety throughout our company.

Any incidents or adverse trends are flagged and reviewed by working groups made up of employees representing our labor unions and management. Procedures allow the working groups to bring their findings to the appropriate level of management, including senior management, when necessary.

External Oversight

AMR, like all airlines, is subject to the safety requirements of external regulatory authorities. Our safety program is designed and executed to meet all the requirements of these regulators. To ensure compliance, we undergo scheduled and unscheduled audits by regulatory authorities such as the following:

- The FAA provides continuous oversight of all aspects of our operations. Local inspectors assigned to American and Eagle audit operations as part of the FAA's Air Transportation Oversight System (ATOS). In addition, AMR participates in the Air Carrier Evaluation Process (ACEP), in which inspectors from the FAA's national headquarters review our operations.
- AMR holds the International Air Transport Association (IATA) Operational Safety Audit (IOSA) safety certification — the global industry standard for airline operational safety management. To gain certification, American

and Eagle passed audits in more than 900 standards developed in cooperation with the world's leading airlines and regulators (including the FAA, the Civil Aviation Safety Authority, the European Joint Aviation Authorities, and Transport Canada), representing industry best practices in all aspects of operational safety. Meeting the IOSA standards is a challenge for any airline and results in safer air travel for all our customers.

- Like our **oneworld** alliance partners, we allow the IATA to conduct operational safety audits of our operations every two years. This helps establish standardization in airline operations and safety **oneworld** alliance partners.
- The U.S. Department of Defense conducts periodic audits of our operations because we are contracted to carry U.S. soldiers when needed.
- As part of the European Aviation Safety Audit, the maintenance work we perform for other airlines is reviewed for compliance with international standards.
- Civil aviation security authorities (the Transportation Safety Administration, the United Kingdom's Department for Transport, Transport Canada, etc.) in the countries where we provide service regularly audit and inspect our facilities and operations to ensure compliance and to verify that proper security and safety measures are in place.



***AMR is committed
to the safety of our
employees while
they go about their
work and as they go
about their lives.***

Employee Protection

Partnership for Safety Goals

- **Institutionalize employee safety as a core value for American.**
- **Focus on having a culture that puts employee safety on the same level as many customer service initiatives.**
- **Provide training, coaching, skills, and structure to leaders and front-line employees.**
- **Continuously improve safety and reduce employee injuries.**

12 Elements of the PFS Safety Management System



AMR is committed to the safety of our employees while they go about their work and as they go about their lives. To facilitate this continuous effort, we consulted with industry leaders to develop our Partnership for Safety (PFS) initiative. PFS is a joint effort between management, unions, and employees that focuses on safety at work and at home.

Teamwork may seem like an overused buzzword. But since no single person can get an airplane safely off the ground, teamwork and safety are inseparable principles. AMR's PFS is perhaps the ultimate teamwork experience.

The initiative began at our Chicago station in 2004. In 2008, we completed the extension of this initiative to all U.S. and Canadian stations, representing approximately 75 percent of our employee network. In 2009, PFS has expanded internationally, starting at London Heathrow, our largest international station.



Thanks to PFS and the efforts of every participant, there were almost 29 percent fewer employee injuries at work in 2008 than in 2004.

Teamwork is the cornerstone of an effective safety culture. Even simple things — a briefing by the captain to the cabin crew or safety walks by management and union representatives — are signs of goodwill and teamwork. As part of PFS, employees focus on safety by establishing teams to investigate employee injuries, and, most importantly, identify the best preventative measures. Through this effort, teams have recommended and implemented changes that reduce injuries. Examples:

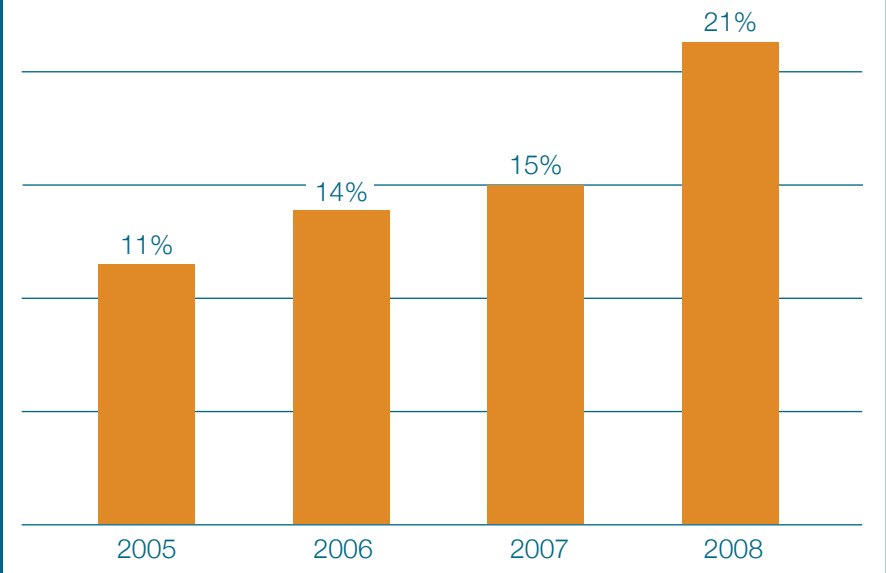
- Turbulence injuries are reduced in-flight because of the efforts of a task force of flight attendants and pilots. As a result of their recommendations, turbulence safety tips are posted on the flight attendant Web site, and turbulence information is more prominently displayed on AA.com.
- With the support of front-line employees, policies were strengthened to make highly visible safety vests the standard garment for any employee — or employee doing business on our behalf — who works in the airport operating area or who is involved in ramp operations. New vests are required to be brighter, more reflective, and break-away style.

- Injuries caused by slips and falls during winter months are reduced at Chicago O'Hare by the Snow Committee. The committee keeps employee parking lots clear of snow, stocks shovels, brooms and ice-melting products at gates, and installs heavy-duty rugs that provide more traction in high traffic areas.
- As a result of employee feedback, initiatives have been implemented to improve ergonomics for numerous work groups. Maintenance workers now have an automated solution to help them buff aircraft with reduced shoulder and back strain; flight attendants use redesigned beverage carts that are lighter and more maneuverable; gate agents work with adjustable computer screens and keyboards to help reduce neck and wrist strain; and airport employees avoid injuries through education and awareness of proper baggage and freight handling procedures.



The Facilities Automotive team at Los Angeles International Airport (LAX) celebrated two years without a recordable injury. The achievement was lauded by LAX and AMR executives. "This type of triumph does not come by accident. It is achieved through hard work and being observant each and every day," said Kevin Diamonti, managing director.

Improvement in Lost Work Cases Since 2004



Participants in PFS also receive training that covers a wide range of topics — things like safety awareness, conducting safety observations, and investigating accidents to determine root causes. This training results in reduced injuries, which, in turn, reduces lost work cases (LWCs).

With PFS, we are tracking safety records, reducing medical expenses, and reducing lost time. We are achieving these successes through increased communication, awareness building, coaching and counseling leadership, training, identifying root cause relationships, eliminating hazards, and greater employee involvement.



AMERICAN EAGLE — NORTH AMERICA'S NEIGHBORHOOD AIRLINE

At American Eagle, our mission is to connect small- and medium-sized cities to the nation's big cities and hub airports. While safety will always be our primary focus, we take very seriously our responsibility to safeguard the environment and give back to all the communities in which we live and work.

Safety

American Eagle is absolutely committed to the safety of our customers and our employees — both on the job and away from work. We have an industry-leading safety record with a lower employee injury rate than any other airline. To maintain this positive momentum and prevent accidents, Eagle recently began a companywide training effort to renew our efforts to make Eagle an even safer place to work. In just the first few months, more than 1,000 managers, union leaders and front-line employees have completed the course.

Environmental Commitment

Running an airline is a complicated business involving large, sophisticated equipment, thousands of highly trained people, and the consumption of numerous petroleum products and electricity. Throughout our operation, we make conservation a priority — from water, gasoline, and electricity at the airport to the amount of jet fuel our aircraft consume in flight.

Teams of pilots, maintenance, and dispatch experts identify the most efficient routes, altitudes and speeds when developing our flight plans. Our pilots routinely taxi aircraft to the gate using only one engine. Ground employees work to meet every incoming aircraft as soon as it arrives to plug in less expensive and cleaner electric ground power, reducing jet engine operation when parked. Eagle has replaced nearly half of our gasoline-powered vehicles with battery-powered ground equipment, and has eliminated the use of buses in most locations to reduce emissions.

Eagle employees also participate in recycling programs — both at work and in the community. We collect and recycle the majority of aluminum cans used on our aircraft. At our airports and maintenance bases, environmental coordinators ensure that we comply with all federal, state, and local regulations and apply the best practices for labeling, storing, and disposing of hazardous materials.



Eagle Receives Coveted FAA Diamond Award¹³

American Eagle, along with American Airlines and Texas Aero Engine Services Ltd. (TAESL), an affiliated engine repair facility, received the FAA's Diamond Award for excellence in training Aviation Maintenance Technicians (AMTs) in late 2007.

American Eagle had one AMT, Chinyere Toddy of Springfield, Mo., qualify for the individual Diamond Award, the highest level of recognition. This award signifies that he successfully completed 100 hours of training plus college-level courses.

American Eagle qualified 770 AMTs — or 80 percent of eligible mechanics — for the honor, racking up nearly 45,000 hours of training that year.

¹³ GRI standard disclosure 2.10



Global Commitment: Focus on Environment

Followers of AMR already know that this report has its roots in our 2006 environmental responsibility report.

AMR's environmental department continues to lead the effort to prepare and publish this report annually, but it is no longer solely an environmental report. We are proud that the reporting process has evolved to include active contributors throughout the company. In the following pages, we provide environmental performance data introduced in our prior reports as a means to allow our stakeholders to track our performance.

Climate Leaders

AMR led the industry by being the first major passenger airline to join the EPA's Climate Leaders program.



Climate Leaders is a collaboration of business and the EPA to develop comprehensive climate change strategies. Members

commit to reducing their impact on the global environment by setting ambitious greenhouse gas reduction goals to be achieved over the next five to 10 years. Participants report their progress to the EPA annually.

American has committed to a 30 percent reduction in our greenhouse gas intensity ratio by 2025 and will work with Climate Leaders to set a mid-range goal to help meet this long-range target.



The Alliance Maintenance and Engineering Base in Fort Worth has a view of its Elizabeth Creek stormwater basin. The base has earned awards for its water management. For more, see page 37.

Compliance Reporting

In the interest of transparency and disclosure, our stakeholders suggested we report the monetary value of fines levied against AMR, American and Eagle for environmental non-compliance. Although our goal is zero fines, in any given year some compliance events may result in enforcement action or monetary fines. Our environmental team makes use of these events as feedback to improve our entire system.

In 2008, American paid an environmental penalty of \$22,532 as a result of an administrative reporting issue related to the timeliness of employee commuting data at Los Angeles International Airport (LAX). Appropriate action was taken to avoid a recurrence of this issue and it does not represent any material problem with our environmental compliance policies or procedures.¹⁴

¹⁴GRI performance indicator EN28

Industry Emissions

Commercial aviation is responsible for 2 percent of global carbon dioxide (CO₂) emissions. Of all global transportation-related emissions, 12 percent is attributed to aviation activities, compared to 74 percent from road transport.¹⁵ According to data published by the U.S. Department of Energy, transportation-related CO₂ emissions declined by 5.2 percent in 2008 — the largest annual decline since 1990.¹⁶ Our own data suggests that the economic recession played a part in this decline, but we also believe emissions reduction efforts like ours had a role in the reported decline. AMR is proud to see our efforts and those of our industry peers yielding measurable results.

• GHG Policy and Management Plan

AMR is committed to reducing future GHG emissions within the constraints of providing, safe, reliable, and affordable transportation for customers.

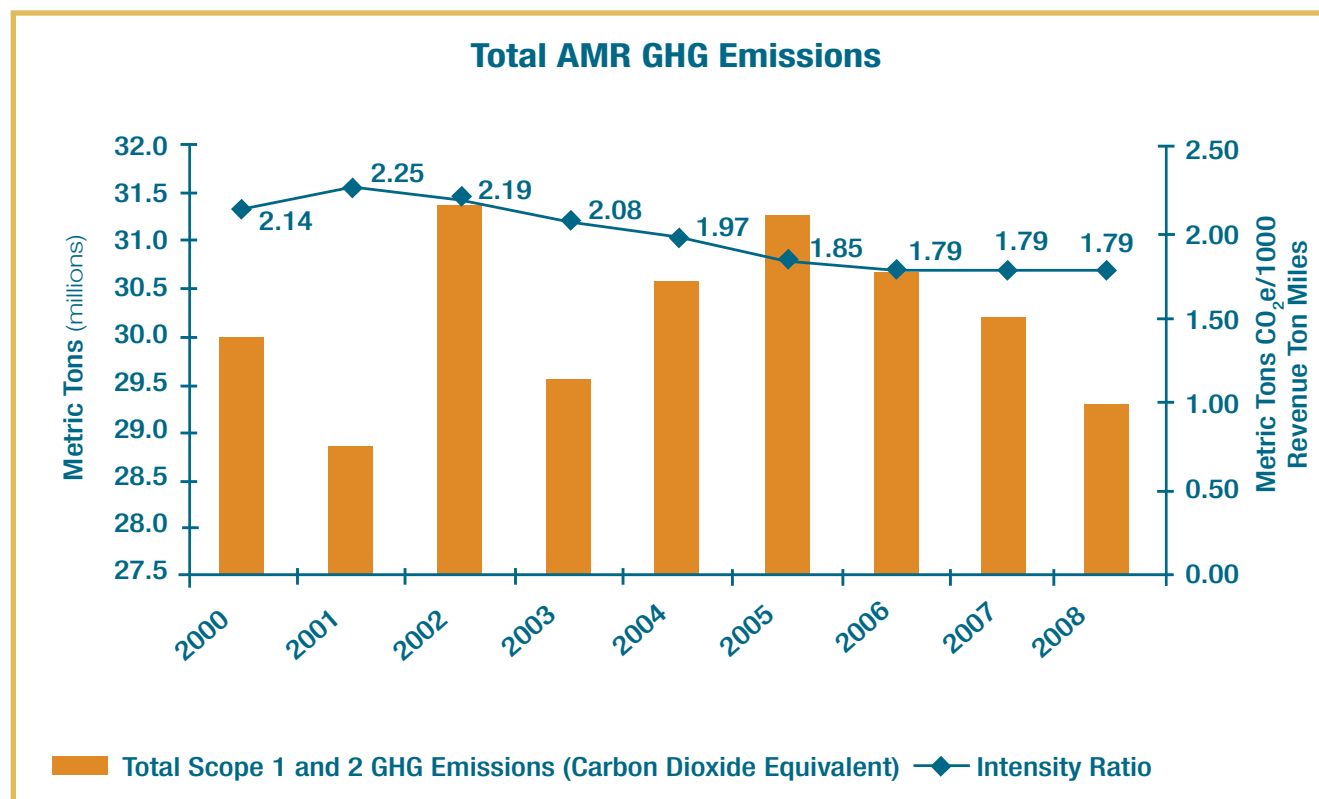
There are no environmental regulations requiring AMR to report or reduce aircraft GHG emissions in the United States; however, legislation was brought before Congress in early 2009. Until specific legislation is enacted, AMR is committed to voluntary reporting of GHG emissions using current, industry-accepted standards and practices.

• GHG Inventory Results

AMR emitted 29.1 million metric tons of CO₂e in 2008.¹⁷ This includes both Scope 1 direct and

Scope 2 indirect GHG emissions associated with purchased electricity. We estimate that these indirect emissions are less than 2 percent of our entire GHG inventory and are not material to our operations.¹⁸ Eagle's carbon footprint was 2.7 million metric tons of CO₂e for 2008, about 9.3 percent of AMR's total. A full summary of the assumptions and calculations that comprise our GHG inventory are included as an appendix to this report.

In order to compare GHG emissions to production, we continue to calculate an intensity ratio by dividing our absolute emissions by the revenue ton miles we produced. This compares the amount of CO₂e we emitted with the work we performed (as measured by the weight of passengers and cargo we were paid to transport). It does not account for empty seats on an aircraft. As a result, even though we continue to implement our Fuel Smart initiatives, reduced passenger and cargo traffic resulting from a declining economy in 2008 resulted in an increase in the calculated intensity ratio.



¹⁵http://www.iata.org/whatwedo/environment/climate_change.htm

¹⁶<http://www.eia.doe.gov/oiaf/1605/flash/flash.html?featureclicked=1&>

¹⁷GRI performance indicator EN16

¹⁸GRI reporting initiative EN17

Our GHG emissions are directly related to the combustion of jet fuel in the turbines of our aircraft. No other factor in our operations has such great effect on our GHG inventory.

In 2007, we established a long-term goal of increasing our fuel efficiency by 30 percent between 2005 and 2025. We remain committed to this goal despite the difficult times that AMR and the rest of the airline industry are enduring.

After three years, our efficiency improved 3.2 percent.¹⁹ Our Fuel Smart program continues to identify new fuel-saving opportunities that will help us become more efficient. Fuel Smart set a goal of implementing initiatives that save an additional 9 million gallons of fuel annually by the end of 2009.

In addition, our narrow-body fleet replacement program began in 2009 with the delivery of new Boeing 737s that will replace less efficient MD80s. In coming years, we will take delivery of 42 Boeing 787 Dreamliners, which are the most efficient aircraft of that size, with options to purchase an additional 58 787s.

¹⁹GRI performance indicator EN18

Resource Conservation

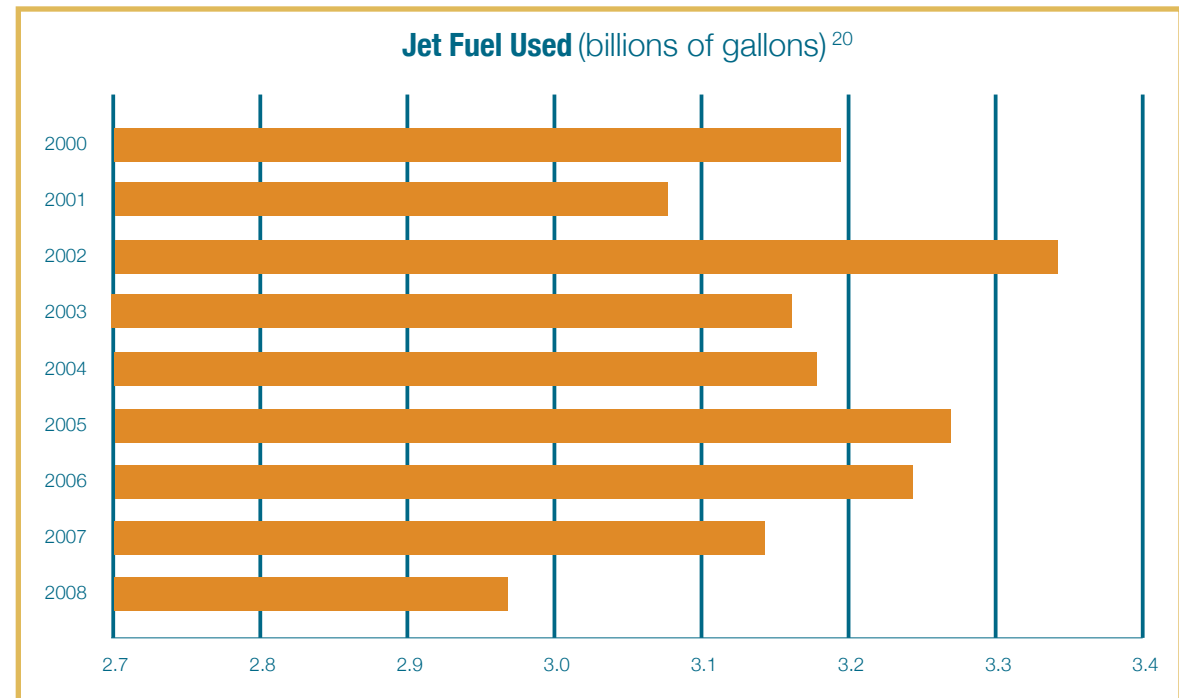
In this section we present scorecards to highlight our key inputs including materials, energy, and water. While we can only reduce these items a finite amount, we are committed to managing

these resources responsibly. Our commitment includes efforts to reduce the use of resources and reclaim spent resources in all areas of operation, from the office to the airport to the maintenance base to on-board our aircraft.

Energy

• Energy Used

Jet fuel represents the single largest source of direct energy in all of our operations. Although we use refined petroleum products in many of our ground service equipment engines, turbine engine test cells, electricity generation and comfort heating all of these sources are less than 1/2 of 1 percent of the fuel we consume each year and do not represent a material source of direct energy from fuel.



²⁰GRI performance indicator EN3



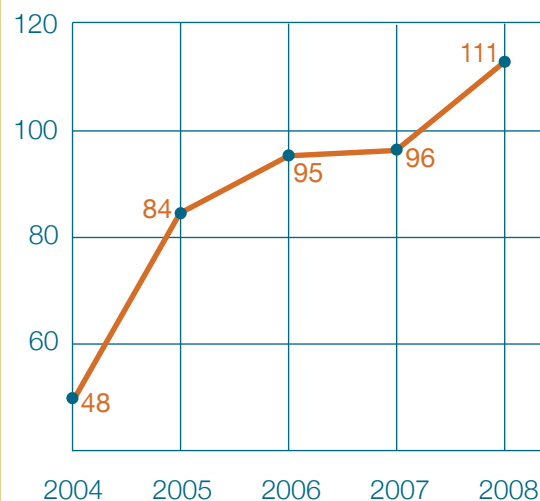
Non-Fuel Energy Sources (thousands)²¹

Energy Source	2006	2007	2008
Natural Gas (therms)	15,846	15,952	19,331
Electricity (KWH)	631	649	649

• Energy Reduction/Conservation Efforts²²

Our Fuel Smart team and Utility Management Council, first introduced in our 2007 ERR, continue to seek new ways to conserve energy. In last year's report, we provided detailed descriptions of many Fuel Smart programs. We are happy to report that this program has matured into a steady source of fuel savings initiatives that in 2008 resulted in a reduction of 111 million gallons of fuel that would have been combusted if these initiatives were not in place. Our goal is to increase this to 120 million gallons by the end of 2009.

Run-Rate Fuel Savings (millions)



In last year's ERR, we provided detailed fleet renewal plans as part of our long-term strategy to reduce fuel consumption and lower operating costs. These efforts have been bolstered by the mid-2009 announcement of an order for eight more Boeing 737-800 aircraft, scheduled for delivery beginning in 2011, in addition to the 76 aircraft that will be delivered in 2009 and 2010.

²¹ GRI performance indicator EN4

²² GRI performance indicator EN5 and EN18

Further commitment to our fleet renewal strategy is evident in our announcement in late 2008 of our intent to acquire 42 Boeing 787-9 Dreamliner aircraft, expected to be delivered in late 2013, with the right to purchase up to 58 additional 787s expected to be available beginning in 2016, subject to scheduling updates from Boeing. This next-generation aircraft features the latest in engine design and use of composite materials that will help in our efforts to lower fuel consumption and emissions.

Since we began tracking their success stories in 2005, our Utility Management Council's efforts resulted in an annual savings of more than \$2.3 million of direct energy that would otherwise have been purchased and used.²³ In 2008, some of their efforts included:

- Lighting technology upgrades at various locations
- A new boiler water treatment system installed at our Tulsa maintenance base, which had a one-year payback
- A DFW cargo building roof replacement with a lighter-colored material that absorbs less heat and helps reduce cooling costs
- Turn-off of vending machine lights at our headquarters to reduce electricity consumption
- An upgraded air conditioning system to cool jet bridges and aircraft at DFW gates reduces electricity consumption and cools aircraft cabins without the use of aircraft engines

Lower Weight = Less Fuel Burn

American is putting its aircraft on a diet. As part of continuing efforts to reduce rising fuel costs, reducing the operating empty weight of each aircraft, as well as the weight of all that is carried onboard the aircraft, in turn reduces the amount of fuel required to fly and taxi the aircraft.

American's Fuel Smart team has worked closely with employees to gather and implement fuel-saving ideas while balancing the needs of passengers, crew members, and on-time performance.

From replacing the cargo compartment lining with more durable, light-weight material to removing

unnecessary items in the cabin like razor outlets and extra magazine racks, employees in departments across American are evaluating and taking action on a range of aircraft weight-reduction initiatives. In fact, American will save more than \$31 million per year in fuel costs as a result of aircraft weight reductions accomplished or in progress.

One important way to reduce the weight carried on aircraft is to eliminate excessive and unused amounts of potable water. The water is necessary to make coffee and tea, and for lavatory sinks. Survey analysis of potable water used on various fleet types was compared to the capacity of each aircraft fleet type. Even after applying

a conservative buffer to the water quantity from the surveys, American significantly reduced the amount of potable water carried on 777, 767, 757 and MD80 aircraft. These potable water reductions alone translate into 2.5 million gallons of fuel saved per year.

American also is removing partition walls, wiring, phones, tray tables and ovens. For example, the removal of the 767-300 mid-galley oven eliminated 235 pounds of excess weight. Another completed initiative is the replacement of all passenger life vests. The new models are a half-pound lighter each, saving close to 760,000 gallons of fuel annually.

²³ GRI performance indicator EN5

Future Fuels²⁴

AMR actively participates in industry efforts to promote environmentally friendly alternative fuels. We continue to work with the Commercial Aviation Alternative Fuels Initiative (CAAFI), which is a consortium of airlines, government agencies, manufacturers, airports, and current and prospective fuel suppliers.

Part of the challenge of developing alternative fuels is to produce a fuel that can be “dropped-in” to the fuel supply chain so that it is interchangeable with existing jet fuel. This means the fuel will have to meet rigorous standards to ensure that safety and aircraft engine operations are in no way adversely affected. It also means the fuel will have to be approved by the appropriate standards-making organization.

Despite this challenge, the rewards for developing commercially viable alternative fuels will be great. By using biomass as the feedstock, these fuels can significantly decrease the environmental footprint of aviation. In addition, alternative fuels can help promote energy independence, stabilize fuel prices, and create more jobs for the economy.

Materials

• Materials Used

As part of our energy score card earlier in this report, we reference the fact that jet fuel is the single largest source of direct energy. It is also the largest material we purchase (by weight and volume) to conduct our normal business operations. An accurate assessment of ancillary materials we purchase as a normal part of our business can be obtained from the inventory of our wastes, presented in the Waste Minimization section.²⁵

• Material Reduction/Conservation Efforts

We continue to depend on paper in our daily operations, but we are trying to reduce or eliminate it from many of our processes. We have eliminated paper ticket jackets and are saving 500,000 pounds of paper on this initiative alone. We have also established an online community for internal sharing of important operations documents using Microsoft SharePoint. Several other exciting examples of our paperless successes:

- Paperless Check-In

In November 2008, AMR began testing a mobile boarding pass system at Chicago O'Hare. Passengers can check in for their flight, go through security and board an aircraft using any Web-enabled device such

as a cell phone or Blackberry. Following Chicago O'Hare, we launched the same service at Las Vegas and Orange County, Calif. More stations will come online in 2009. This enhancement also improves security and reduces congestion at airport ticket counters.

- E-Freight

American's Cargo Division (AA Cargo) launched a domestic e-freight initiative to support a move toward paperless shipments. The initiative is facilitated by the International Air Transport Association (IATA). By adopting e-freight, we have effectively eliminated the need to send 12 paper documents with air cargo shipments, which streamlines processes, improves speed and reliability, and cuts costs.

The first use of the new system began between New York John F. Kennedy and London Heathrow airports. Further expansion into other routes is planned and will be launched at additional major U.S. airports.

E-freight requires that business, technical, and legal frameworks be in place to allow airlines, freight forwarders, customs administrations, and governments to seamlessly exchange electronic information and e-documents instead of paper.

²⁴ GRI performance indicator EN6

²⁵ GRI performance indicator EN1

“The U.S. launch of the e-freight initiative brings us one step closer to a completely paperless environment,” said Dave Brooks, president of AA Cargo. “The improvement in data quality and timeliness of information will increase the speed of our interactions, yielding more efficient commerce for all of us in the air cargo industry.”

For more information, visit www.aacargo.com.

- **RampLink**

Introduced in our 2007 report, this technology allows ramp crew chiefs to enter data quickly, saving fuel by reducing delays, and eliminates the need to print flight records. The handheld devices, which provide real-time feedback on flight-critical information and use bar code scanning on cargo containers, have been expanded to more stations.

- **T-Link**

Crew chiefs used to print routing sheets for bag tug drivers so they knew which aircraft to deliver bags to. Now, a computer on bag tugs displays the information. In addition to saving paper, this optimizes the drivers' routing and also provides up-to-the-minute aircraft arrival and departure information, reducing the number of bags that are misconnected. Paired with RampLink, T-Link is moving us toward a paperless ramp.



- **Special Identification for Law Enforcement**

This new program eliminates the need for triplicate forms when law enforcement personnel travel with firearms on aircraft. Instead, the information is printed on a boarding pass stub.

- **Online Office Supply Catalog**

AA Purchasing has teamed with office supply giant Staples® to offer SmAArtBuy users an online version of their catalog. This eco-friendly initiative eliminates 1,800 paper catalogs. The online catalog is easy to use and includes nearly all items from the print version.

- **Portable Laptops for Aircraft Mechanics**

Mechanics who overhaul aircraft now have laptops that provide real-time access to aircraft manuals. Previously, mechanics had to print the necessary sections of the manual — some of which could be as long as 100 pages — before each assignment.

- **Electronic Parts Management**

Our new parts tracking system eliminates the printing of tracking documents every time a part is ordered. This means that approximately 700,000 fewer documents will be printed each year. Our new parts procurement system is used to order many parts electronically, eliminating the printing and mailing of purchase orders. Suppliers can also use the system to electronically send invoices, further reducing paper use.

- **Thin-Gauge Paper Stock**

American Way, our in-flight magazine, now is printed on thinner paper, reducing consumption by more than 10 percent. At airports, we are replacing boarding passes with thinner gauge paper that reduces paper consumption by 30 percent.

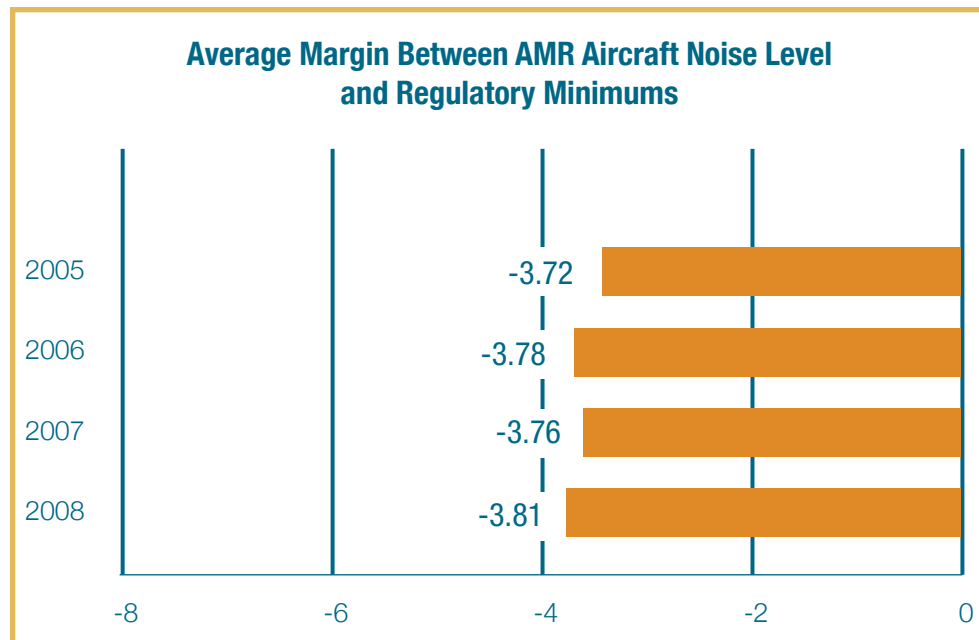
Noise

We recognize that noise is an important, localized concern for the communities near the airports we serve. In part, the answer to achieving greater noise reductions is continued fleet renewal efforts introduced in our 2007 ERR. New aircraft continue to be quieter than their predecessors. As such, as we continue to place orders for and take deliveries of Boeing 737 and 787 aircraft, we continue to achieve noise reductions associated with our fleet. Our efforts to equip aircraft with winglets also reduce aircraft noise.

Water

• Water Use

Water is not a material input for any of AMR's operations, and we do not plan to calculate a water footprint of our operations. However, we believe water will be a major part of future sustainability and corporate responsibility reporting frameworks. We are presenting a scorecard dedicated to water use that can be expanded as necessary.



²⁶ GRI performance indicators EN21 and EN8

²⁷ GRI performance indicator EN10

Like all airlines, we operate in widely dispersed facilities, both owned and leased. At many locations, certain services are bundled as part of our leaseholds. One such service is water supply. As such, we do not have metered water discharge at many of our locations and cannot report accurate data for these activities; however, we can and do track water use/discharge at major facilities, including our headquarters and maintenance bases.²⁶

The approximately 7 percent increase in water use during 2008 was a result of an outage of our reverse osmosis (RO) system at our Alliance Maintenance and Engineering Base, known as AFW. As a result of this outage we had to buy make-up water for several months. Under normal operating conditions, we are able to recycle a large portion of the water used at this base through the RO system.²⁷ The RO membranes were replaced in December 2008, and we expect to show a corresponding decrease in water use in 2009.

• Water Use Reduction or Reclamation

Our water use represents a small fraction of the water used in each of the markets for which we have data. We do not believe our operations have a material impact on the local water sources from which it is collected. Regardless, as a matter of good stewardship, we make efforts to reduce our water consumption and/or reclaim recovered wastewater, where practical.

In 2008, AMR was awarded the U.S. Environmental Protection Agency's 2008 Water Efficiency Leadership Award for our role in sustainable irrigation water management at our headquarters. Our Kansas City, Mo., maintenance base was awarded the Gold Award Certificate for pretreatment by the Missouri Water Environment Association Industrial Waste Committee.

Again the AFW water treatment plant was awarded the Pretreatment Associate Award. The award recognizes American for full compliance with local, state, and federal water quality regulations. Winning the award is no easy task, as AFW treated nearly 17 million gallons of water in 2006. AFW's reverse osmosis system also allows AFW to recycle about 30 percent of its water intake and use the recycled water for aircraft washing and other maintenance work, saving thousands of gallons of water and thousands of dollars.

Non-GHG Emissions²⁸

AMRs operations do result in emissions of some regulated air pollutants that are not GHG emissions. Our regulated emission sources:

- Combustion of jet fuel in aircraft
- Jet fuel combustion at test cells
- Fuel combustion for on-site electric generation, steam generation, and comfort heating
- Fuel combustion in company-owned vehicles and ground support equipment
- Process (painting and cleaning) emissions at maintenance bases

The vast majority of nitrous oxide (NO_x), carbon monoxide (CO), sulfur dioxide (SO₂) and 10 micrometer or smaller particulate matter (PM₁₀) emissions are associated with jet fuel combustion in aircraft. Generally, we are not required to report transportation-related emissions to state or local air agencies under

the Clean Air Act. We do report non-transportation air emissions for our maintenance bases and select airports.

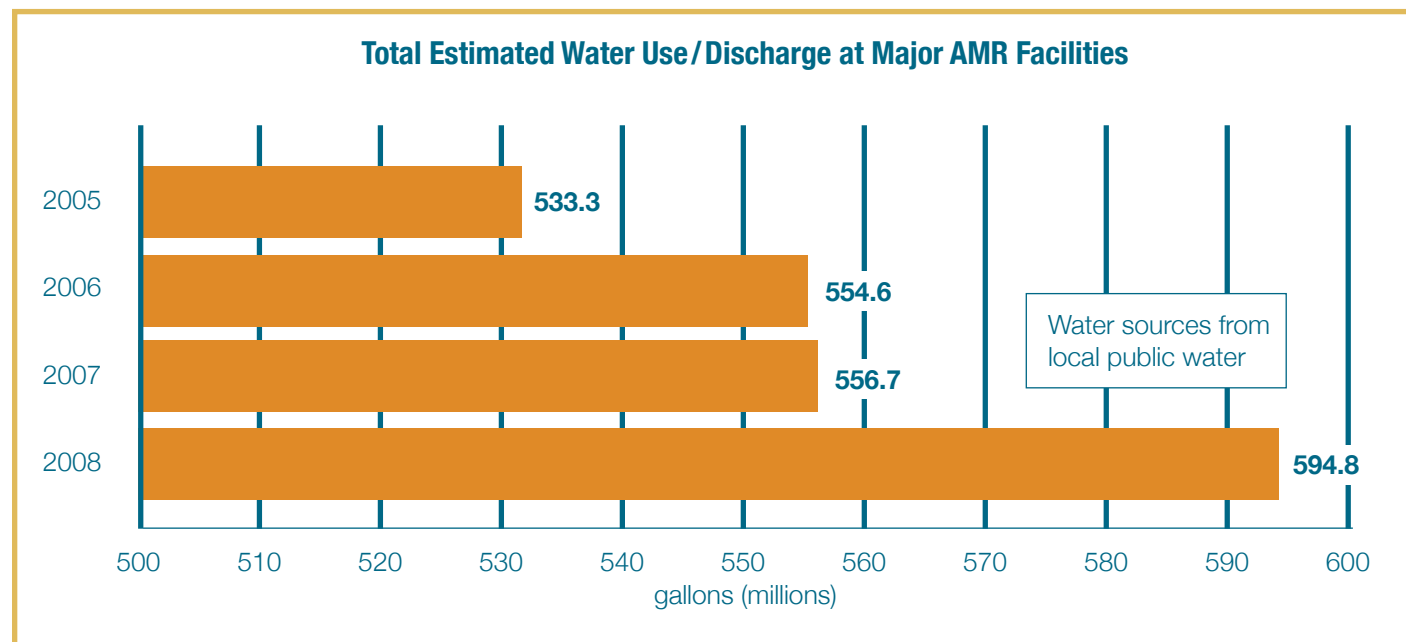
Ozone Depleting Substances²⁹

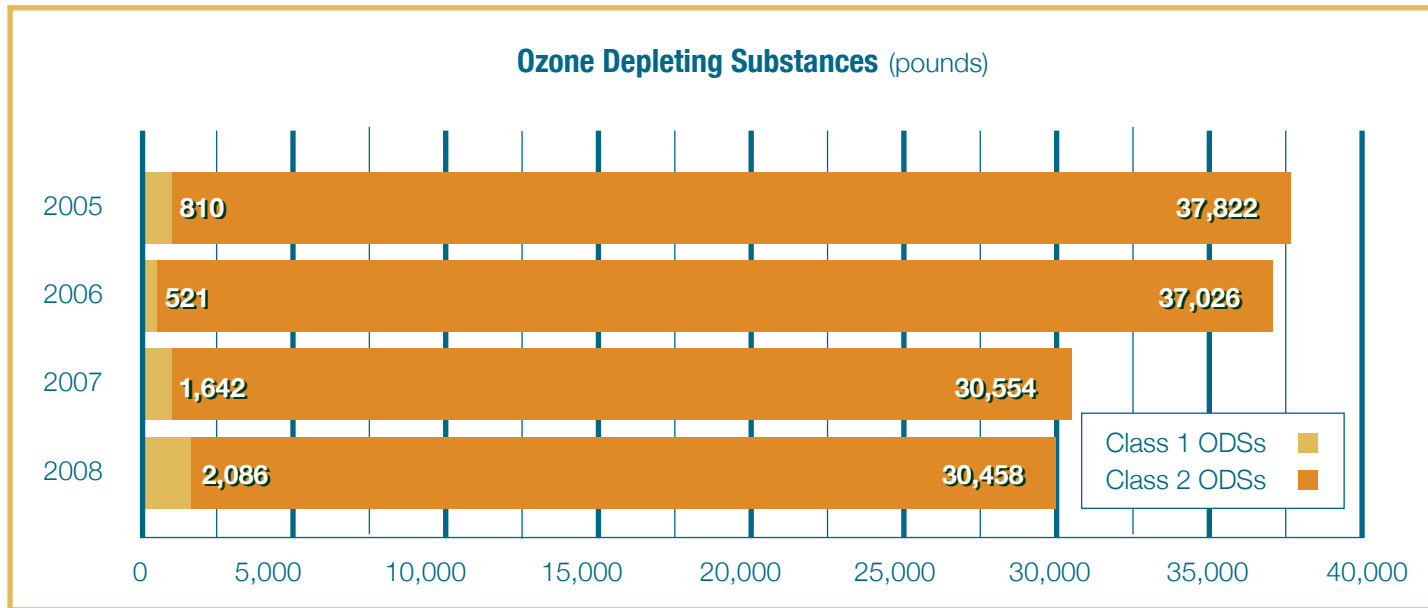
In 2007, we began reporting our use of ozone-depleting substances (ODS). Most of the ODSs we use are Class 2 materials as defined by the Clean Air Act. Halon, used in FAA-certified fire extinguishers, remains our sole Class 1 ODS. This material will be phased out with our fleet renewal efforts, so we do not have a need to address reduction of Class 1 ODSs. Industry suppliers are working to develop and certify FAA-approved alternatives to the popular Class 2 ODS solvent dichlorofluoroethane (HCFC-141b). HCFC refers to hydrochlorofluorocarbons, which are no longer made, but are still legal to use and are required to be used in many circumstances by current FAA rules. HCFC-141b represents approximately 96 percent of the Class 2 ODSs we use.

In 2008, AMR was awarded the U.S. Environmental Protection Agency's 2008 Water Efficiency Leadership Award for our role in sustainable irrigation water management at our headquarters.

²⁸ GRI performance indicators EN20

²⁹ GRI performance indicator EN19





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Waste Minimization

AMR is committed to recycling materials where practical, promoting employee awareness, and empowering employees to identify additional ways to conserve the resources used to conduct our business. Regular publication of our waste minimization performance data in our CRRs help achieve this goal.

Environment

Environmental Coordinator — A Key Strategy for Realizing Our Commitment to the Environment

On Earth Day, the Philadelphia International Airport recognized a group of American employees for their efforts to improve and safeguard the environment through their role as environmental coordinators (ECs). Bert Elliott, ramp crew chief and lead EC who accepted the award, was quick to share the accolades with his colleagues and fellow ECs.

“It’s all about making a better future for our families and those we care about,” Elliott said. “The airport operator at Philadelphia wants to go green, and we want to help.”

Elliott was quick to point out that this was a group effort and deserved group recognition for the whole American environmental team — Stacy McLaughlin, John Breeden, Michael T. Etling, Raphael Jackson, Jill Johnson, and Ann Mie Czap-Rillaerts. Third-party recognition is a source of pride for us. The opinions of people outside our organization add credibility and validate our cause.

Environmental Leadership

The Philadelphia airport authority recognized two American fleet service clerks out of thousands of employees for their environmental leadership. American’s Craig Dumont shared honors with his brother Tim, a ramp clerk with another airline, for their leadership roles in Ducks Unlimited, the

leading waterfowl and wetlands conservation entity in North America. Their chapter watches over the 1,000-acre John Heinz National Wildlife Refuge, which borders the airport. It is the largest fresh-water tidal marsh in Pennsylvania, serves as a key stop in the Atlantic flyway, and is a nesting place for more than 80 species of birds and waterfowl.



The Philadelphia environmental team was honored by the airport for ongoing efforts to improve and safeguard the environment through their work.

Fuel is and will continue to be the most intensely used material in our operations; however, many other material resources are used in our work flow. Where possible, the resulting spent products are reclaimed or recycled. Here is a summary of the wastes generated and materials recycled:

Hazardous / Non-Hazardous Waste Generated by Type (pounds)³⁰

	Location	2004	2005	2006	2007	2008
Hazardous	American Operations	115,341	265,706	265,333	189,284	123,144
	Eagle Operations	145,803	227,613	146,951	184,580	143,066
	Operations Subtotal	261,144	493,319	412,284	373,864	266,210
	Maintenance Bases	2,594,686	1,775,267	1,690,624	2,169,433	1,722,598
	Operations and Bases Subtotal	2,855,830	2,268,586	2,102,908	2,543,297	1,988,808
Non-Hazardous	American Operations	661,585	488,344	640,477	1,301,924 ³¹	1,763,386
	Eagle Operations	214,445	158,761	139,475	236,617	253,364
	Operations Subtotal	876,030	647,105	779,952	1,538,541	2,016,750
	Maintenance Bases	1,542,783	1,810,746	794,452	2,074,750 ³²	2,542,092
	Operations and Bases Subtotal	2,418,813	2,457,851	1,574,404	3,613,291	4,558,842
	TOTAL	5,274,643	4,726,437	3,677,312	6,156,588 ³³	6,547,650

³⁰ GRI performance indicator EN22 and EN24

³¹ Now includes Anything That Tears, 524,000 pounds, previously reported at 777,924 pounds.

³² Now includes SOS Metal Recycling, 966,155 pounds, previously reported at 1,108,615 pounds.

³³ Updated for 2008 report; first year to include both Anything That Tears and SOS Metal Recycling numbers; recycling numbers added for 2008 report, previous total was 4,666,453 pounds.

2008 Material (total pounds)

Petroleum and other high BTU chemicals sent for fuel blending, energy recovery, incineration, or other disposal methods.	968,330
Used oil, absorbents and filters	484,192
Metal spray and blast media	286,557
Empty drums and cans – poly and metal	73,525
Solutions, inorganic chemicals, sludge and debris	1,204,914
Lamps and ballasts	57,842
Batteries	9,873
Miscellaneous hazardous and non-hazardous materials, wastewater sludge, soils, and debris	1,405,058
Rinsate water	19,694
Antifreeze	57,369
Oxygen generators	14,061
Electronics, computers and related	45,885
Miscellaneous recycled material	1,914,981
Other miscellaneous material	5,369
Total	6,547,650

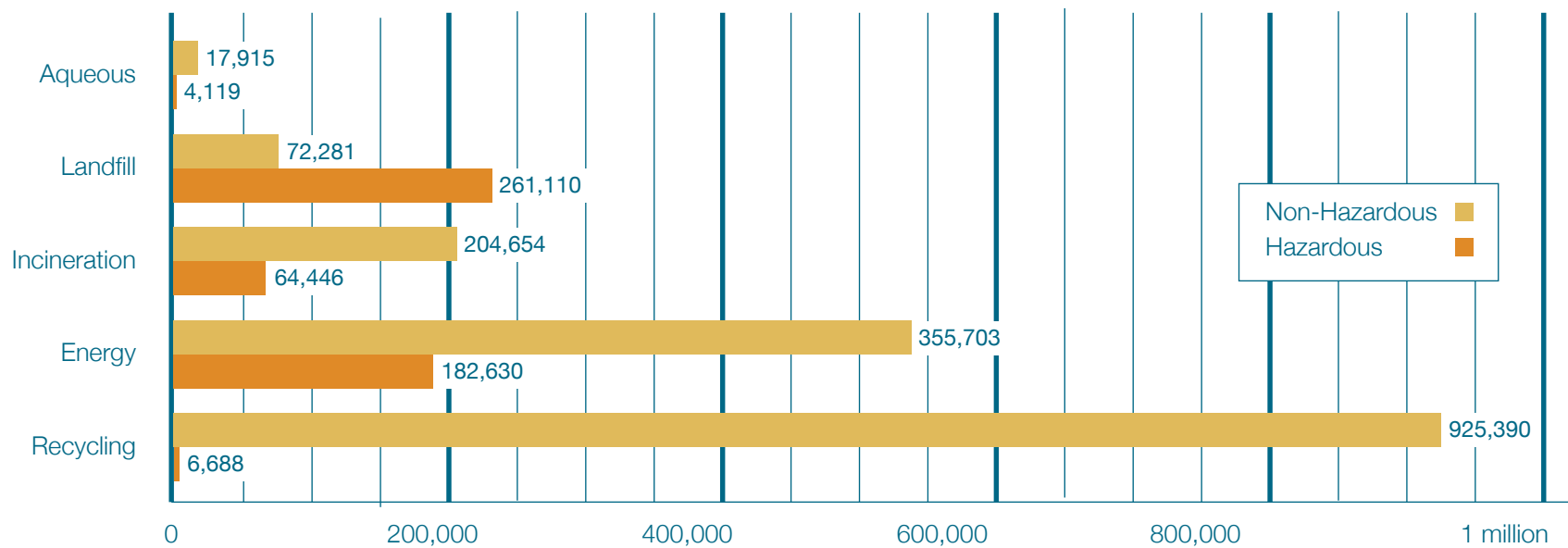
Environmental Policy

AMR's environmental policy was presented in detail in our 2007 ERR and is available online at <http://www.aa.com/content/images/amrcorp/amrerr.pdf>. AMR has continued to implement that policy in 2008 and looks forward to its success in 2009 and beyond.

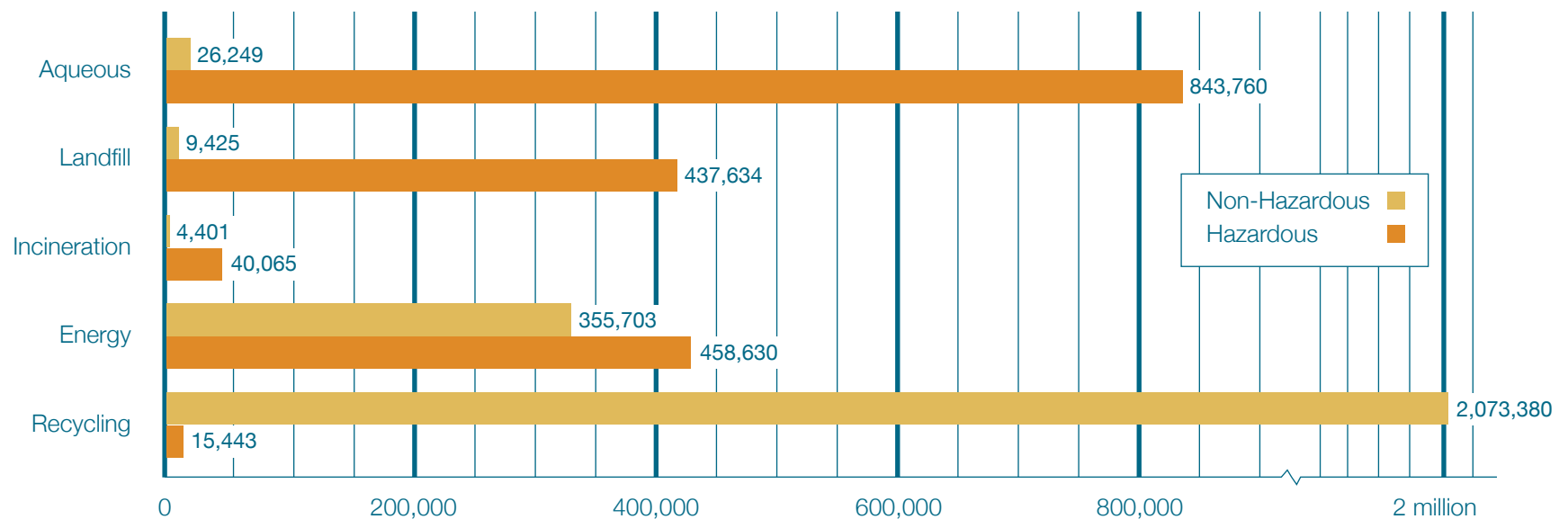
The managing director of Corporate Environmental reports directly to the vice president of Safety, Security and Environment, who reports annually to the board. Administratively, this vice president reports directly to AMR's executive vice president of operations who, in turn, reports directly to CEO Gerard Arpey.



2008 Disposal Summary for Airport Operations (pounds)



2008 Disposal Summary for Maintenance Bases (pounds)



CAN IN-FLIGHT RECYCLING SAVE AN ENDANGERED SPECIES?

Our flight attendants recycle more than 10 million aluminum cans each year through their in-flight efforts. Heather Bell is a former flight attendant for American. Thanks to the interests of Heather and her fellow flight attendants, the endangered Tennessee purple coneflower is proposed for delisting from the endangered species list due to recovery — a rare event.

While American's flight attendants were not solely responsible for this success, past donations from American's flight attendant recycling program supported The Nature Conservancy's (TNC) purchase of property to protect this flower. The recovery efforts of TNC and others funded by donors like American's flight have made it possible for this flower to be considered for removal from the endangered species list.

Heather is now a natural resource specialist with the U.S. Fish and Wildlife Service, the agency responsible for the listing and recovery of endangered species, and was proud to share the news with her former peers. We thought this news would be equally interesting to readers of our CRR.

American's flight attendants continue their philanthropic traditions today. AMR is proud of the results they achieve and thanks each of them for their continued interest and effort.





UNICEF

For the World's Children

American has a soft spot for children. Whether it's bringing them financial resources to live or bringing them to the "happiest place on Earth," children are a priority.

Through two programs in 2008, American made life a little sweeter for the world's youngest population.

American employees and customers raised nearly \$770,000 for UNICEF through the Change for Good program, a partnership between UNICEF and international airlines. That brings American's running total donation to more than \$2.8 million.

Since 1994, American has been the participating airline partner in the United States. The program was established in 1987 and is one of UNICEF's best-known and longest-running partnerships. Twelve international airlines participate.

The Change for Good program is supported by Airline Ambassadors International (AAI), a humanitarian organization founded by American Airlines flight attendants. AAI leads the effort to recruit "Champions for Children," volunteer flight attendants who make the program happen, encouraging passengers to get involved and collecting on American flights.

For more information, visit www.aa.com/unicef and www.airlineamb.org.

American Cancer Society

A Spirited Hero, Leading the Fight Against Cancer



Mary Beth Reddell, Hero of Hope.

That hero is Mary Beth Reddell, who was named an American Cancer Society Hero of Hope in 2006. Reddell, a senior analyst in regulatory compliance for American Airlines, has been fighting colon cancer for several years. It started with symptoms her doctor could not identify. Reddell self-diagnosed the disease, then surgery revealed a grim situation: a tumor on her liver and cancerous cells in her abdominal tissue.

“My doctor looked straight at me and said, ‘You know there’s no cure,’” she said. “That really ticked me off. I thought, ‘You don’t know who you’re dealing with.’”

A few months into treatment, it became clear just how difficult fighting the cancer would be, but Reddell was up to the challenge. “I thought to myself, ‘This is going to be bad, but I can handle it. But there are going to be a lot of people looking at me. I need to decide how I’m going to do this,’” she recalls.

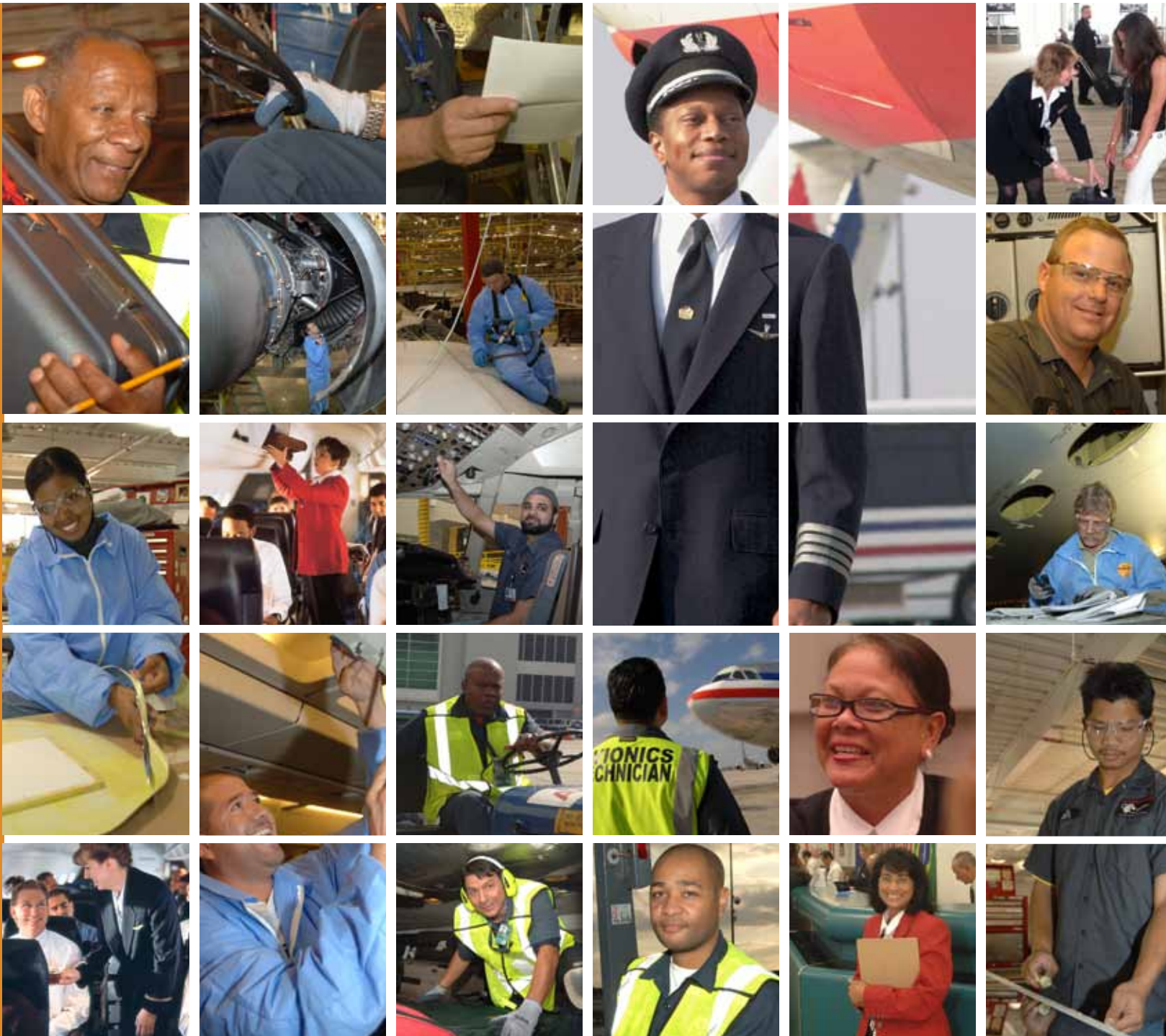
Courage like that is contagious, and her co-workers quickly felt the vibe. Next thing she knew, her department had formed a Relay For Life team and raised \$25,000. The next year, she took up the Relay For Life cause herself and raised an amazing \$90,000.

Unfortunately after a year’s hiatus from cancer, it returned. More surgery, chemo, and 12 additional treatments followed. Nevertheless, in 2006 she worked with relay teams across the American system to help raise a whopping \$417,000.

In January 2008, Reddell underwent surgery to remove her spleen. Yet she keeps defying the odds. “I just let God handle all my cancer stuff,” The only thing you can control is your attitude, so I focus on that.”



Fellow Hero Bettina Wade with Reddell at Relay event.



Global Commitment: Focus on Employees

In 2008, AMR had 84,100 employees. Approximately 74 percent of American employees and 67 percent of Eagle employees were represented by labor unions.³⁴ The remaining employees include management and non-management employees. Approximately 78,000 employees worked in North America, with the remaining employees stationed throughout the world.

Pay and Benefits³⁵

Around the globe and across job categories, from pilots to ramp workers, flight attendants to maintenance technicians and customer-service providers, American provides superior wages and benefits — at or near the top of the airline industry — and almost always well above the U.S. average. In 2008, AMR paid nearly \$6.7 billion in direct wages and benefits.³⁶ We provide a comprehensive package of health and life benefits for employees and their families; these can be tailored to individual needs, require relatively small employee contributions, and extend to domestic partners. For more information on how American's compensation and benefits policies compare to other airlines, go to <http://www.aanegotiations.com/business.asp>.



³⁴GRI performance indicator LA4

³⁵GRI performance indicators LA3 and EC3

³⁶GRI performance indicators EC1 (2.1c)

	North America	Caribbean and Latin America	Europe	Asia
Salary and Benefits	\$6,450.4 million	\$107.2 million	\$84.9 million	\$10.0 million

Employees, families, and even their friends enjoy the ability to travel worldwide at vastly reduced fares on American and Eagle, and on dozens of other airlines that offer reciprocal privileges. Many hotels, cruise lines, and rental car companies offer substantial discounts to our team members. For more than 70 years we have operated a member-owned credit union, a cooperative “bank” that pays savings rates above those that commercial banks provide, provides loans at below-average rates, and offers a range of financial planning and credit counseling services.

- **Retirement Benefits**

Since the beginning of 2002, American has funded more than \$2 billion to our pension trust funds and another \$1 billion to other defined contribution programs for our employees. For this, *PLANSponsor* magazine named American Sponsor of the Year for its ongoing strategic approach and unwavering commitment to retirement plans for approximately 133,000 participants.



The company's commitment remains. Despite a challenging year in 2008, AMR continues to fund its defined-benefit pension plan and continues to match employee 401K programs. Most importantly, under the Pension Protection Act funding provisions, our pension plans remained more than 80 percent funded at the beginning of 2009, and we do not anticipate benefit restrictions in 2009.

In addition to the pension benefits we provide, retirees who have achieved specified ages and years of service continue to enjoy subsidized health insurance for themselves and their family, can purchase a range of other health and welfare coverages, and have access to travel privileges on American, Eagle, and many other airlines.



- **Development and Retention³⁷**

We value the deep experience of the AMR team. Employees with more than 15 years of employment with the company make up 59 percent of our workforce. Over the past four years, our employee turnover rate has ranged from 8 percent to 11 percent, substantially below the overall U.S. turnover rate of 21.6 percent in 2008.³⁸ These numbers include voluntary and non-voluntary turnover, as well as retirements.

We have a long and successful history of growing our own talent and are committed to providing career opportunities to employees so they have the opportunity to reach their professional and personal goals. In 2008, 82 percent of management position openings were filled by internal candidates.

By treating employees fairly across the globe and providing the necessary training, we know we are advancing the future success of our airline. We also encourage and allow our people to make a difference in meaningful, non-work-related areas as part of their career with us. Many success stories appear throughout this report. We hope they will inspire you to action, too.

³⁷ GRI performance indicator LA2

³⁸ <http://www.bls.gov/jlt>





A pink ribbon livery on the tail and fuselage of eight American and Eagle aircraft is a visible sign of AMR's commitment to supporting cancer research.

AA GOES PINK

American and Eagle have taken their commitment to supporting cancer research to new heights.

Strengthening our already long-standing partnership with Susan G. Komen for the Cure, in August 2008, American and Eagle became Komen's inaugural Lifetime Promise Partner. We have pledged to raise at least \$1 million each year for eight years for the organization in support of the new Promise Grant program.

"Nearly everyone at (American) and Eagle has been affected (by cancer), either personally or through a friend or family member," says Bernie Willett, AMR director of cause-related marketing. "Hundreds of employees turned out for the launch of the 757, 777, and Embraer aircraft on which the Komen pink ribbon has been painted, and thousands more have been active in the Race for the Cure and other Komen fundraisers. Our people are deeply committed to this cause."

The 2008 first Promise Grant recipient is the University of Texas M.D. Anderson Cancer Center in Houston. The funding will help research aimed at earlier detection of inflammatory breast cancer, the most lethal and underfunded form of the disease. American's annual celebrity golf and tennis event will be the primary source to fund the grant. Customers also can donate through the Miles for the Cure program. We've already seen a tremendous response, with more than 6,500 AAdvantage program members contributing more than \$600,000.

"The iconic Komen pink ribbon decal on eight of our planes will help increase visibility of this cause," Willett says. "And this historic partnership will serve to strengthen our brand around the world and in the communities we serve."



Eagle Soars to Help Fund a Cure

In 2008, American Eagle unveiled a special new livery that will ultimately adorn six Embraer-145 aircraft and two American jets — a distinctive pink ribbon that is the instantly recognizable symbol for Susan G. Komen for the Cure®. Applied with care and precision by a team of volunteers at Eagle Aviation Services Inc. (EASI) in Abilene, Texas, the ribbon extends 83 feet along the fuselage and up 13 feet onto the tail.

“The men and women of Eagle Aviation Services did a terrific job of turning an idea into reality,” said David Campbell, senior vice president of technical operations. “When we approached maintenance director Harley Hall and his team with the concept, they couldn’t have been more supportive.”

When the call went out for volunteers to help ready the aircraft and apply the pink ribbon decal, the response was immediate and overwhelming. Nearly 40 employees — many of whom brought family members or loved ones — turned out over the weekend for the special livery application. The community supported the effort, as well. A local Boy Scout troop volunteered time to cook lunch for everyone at the hangar. The City of Abilene also donated equipment for the inaugural ceremony.

“It was a wonderful — and often emotional — day,” said Dan Heath, Eagle marketing director and champion of the livery concept from the beginning. “This disease touches so many lives. Many of the volunteers have a history of breast cancer or are currently fighting it.”

“I couldn’t sleep last night, I was so excited to see our plane with the Komen livery,” said Melvina Thormeyer, Eagle records clerk in Abilene, Texas, and breast cancer survivor. “It will help get out the message about breast cancer to our customers and my fellow employees. I am very proud of Eagle.”

There are many ways to participate:

- Visit www.aa.com/komen. With your AAdvantage number and a minimum \$25 donation, earn five miles for every dollar you donate.
- Visit www.komen.org/donation. Select from several donation methods.
- Participate in the annual Susan G. Komen Race for the Cure. Go to www.nationalraceforthecure.org to start a team, join one, or register as an individual.



Global Commitment: Focus on Diversity

Diversity and Inclusion — A Business Imperative

As a global airline, we are in constant competition to earn the business and loyalty of every customer. To succeed in today's marketplace, it is imperative that we embrace the ever-increasing diversity of our own team and the world around us. We work hard to create an environment where people feel empowered to contribute their unique talents, perspectives and ideas to the business every day.

American has made a long-term commitment to diversity and inclusion, and that commitment does not fluctuate with the ups and downs of the economy. We promote diversity, not just in how we look, but also by encouraging diversity of thought. Thought leadership yields benefits to all stakeholders — employees, customers, suppliers, communities, and shareholders.

Commitment to Diversity

Ensuring a safe and respectful workplace that values diversity and inclusion requires more than just commitment. It requires an infrastructure to support it over the long term. At American, this infrastructure includes:

- A diversity committee of the board of directors that oversees American's diversity and inclusion strategies and priorities.
- Meaningful and measurable diversity and inclusion objectives. These objectives include hiring, promotion and retention of women and minorities, employee involvement and recognition, diverse supplier spending goals, diverse segment marketing, and community involvement.
- Dedicated teams in diversity strategies, supplier diversity, diverse segment marketing, and specialty sales, all working together to maximize their value and impact.
- Sixteen Employee Resource Groups (ERGs), each with executive-level sponsorship. They bring their ideas and perspectives to bear in support of the business and in reaching out to communities.



- A Diversity Advisory Council with two representatives from each ERG. It meets bimonthly to collaborate in supporting business strategies and to act as a sounding board for policy and product changes.
- A companywide network of more than 600 workplace advocates who have volunteered and are trained to promote a positive and respectful work environment.
- Long-term partnerships with key external advocacy organizations.

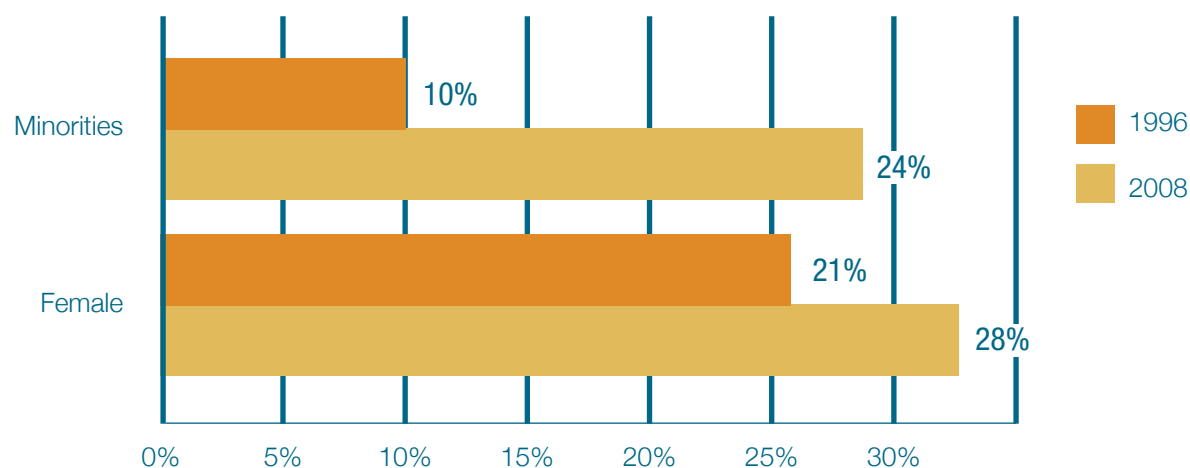


Workforce Diversity

Overall, AMR's employee base reflects the changing demographics of the United States and all the countries in which we operate. Of our U.S.-based employees, 40 percent are women and 32 percent are ethnic minorities. The racial/ethnic makeup of our workforce generally reflects current U.S. demographics.

Female and minority representation among mid- and upper management (the top 2 percent of the corporation) has improved significantly over the past decade, despite a reduction of management employee numbers by half during this same timeframe. This progress has been achieved through development, promotion and retention of people within the airline. We have a long and proud history of growing our own leaders at American.

Female and Minority Representation Among Top 2 Percent of AMR Management



In 2008, following the lead of existing AMR ERGs, two additional employee groups successfully launched their own networks.

Generation Now (Gen Now) ERG

With four generations of employees in the workplace, amid different work styles and expectations, the Gen Now ERG formed to focus on the needs of employees beginning their careers, bringing fresh, new perspectives on business challenges and opportunities. The members of Gen Now help each other navigate the corporate world, leverage their networking acumen, and actively support AMR initiatives to attract and retain top talent.

Veteran Military ERG (VMERG)



VMERG is AMR's newest Employee Resource Group. At the heart of this group's formation is a passion for causes associated with veterans, active duty military and their loved ones. With so many veterans, reservists and family members of active duty military among the people of AMR, the excitement for this ERG took off and membership quickly grew.

VMERG is expected to become one of the largest groups, as membership is not limited to military veterans, but includes anyone interested in understanding and supporting their roles and contributions.

These two ERGs follow in the successful footsteps of the groups that came before them and serve as models of achievement.

The Developing Role of ERGs

American's 16 ERGs represent the diverse communities of interest within our company. Each ERG has its own mission and bylaws, but they share a common purpose: to contribute to the growth and success of individual members and the company. The first ERG was formed in 1994, and the two newest groups (Generation Now and our Veterans/Military ERG) were formed in 2008. In addition to the growth in the overall number of ERGs, American experienced a 43 percent increase in ERG membership and a 40 percent boost in the number of chapters in 2008 compared with 2007.

Initially, our ERGs were internally focused, promoting policy and work environment improvements. However, the role of ERGs has evolved. Today, they are involved in contributing to many aspects of the business — from providing input into the products and services needed for new international routes to conducting focus groups to identify new opportunities to improve the company's marketing efforts and customer experience. In addition, as companies face the realities of having four generations in the workplace and the impact of technology on our work, the ERGs bring valuable insight and understanding into how people of different generations can learn from each other and work together better.



Employee Resource Groups at AMR, now numbering 16, cover a broad range of interests and contribute to many aspects of the AMR culture, from business input to employee events. The Asian-Pacific Islander ERG, for example, led a celebration of the Chinese New Year.

Diverse Segment and Women's Marketing: At a Glance

Marketing/Sales

- Diverse segment and women's marketing teams
- In-language advertising, promotions and communications
- International and in-language Web presence
- Diverse segment and women's Web presence

Deliver Travel Product/Service

- Worldwide route network and Admirals Clubs
- Multi-language personnel in reservations, at the airport, on-board the aircraft, and in Admirals Clubs
- In-language airport signage
- In-language in-flight entertainment

Loyalty

- Frequent flyer program
- AA.com/rainbow newsletters
- AA.com/women's forums
- Pillar organization support
- Political support of the Employment Non-Discrimination Act

Brand Extension

- Sponsorships
- ERG community involvement
- Employee volunteerism and board service
- In-kind donations

Leaders and members of our ERGs contribute significantly to American's profile and involvement in the community, acting as passionate ambassadors for our diversity, marketing, and philanthropic initiatives.

Diversity's Impact on Other Areas of the Business

• Supplier Diversity and the Impact of Women- and Minority-Owned Businesses

The importance of small- and medium-sized businesses to the U.S. economy is well-documented. Women- and minority-owned businesses are among the fastest growing segments of the economy. They are important to American, both as customers and as suppliers. Investing in the growth of entrepreneurial, minority- and women-owned businesses in our major locations is important for our communities, for building mutually beneficial business relationships, and for the environment.

As an airline, American is an economic engine that fuels economies around the world, and it is our responsibility to extend the opportunity for women- and minority-owned and small businesses to grow and prosper as part of our supply chain. Since the inception of our Supplier Diversity Program in 1989, American has spent more than \$3.6 billion with certified women- and minority-owned businesses.

In addition to our direct expenditures, we require majority contractors on major projects, such as airport terminal construction, to meet diversity objectives in their subcontracted work. Our sponsorship of Business Matchmaking since 2004 provides an opportunity for women- and minority-owned businesses to network and bid on new business.

- **Diverse Segment and Women's Marketing**

The ability to communicate and serve customers with differing cultural backgrounds, experiences, languages, and expectations in a respectful way that resonates has become more important than ever. American uses a combination of third-party advisers, newly formed external advisory councils, ERGs, and relationships with key advocacy organizations to gain insights into how to provide the best travel experience for all customers.

Because service is the focus of our diverse segment and women's marketing efforts, we recognize that we must go beyond marketing and sales to deliver a positive travel experience. Only then will we be successful in earning customer loyalty and retaining brand equity we've built over our 80-year history. Some examples of how we do this are highlighted in the box on page 55.

- **Featured Diverse Segment and Women's Organizations**

Although American partners with numerous organizations around the world, some key organizations supported by AMR include the Minority Business Council and the Women's Business Enterprise National Council. In the African-American community, AMR sponsors organizations such as the NAACP, National Urban League chapters in our key locations, the National Black MBA Association, the Thurgood Marshall Scholarship Foundation, and Paul Quinn and Jarvis Christian colleges.

In the Hispanic community, the company supports the Hispanic Women's Network of Texas; the League of United Latin American Citizens (LULAC); National Council of La Raza (NCLR), the National Association of Latino Elected and Appointed Officials (NALEO) National Conventions, the Latina Style 50 Best Practices on Diversity Conference, and many others. The lesbian/gay/bisexual and transgender (LGBT) team supports organizations such as the Human Rights Campaign, the Gay and Lesbian Alliance Against Defamation, Lambda Legal, and the National Gay and Lesbian Chamber of Commerce.



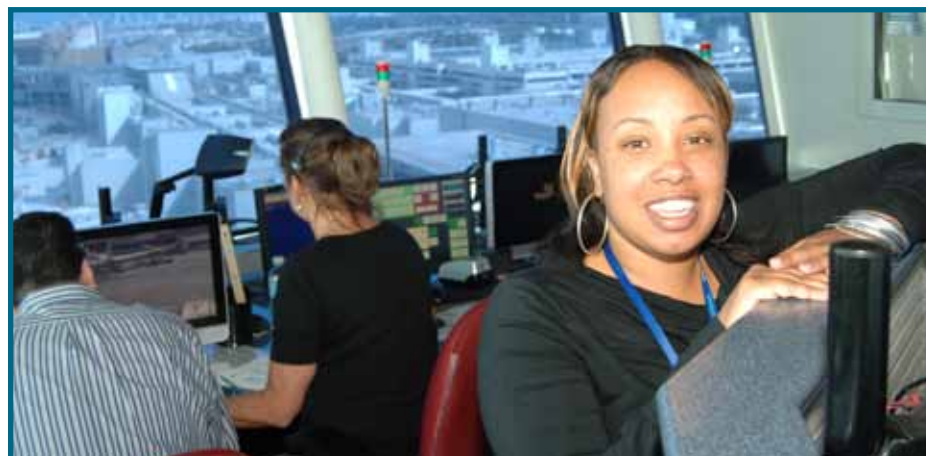
This Major League Soccer ad was placed in game programs at national and local levels. It features AA employees and demonstrates our commitment to diversity worldwide.

AMR History of Diversity

AMR has a long history of promoting diversity, and it is an integral part of the company's culture. While there are numerous firsts, the timeline below highlights some of the company's industry-leading diversity achievements.

- 1963 – Industry's first African-American flight attendant hired
- 1964 – Industry's first African-American pilot flies
- 1973 – Industry's first female pilot hired
- 1986 – AMR's first female captain
- 1989 – Established supplier diversity program
- 1994 – First AMR Employee Resource Group formed
- 1995 – Established AMR Diversity Advisory Council
- Mid-1990s – AMR Diverse Segment Sales teams formed
- 2000 – First U.S. airline to offer domestic partner benefits
- 2003 – AMR Board Diversity Advisory Committee formed
- 2008 – AMR external advisory councils for women and lesbian, gay, bisexual, and transgender created

In addition, AMR supports women's organizations such as the Susan G. Komen Foundation, Women's Leadership Exchange, the National Association of Women MBAs, Women President's Organization, and eWomen's Network.



Diversity Awards³⁷

AMR's focus on promoting diversity encourages our people to be advocates and elevates the way we conduct business. We are proud of our accomplishments and are pleased to share some of the recognition American received in 2008.

- CEO Gerard Arpey was featured on the cover of the inaugural edition of *Diversity Executive* magazine.
- For the seventh consecutive year since its inception, we earned a perfect 100 on the Human Rights Campaign's Corporate Equality Index, which measures companies' fair and equal treatment of LGBT employees.
- American and American Eagle are honored to have been recognized as great places for minorities and women to work and for our diverse culture:
 - Named as one of the 25 Most Noteworthy Companies in 2008 by DiversityInc magazine.
 - Ranked ninth on the Association of Diversity Councils' Top 25 Company Diversity Councils for 2009.
 - Selected by *Diversity MBA* Magazine as one of the 2009 50 Out Front for Diversity Leadership Best Places for Diverse Managers to Work.
- Ranked 25th in *Equal Opportunity* magazine's annual Top 50 Employers, recognized by readers as a company that proactively recruits and hires minorities. American was the only airline to make the prestigious group.
- Named as one of the Diversity Elite 60 by Hispanic Business magazine, for commitment to Hispanic hiring, promotion, marketing, philanthropy, and supplier diversity for the third consecutive year.
- Named an Employer of Choice in 2009 by the Minority Corporate Counsel Association for the effort of American's Corporate Legal Department in promoting diversity and inclusion
- Received the Best Companies for Blacks in Technology Award in 2009 from the National Black Data Processing Associates and WorkplaceDiversity.com
- Received a sixth consecutive LATINA Style 50 award in 2008, recognizing the company's commitment to advancing the careers of professional Hispanic women.

³⁷GRI standard disclosure 2.10



CEO Gerard Arpey (right) presents board member Earl Graves with the inaugural Award for Leadership, which will bear his name. The founder of Black Enterprise magazine was elected to the AMR board in 1995 and chaired the Diversity Committee since its formation in 2002. The award will go to an AA employee who demonstrates exceptional leadership in diversity and inclusion.

Graves retired from the board in 2008. Board member Roger Staubach — who is also an NFL Hall of Fame quarterback and successful businessman — was named to succeed him as chairman of the Diversity Committee.



miles for
kids
in need

AA.com/kids



MILES FOR KIDS IN NEED

In 2008, the American Airlines Miles for Kids in Need program provided air travel assistance to more than 300 children, issuing over 600 tickets to kids in need and their families. In addition to the million miles American donates annually to the program, more than 20,000 AAdvantage members chose to donate their unused miles for a total nearing 140 million miles.

The Miles for Kids in Need program, established in 1989, expanded its scope during the fourth quarter of 2008, to provide worldwide support through miles and other initiatives for more children and their families. The program also supports organizations dedicated to improving the quality of life for children with medical, educational, and social services needs, or for groups that heighten public awareness of children's issues.

Some of the charities that have benefited from and made referrals to the Miles for Kids in Need program in 2008:

- UNICEF Change for Good
- Cystic Fibrosis Foundation
- Flagship Charities
- International Hospital for Children
- Shriners Hospitals for Children
- Miracle Flights for Kids
- Helping Hands for Honduras
- Childspring International
- Association Neuf De Coeur
- Brucker Biofeedback Center at the Miami Jewish Home and Hospital
- China Mission

Additionally, American received mileage donations for the Make-A-Wish Foundation from approximately 12,000 AAdvantage members for a total of nearly 42.5 million miles. Lives of 31 children were brightened through the efforts of 800 employee volunteers in 29 cities across the AMR network, participating in WishFlight 2008. WishFlight is the Something mAAgic Foundation's marquee event, sending Make-A-Wish children for a seven-day retreat in Orlando, Fla.

American Airlines Celebrity Ski Weekend Benefits the Cystic Fibrosis Foundation



American has been a national sponsor of the Cystic Fibrosis Foundation since 1986. The relationship is one of the airline's longest. The annual Celebrity Ski Event raises funds to battle cystic fibrosis, a life-threatening disease that affects nearly 30,000 children and adults in the United States. Over the past 24 years, American has raised more than \$28 million for the foundation, and American is the largest overall contributor to the organization. American's fund-raising success and its in-kind support have resulted in its being designated the Cystic Fibrosis Foundation's Outstanding Corporate Sponsor for the past 10 years. In honor of American, the award has been renamed the Spirit of American Award.

Kids at Heart

Always at the heart of American Airlines, children worldwide again benefitted from the generosity of American customers last year.

Keeping with the annual tradition, customers offered their support for Miles for Kids in Need, a program supporting worldwide medical, educational and social service aid for children and their families by donating flyer miles.

AAAdvantage miles donated provide aid to scores of children in need of some of life's most basic necessities. The program has been in place for more than 20 years, helping children and their families.

Donate miles at AA.com/kids.



Chicago/Miami — Making Wishes Happen

Chicago's Dream Flight Team made life a little easier for 78 kids battling life-threatening diseases. In November 2008, the team raised \$4,000 to send these deserving children to Disney World in style. Before boarding their flight, the kids enjoyed a Wild West party at the gate, complete with giant cacti, country music, face painting, and Bozo buckets. American employees continued the festivities aboard a Boeing 757 they decorated, welcoming the kids aboard with stuffed animals, goodie bags, candy, and a water salute. The event was supported by BP International, which provided the fuel, and more than 20 local companies that donated gifts for the kids.



Dream Flight team members threw a Wild West party for children battling life-threatening diseases. The team raised \$4,000 to provide them with a free trip to Disney World.



Students learning aircraft mechanics study an aircraft donated by American Airlines.

Global Commitment: Focus on Communities

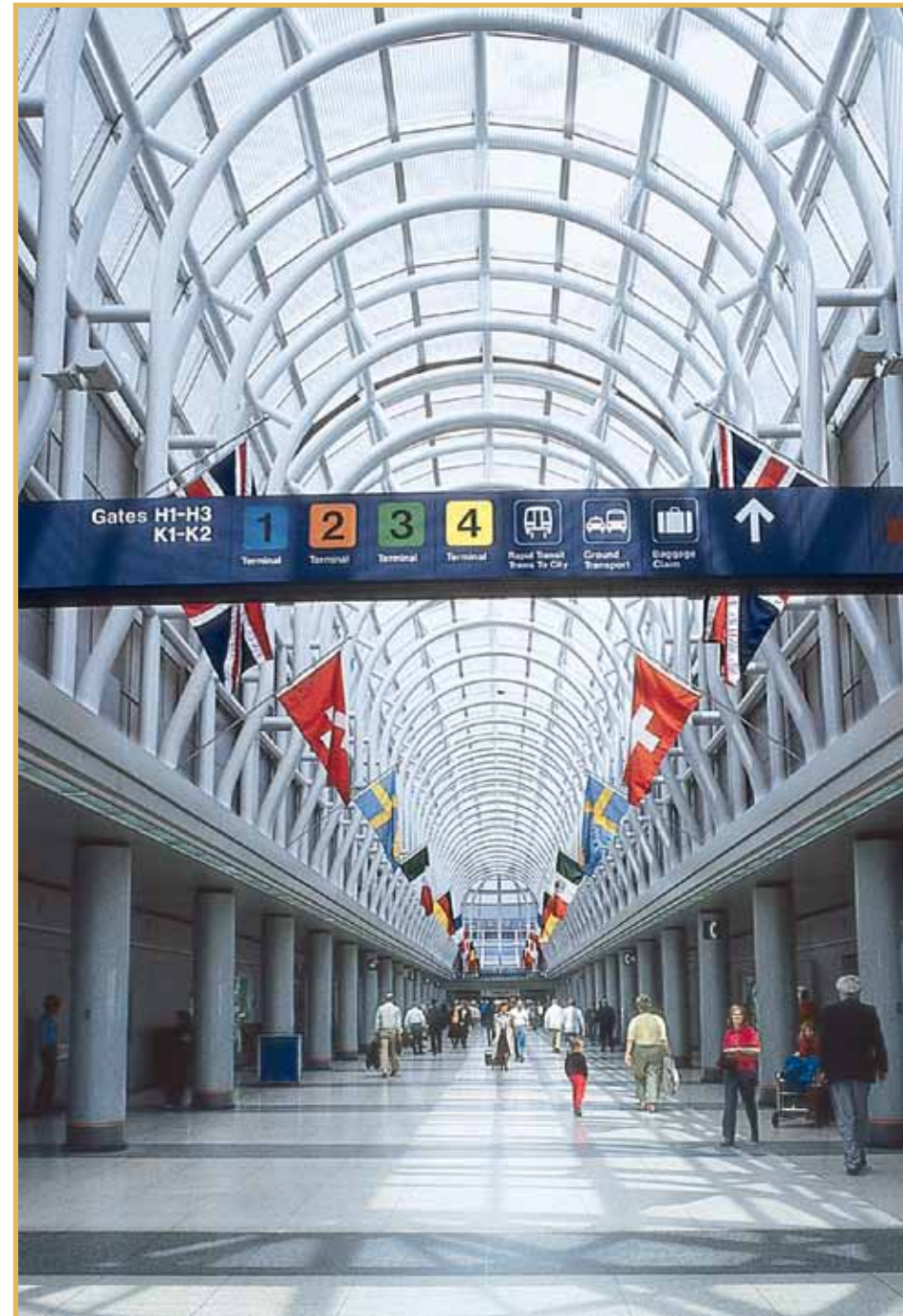
Our business is the economic backbone of communities throughout the world. We promote commerce, trade and economic prosperity because we are in the business of bringing people together and moving goods from one place to another.

The size and scope of our worldwide network connects major trade and financial centers such as New York and London, Miami and Buenos Aires, Chicago and Paris, Los Angeles and Tokyo. In smaller cities throughout the United States, Mexico, and the Caribbean, we provide the air transportation service that connects these communities to larger cities worldwide. And, in developing countries, we promote economic growth by providing the air service that brings their products to the U.S. and other international markets.

Our community impact doesn't end there. The taxes we pay, the goods and services we purchase to run our business, and the money our employees spend from their paychecks all directly stimulate local economies and create additional jobs. And just as important are the many indirect ways we support communities. By contributing to local nonprofit organizations and through the time and talent of our employees, we believe we help make the communities we serve better places to live.

We are very proud that our size and scope allows us to make a meaningful contribution to communities. In 2008, ***we estimate that American contributed \$115 billion throughout the U.S. economy and helped create 900,000 jobs.***⁴⁰ In this section, we will explain in more detail some of the direct benefits we offer communities, as well as highlight some of the many indirect contributions that we provide.

⁴⁰Includes multiplier effect of local employee salaries, purchases, taxes, and nonprofit contributions.



Our operations connect major trade and financial centers worldwide, such as Chicago O'Hare International Airport.

Eagle Rallies to Assist Hurricane Victims

In the wake of Hurricane Ike in September 2008, many of our Eagle colleagues in Houston were left without power and water for days, and many suffered property damage. Eagle immediately mobilized to send non-perishable food supplies and water, along with tarps to assist in the cleanup.

"So many of the simple basics that most of us take for granted were in short supply after the storm," said Houston Hobby Airport General Manager Jim Ware. "The food and water that was sent to our employees met their immediate needs during a very difficult time."

The Eagle team at headquarters and around the system swung into action and held bake sales, a raffle and other events to raise more than \$5,000 to assist those impacted by the storm. "Words do not adequately express the appreciation our employees feel for American Eagle's financial, physical and emotional support," Ware said. "This is a great example of why we consider it a privilege to work for American Eagle."

Sharing Knowledge with Future Leaders

More than 80 American and Eagle employees — and RJ, the American Eagle mascot — joined Junior Achievement of Dallas to adopt the students of Barton Elementary in December. Teaching in teams of two, they volunteered their time to teach 40 classes about the free enterprise system and economics.

The volunteers have an opportunity to be role models and convey knowledge that will help the children progress as future members of the workforce.



American and Eagle employees joined RJ, the Eagle mascot, in helping Junior Achievement of Dallas teach students about economics.

Direct Investments by Fees/Taxes

Aviation is unique in that the industry funds almost all of its infrastructure needs and does not benefit from the government subsidies available to other industries.⁴¹ Landing fees, air traffic control fees, passenger service charges, and other fees and taxes charged to American and Eagle result in direct funding to each of the communities we serve. In fact, airlines are subject to as many as 17 unique taxes of this nature. As a result of this system, we paid out \$3.9 billion in taxes/fees worldwide in 2008.⁴²

Direct Infrastructure Investments

We routinely make investments in our airport facilities so our customers can benefit from a pleasant and efficient travel experience when they start and end their journeys. In the past 10 years, AMR has spent more than \$3 billion to upgrade our airport facilities in the U.S. and internationally. But our customers are not the only ones to benefit from these investments. In addition to promoting long-term economic development in the surrounding area, airport investments generate direct construction contracts and jobs for local communities. Some examples of these investments:⁴³

- Our \$1.3 billion investment in a new terminal at John F. Kennedy International Airport, which will continue to contribute to the New York and the U.S. economy for many years.
- We are helping to fund \$2.9 billion for the current phase of the O'Hare Modernization Program at O'Hare International Airport in Chicago. These improvements will improve efficiency of operations, reduce congestion at the airport, and improve traffic flow at other airports throughout the country.
- Terminal 4 at Los Angeles International Airport was redeveloped at a cost of \$300 million.
- We spent \$20 million to refurbish and expand our London Heathrow Admirals Club and First Class Lounge and \$7 million to construct and furnish a new Admirals Club at Tokyo Narita International Airport. These infrastructure improvements enhance the customer experience and have a positive impact on the airports.

⁴¹ GRI performance indicator EC4

⁴² GRI performance indicator EC1 (2.1e)

⁴³ GRI performance indicator EC1 (2.1f) and EC8

American Supports the Economies of Developing Countries

Dominican Republic

The Dominican Republic is one of two nations on the island of Hispaniola. It is the second-largest Caribbean island nation with an estimated 10.1 million people. The Dominican Republic is one of the largest economies in Central America and the Caribbean. It is considered a lower middle-income developing country, and its economic growth is fueled by imports and exports. Finance and foreign investment are the next largest factors in its growth. Agriculture and mining remain the most important sectors of the economy.

In 2008, American transported more than 30 million pounds of cargo out of the Dominican Republic. These agricultural exports were 80 percent perishables, 10 percent textiles, and 10 percent other freight. The majority of perishables were transported to Miami, New York, Canada and Europe, while the majority of cut flowers were flown to Miami. All textiles were flown to the U.S., and the remaining freight was flown to the U.S. and Europe. Tourism is another industry fueling the Dominican Republic's economic growth. The contribution from travel and tourism to employment accounted for approximately 550,000 jobs — or one in every seven jobs — in 2008. American also flew approximately 2 million passengers to and from the Dominican Republic in 2008. This island receives significant benefit from American's service.

Haiti

Haiti is one of the least-developed countries in the world. Social and economic measurements indicate it is falling behind other low-income developing countries. Approximately 80 percent of the population is estimated to be living in poverty.

About two-thirds of all Haitians work in the agricultural sector, but agriculture generates only 30 percent of the gross domestic product. Mangoes and coffee are two of Haiti's most important exports. American transported 3.9 million pounds of cargo between Haiti and countries around the world. Tourism also contributes to Haiti's economy. American carried approximately 700,000 passengers to Haiti in 2008.

Economic Impacts, State by State

State	2008 Total GDP Impact (millions)	2008 Total Job Impact	State	2008 Total GDP Impact (millions)	2008 Total Job Impact
AK	\$14	*	MS	\$81	467
AL	\$104	91	NC	\$1,211	23,293
AR	\$195	3,403	NE	\$118	407
AZ	\$571	9,640	NJ	\$577	2,048
CA	\$10,587	94,726	NM	\$223	1,115
CO	\$533	2,261	NV	\$1,177	6,755
CT	\$229	4,159	NY	\$12,118	104,462
DC	\$11,327	59,101	OH	\$336	2,728
FL	\$15,469	155,393	OK	\$5,944	67,457
GA	\$291	1,355	OR	\$236	620
HI	\$1,458	2,265	PA	\$511	2,154
IA	\$224	1,732	PR	\$2,877	27,213
IL	\$9,059	73,348	RI	\$25	*
IN	\$179	1,011	SC	\$245	1,030
KS	\$53	419	TN	\$320	2,028
KY	\$128	1,959	TX	\$33,407	206,763
LA	\$306	2,527	UT	\$157	370
MA	\$2,285	21,349	VA	\$167	758
MD	\$255	989	VI	\$222	1,691
ME	\$3	9	WA	\$334	1,251
MI	\$335	3,833	WI	\$149	1,302
MN	\$179	1,008	WY	\$82	*
MO	\$1,883	26,527			

**Although we do not have employees in these states, there is still a positive job impact to the state as a result of our operations.*

We also support numerous terminal projects at many airports in mid-sized U.S. cities and at over 25 airports in international cities. In addition, investments in our maintenance bases also have a significant direct community benefit. Approximately \$350 million in funding has been used to develop our Alliance Maintenance and Engineering Base in Fort Worth, Texas, which benefits the north Texas economy.

Indirect Community Investments

Over the past decade — and despite some tough challenges — we continue to be innovative and creative in finding ways to contribute to a wide range of nonprofit organizations because we recognize the interdependence of our employees, suppliers, communities, and our company's long-term success. After more than 80 years, we know we are in the business of serving people.

You may have noticed that we have ended each section of this report with highlights of organizations and causes that are focus areas for AMR and which we support on multiple levels. They include:



The American Cancer Society Relay For Life is one of many employee-led charity initiatives.

- **Komen for the Cure** — Breast cancer affects one in every eight women and shows no geographic, ethnic, economic, educational, or sexual orientation boundaries. American's donations and sponsorship of ground-breaking research by M.D. Anderson Research Center in Houston is showing encouraging early results.
- **Veterans and Military Initiative** — The men and women who serve our country also come from a wide variety of backgrounds and experiences. Most importantly, we honor those who are willing to pay the ultimate price for our freedom.
- **Miles for Kids in Need** — Children are among those most vulnerable to abuse and illness, so gestures of kindness bring great happiness to them and their families. AMR has a long history of supporting children's organizations as a corporation and through employee-led efforts.



Breast cancer research fundraising events including the Susan G. Komen Race for the Cure are the passion of many AMR employees.

- **Employee-Led Charities** — Our employees are passionate about giving back and enriching others' lives. They frequently start their own charitable organizations or take significant roles in organizing major events to aid those in need. At a corporate level, we are just as passionate about empowering and supporting these employees in their efforts.

Our efforts are not limited to these four areas. AMR and our employees also contribute to the communities in which we work and live in many other ways.

In-Kind Donations

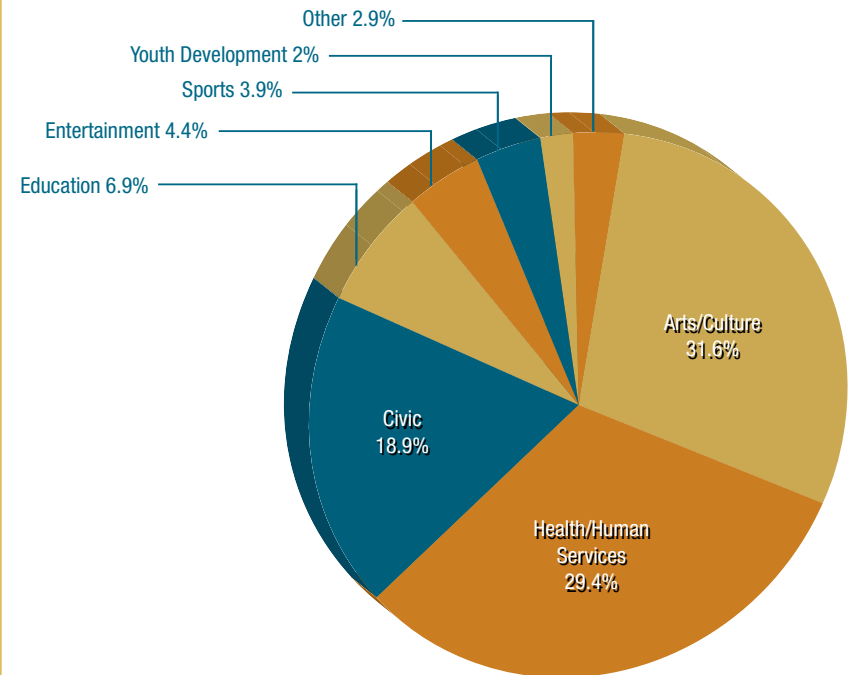
The effects of AMR's in-kind donations can be found in every country in which we operate and in most cities throughout the United States, large and small. In some cases, nonprofit organizations would have to reduce their services or activities if they did not have the support they receive from AMR.

While we have not been immune to the economic challenges impacting corporations around the world, we have done everything possible to continue supporting nonprofit organizations in our communities. In 2008, American contributed more than \$28 million of in-kind and cash support to hundreds of nonprofit organizations that varied in size, mission, and geographic scope. The chart at right shows the major categories of nonprofit organizations that we supported in 2008.

Donation of Facilities and Services

In times of crisis or national disaster, we take our responsibilities seriously. Historically, we have donated the use of reservations centers, hangars, and other facilities to assist local, state, and federal authorities so that they can help those in need. Senior executives and employees have also stepped up to provide specific expertise — and sometimes sheer manpower — to get the job done.

2008 In-Kind Donations by Major Category



In 2008, we donated our maintenance hangar at Dallas-Fort Worth Airport to be used as a transfer point for refugees from Hurricane Ike, which affected thousands of people on Texas' Gulf Coast. We also continue our historical support of the Red Cross and use our aircraft to transport personnel and cargo for Airline Ambassadors, Medical Wings, Doctors Without Borders, and other organizations on missions throughout the world.

Employee Fundraising Activities

AMR founded The American Giving Employee Charitable Fund Inc. nearly 10 years ago. It serves as the 501(c)(3) non-profit organization within AMR through which U.S.-based employees channel their charitable donations. American Giving is open to all American, Eagle and AA Credit Union employees. From front-line employees to corporate officers, employees at all levels use American Giving. American Giving makes investing in our communities easy, regardless of the employee's position, work base or hometown. In 2008, more than 2,600 employees donated upwards of \$635,000 to nearly 1,000 organizations throughout the United States.

Communities

Sample Organizations Receiving Cash Donations in 2008 from AMR Employees

Our employees are passionate about helping others less fortunate. These organizations, and many others, benefited directly from employee cash donations.

AAAE Family Fund	Airline Ambassadors International
March of Dimes	UNICEF, U.S. Fund
Tarrant Area Food Bank	Make-A-Wish Foundation
American Giving	Dallas Women's Foundation
Fondos Unidos de Puerto Rico	Doctors Without Borders, U.S. section
Something mAAgic Foundation	Lambda Legal
United Way	Earth Share
Habitat for Humanity	Women's Haven of Tarrant County
American Cancer Society	The Salvation Army
Global Impact	

Our employees also participate in numerous fundraising activities throughout the year. A sampling:

- UNICEF on-board collection for the Change for Good program
- Multiple ERG fundraising events
- Dress down days for various charities

Employee Volunteerism

Our employees — as individuals and as groups — volunteer their time and talents with a variety of charitable organizations and causes worldwide. Employees share their expertise, such as legal or technical skills, and serve on boards for many organizations. Employees also frequently play important roles in fundraising activities for nonprofit organizations. The diversity of our workforce and the global nature of our operations ensure that we participate in many aspects of our communities.

American Advocates, a volunteer program launched in 2004, has 10,000 volunteers. Employee volunteerism is important to American because it is the right thing to do. It also increases employee loyalty and pride to see AMR involved in the community. The opportunity to engage in community service is frequently a life-altering experience for employees, as well as those in the community who benefit from these contributions. Customer loyalty is often increased when customers see American and Eagle as airlines that go beyond the services they sell to enrich the entire community.

Our employees are so passionate about the well-being of others that many have launched their own charitable organizations. A few examples:

- **Airline Ambassadors International** — This non-profit organization provides humanitarian aid to children and families in need as well as relief and development to under-privileged communities worldwide. It was founded by an American Airlines flight attendant and continues to enjoy in-kind and

employee volunteer support from American and American Eagle. Humanitarian missions in more than 100 countries have been completed since inception.

In 2008, Airline Ambassadors was able to improve the lives of more than 100,000 children in 20 countries and deliver approximately \$3.5 million in medicine, medical supplies, food, clothing, and school supplies directly to children in need. Volunteers also escorted 265 children for life-changing surgeries or orphans to new homes.

- **Medical Wings** — Created more than a decade ago by an American cargo agent, this organization delivers medicine, medical supplies, and medical equipment to those in need.
- **Something mAAgic Foundation** — A group of American and Eagle employees formed this organization, which focuses on making wishes come true for children with life threatening illnesses and their families.

Additional examples of organizations with which our employees are engaged are presented at the end of each major section in this report.



Medical Wings supplies are loaded onto an American aircraft for distribution around the world.

Awards

Sample Awards/Recognition⁴⁴

We are proud to have been recognized for our leadership and support of numerous organizations and communities. A few examples of our awards and recognition include:

- Obelisk Award from the North Texas Business for Culture and the Arts
- Pat Mohler Award from the Tarrant Area Food Bank
- Friendship Award from the U.S.-Panama Business Council
- City of Fort Worth Environmental Excellence Award, received for the fifth time in 10 years
- Global Citizen Award from the Vijay Amritraj Foundation
- Jay Malina Award from Miami-Dade County's economic development agency
- Paul G. Sheridan, S.J. Leadership Award from Boys Hope Girls Hope
- Puerto Rico Fish and Wildlife Service Award for enhancing artificial nests used by endangered parrots

⁴⁴GRI standard disclosure 2.10

The diversity of our workforce and the global nature of our operations ensure that we participate in many aspects of our communities.



American employees and their family members rolled up their sleeves on "Hands On Miami Day" to pick up discarded trash, plastic, wood and debris from the beaches of barrier islands off the coast of Coconut Grove, Fla. More than 3,000 volunteers took on over 30 projects across Miami.

EMPLOYEE VOLUNTEERISM — HIGHLIGHTS OF A GLOBAL AIRLINE'S TRADITION

American Airlines and American Eagle employees have a strong tradition of volunteering in their communities. Employees serve on organizational boards, volunteer their time, and raise funds for a wide variety of organizations that can

be generally grouped into the categories of arts and culture, health and human services, civic, and education. This spirit of employee volunteerism extends beyond national borders and is a global effort to enrich the lives of all people. After all, AMR's business is people. Events that took place in Chicago and Miami are highlighted on page 70, but many other examples tout the accomplishments of AMR employees around the world in 2008.



Medical Wings founder Glenda Johnson helps with a new wheel chair.

Hope, Compassion Around the World

Medical Wings International (MWI) provides hope and compassion for children around the world in need of life's most basic necessities. MWI was founded 10 years ago by American employee Glenda Johnson after she witnessed a lack of the most basic healthcare services in communities she visited. She found children to be most at risk, succumbing to diseases and health issues that were controlled or eradicated in the Western world.

In December 2008, an American aircraft carrying volunteers brought gifts and supplies for underprivileged children in Peru. American volunteers and medical professionals visited three orphanages in Peru to provide much-needed healthcare as well as gifts to the children.

"Impoverished children in Peru and throughout the world have very little access to healthcare," Johnson says. "Our volunteers have saved children's lives in communities with no real means to help them survive."

Eagle Pulls for United Way

Yelling, "Pull. Do it. Do it. Pull," American Eagle's James McKnight, acting as a plane pull coach, guided his team members as they fought to pull a 95,000-pound airplane with a rope. The effort was part of Miami AA and Eagle's annual Tug-a-Plane for United Way. With seven corporate teams each donating \$2,000 to participate in the tug, employees raised more than \$14,000 during the November event, which raises funds to support various United Way agencies.

Toddlers from the Centro Hispanico Catolico Child Care Center, a United Way agency, were honored guests at the event, along with Antonio Freeman, former Green Bay Packers, Philadelphia Eagles and Miami Dolphins football player.

Each team competed in a timed contest by pulling the aircraft 30 yards. George Hazy, American vice president of the Miami hub, clicked the stopwatch as the official timekeeper. American flight attendants provided lunch aboard a Boeing 777 after the event, compliments of LSG/Sky Chefs. Miami-Dade Aviation won the plane pull and the grand prize of free Miami Heat tickets at the American Airlines Arena.

American and Eagle employees at the Miami Hub raise more than \$200,000 for United Way each year.



Employees raised more than \$45,000 for March of Dimes of North Texas.



Employees contributed almost \$23,000 to Global Impact, which sponsors international initiatives of organizations like UNICEF and Doctors Without Borders.



American's Information Technology Services department raised more than \$30,000 for the Tarrant Area Food Bank in Food Drive/Dress Down Days. The company was honored with the Tarrant Area Food Bank Pat Mohler Award for its efforts.



More than \$4,000 was donated to The Fellowship Foundation as part of our continued support of disaster relief activities benefiting Hurricanes Katrina and Rita victims.



Global Commitment: Focus on Reliability and Customer Service

If there is a single metric that is a measure of our success at protecting and providing the most responsible, efficient and safest service to our customers, it is reliability. AMR strives to provide the safest air service possible. Our commitment to protecting our customers is manifested in the reliability of our service. Reliability is assured by a number of programs at AMR, some of which are highlighted here.⁴⁵

Maintenance Operations: Performed In-House

We in-source the vast majority of all maintenance work on our aircraft — no small feat and one that provides a significant advantage to our operations and customers. American completes more than 90 percent of all maintenance work and 100 percent of heavy maintenance at our own bases, far greater than the industry average of 30 percent. Our long record of performing maintenance activities at our own U.S.-based facilities means our maintenance work is completed by the most highly trained and proficient mechanics and engineers possible — experts on our aircraft who take pride and ownership in ensuring our aircraft are maintained to the highest safety standards.

⁴⁵ GRI performance indicator PR1



Investing in Dependability

On-time departures and on-time arrivals are two basic expectations of our customers. The Department of Transportation (DOT) defines an on-time arrival as scheduled arrival time plus 14 minutes (A+14). In early September 2008, we implemented several operational changes to support our front-line employees as we work to improve dependability.

These operational improvements have led to the year-over-year improvements noted in the table above:

1. Increased Block and Ground Time

We increased block and minimum ground times 5 to 10 minutes in approximately 40 markets to counteract Air Traffic Control system (ATC)

inefficiencies and weather. At New York LaGuardia and Chicago O'Hare, we increased ground times by as much as 20 minutes. In November, we added additional block times in several markets.

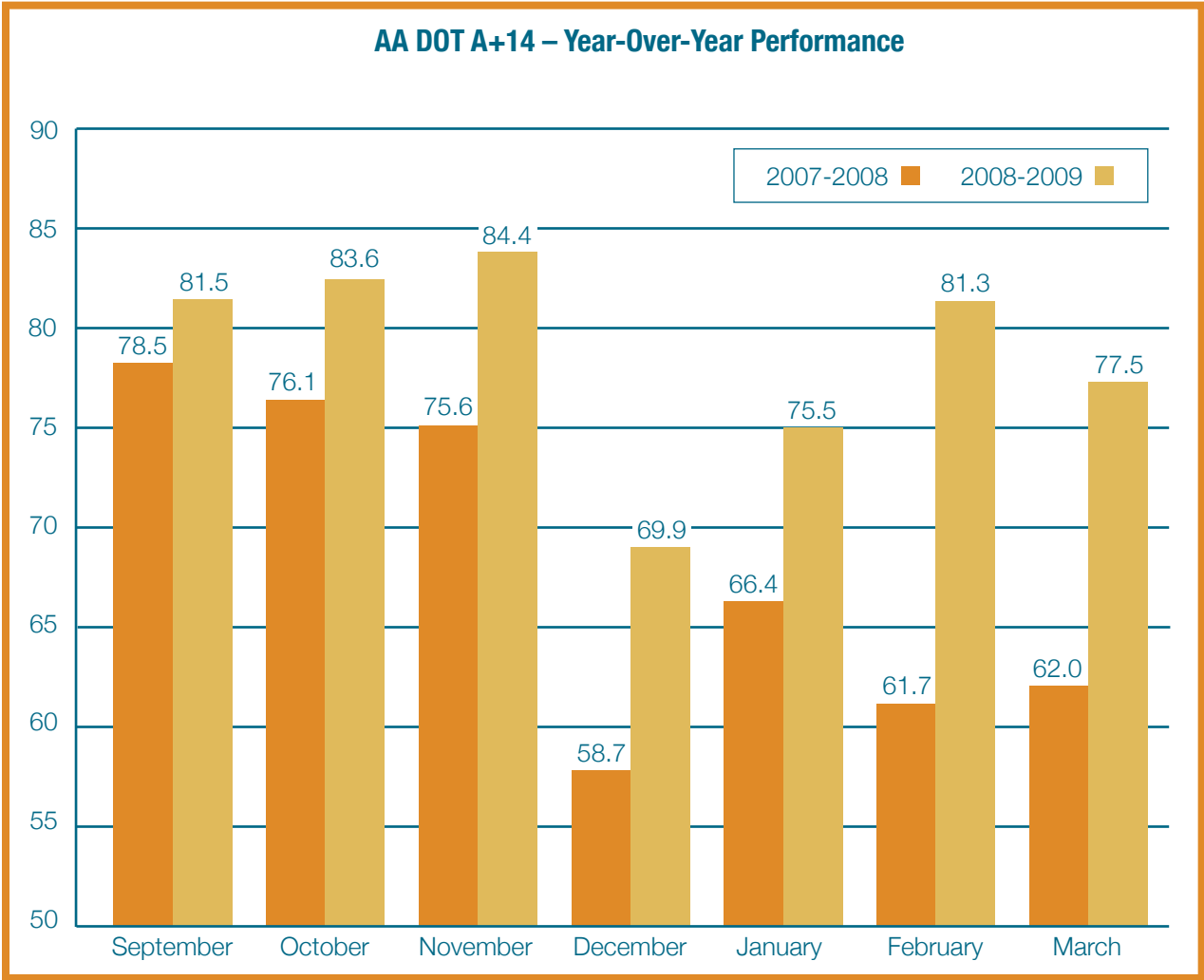
2. Increased Crew Co-Pairing of Flight Attendants and Pilots

We increased crew co-pairing with the aircraft to help with late arriving aircraft and delays related to disruptive weather. Since the crews stay with the aircraft, they are more prepared for the next departure, which enhances dependability.

3. Maintenance Reliability

Aside from weather and ATC, maintenance reliability is the most significant dependability driver. We opened a parts warehouse at Dallas-Fort Worth Airport and created precise planning and tracking of overnight maintenance through a new system that enables maintenance employees to manage workload assignments for all aircraft and stations for an operational day. We expect to speed the aircraft returning to service and reduce required repair time.

AA DOT A+14 – Year-Over-Year Performance



AA.com Receives Top Tech Honor

American won the Tech Titan Award as part of the Dallas/Fort Worth Metroplex Technology Business Council's seventh annual Tech Titan Awards program. American received the award for AA.com in the Technology Adoption category. Tech Titans was established in 2001 by the council to recognize the best in innovation, leadership, and emerging technologies.

Maintenance, Repair and Overhaul (MRO) Efforts Earn Awards

Bob Reding, American's senior vice president of technical operations, and John Conley, systems coordinator for American, were honored with Aviation Week awards for excellence in the aviation industry. The awards were announced during Aviation Week's annual MRO Conference and Exhibition in Atlanta, which explores the future of aviation MRO. American and the Transport Workers Union (TWU) have worked together to transform the airline's maintenance and engineering organization from a cost center to a profit center. *Overhaul & Maintenance* magazine also honored American and the TWU with its Outstanding Achievement Award.

American-Union Cooperation Recognized by Magazine

Air Transport World magazine named American and the TWU winners of its Labor Management Relations Award. Editors praised the company-union effort to avoid outsourcing aircraft maintenance work, maintaining American's own aircraft and securing lucrative third-party contracts. It is only the sixth time in 23 years that the magazine has presented the award.

Kansas City Mechanics Receive Prestigious Taylor Award

At American's Kansas City, Mo., maintenance overhaul base, the FAA presented six AMTs with the prestigious Charles Taylor Master Mechanic Award, which recognizes the lifetime accomplishments of senior mechanics.

Ebony Magazine's Speaking of People Highlights Dave Campbell

David Campbell, Eagle's senior vice president of technical operations, was featured in *Ebony* magazine's spotlight on individuals moving upward and onward.

4. Cross-Functional Coordination

Changes in how our various operational departments work together are under way. Closer working relationships between key departments enhances communication and coordination, which is particularly helpful during disruptive weather. The goal is to prevent unnecessary cancellations and accelerate aircraft returning to service.

**Customer Experience Leadership:
Teaming & Technology at Work**

Improving the overall customer experience — and demonstrating industry leadership in this area — is a key customer satisfaction strategy for the employees of American and Eagle. To accomplish this, employees throughout the company are working collaboratively to develop innovative solutions in six key focus areas that most significantly enhance the customer experience: delays and delay management, gate interactions and boarding experience, on-board interactions, cabin interior condition, baggage handling, and baggage tracking and resolution.

*On-time departures
and on-time
arrivals are two
basic expectations
of our customers.*

⁴⁶GRI standard disclosure 2.10

This spirit of collaboration benefits both employees and customers. Some 200-plus employee task teams are generating ideas designed to create a positive travel experience, resulting in a smoother-running operation, a more productive workplace, and greater customer satisfaction.

“AA employees are proud of the airline’s history of innovation and are leading the industry in more ways than one,” said Dan Garton, Executive Vice President of Marketing. “Our spirit of collaboration is the key ingredient to identifying challenges and designing creative solutions that lead to a positive working environment and industry-leading levels of customer satisfaction.”

Our employees also have turned to innovation to ensure customers’ travel experiences remain safe and smooth. For example, our Flight Operations group recently designed, developed, tested, and implemented jet bridge enhancements that let pilots taxi their aircraft to gates equipped with self-parking devices during electrical storms and safely allows customers to deplane instead of waiting on the tarmac.

Our System Operations Control and Information Technology Services groups also have partnered to substantially enhance the decision-making ability of our people during weather-related events. Among the tools they designed:

- **Gate Adviser** — This Web-based platform consolidates a vast amount of information on a single PC screen for our gate agents. In one view, our agents can immediately learn and communicate the status of a flight crew, meal information, ATC factors, and individual passenger connections.

- **Taxi Monitor** — Employees in our operation centers and airports can track — to the minute — how long a departing flight has been away from a gate while waiting for takeoff. They can also monitor how long an arriving flight is on the ground waiting for a gate and the number of passengers on board.

- **Diversion Tracker** — This monitoring tool shows our operations center team all diverted flights throughout our system and identifies if flights are on time, how long they have been waiting to depart or arrive at a gate, and how long flight crews have been on duty. It also allows our cockpit crews and airport employees to update the status of the aircraft and passengers on every diverted American flight.

- **BagLink** — At about 30 U.S. airports, an automated system of handheld bag tag scanners is helping us reduce the processing time required for bags that arrive without passengers or are separated from passengers. It also allows our employees to account for passengers’ bags much faster than they would manually, and it helps to more quickly reunite the bag and the customer.

- **BagFinder** — This new Web-based application for all baggage service representatives provides a user-friendly interface to help resolve customer service issues related to bags. BagFinder allows agents to learn the application at their respective stations without formalized training. More than 99 percent of American’s delayed bag records are now created and tracked in this system.

Each of these technology tools is instrumental in improving our ability to get customers to their destinations safely, dependably, and on time, day after day.

Improving Customer Service During Disruptive Weather

Weather, high passenger loads, and air traffic control (ATC) issues — among other operational issues — also are part of the daily challenges for the airline industry. While poor weather and congestion related to the ATC system are beyond our control, American has taken decisive steps to improve overall performance and reliability during those situations.

- **Storm Policy:** Customers who call to request changes based on anticipated weather disruptions can receive change-fee waivers and will be accommodated to reach their destinations as close as possible to their desired dates. This policy assists in reducing the number of potentially inconvenienced customers during disruptive weather.
- **Improved customer notification about reaccommodation:** When a flight has been canceled for disruptive weather or ATC issues, we notify and give priority reaccommodations to our most frequent customers — those who have achieved Executive Platinum, Platinum, Gold AAdvantage® status — as well as to AAirpass members, elderly travelers, people with disabilities, unaccompanied minors and those who've purchased first-class and business-class seats.
- **Enhanced diversion plans:** When an aircraft must be diverted to another airport, we make sure that the diversion airports are equipped with the necessary equipment to handle arriving aircraft. For example, designated diversion airports that previously didn't have stairs to allow passengers to deplane from a Boeing 757 aircraft now have them. Additionally, diverted international flights are sent to airports with U.S. Customs facilities, so American has the option of deplaning customers if necessary. Diverted flights are spread across several airports to reduce backups on the ground.

- **Active seat management:** Seats held for delayed in-bound customers with no chance of making a connection are released for other passengers.
- **Trip insurance:** Customers can go to AA.com to buy this protection, which provides reimbursement of prepaid, non-refundable travel expenses when a trip is cancelled, interrupted or delayed.
- **Customer communication during extreme weather events:** In each airport, we supply information brochures to customers delayed by extreme weather. The brochures contain comprehensive information on how to proceed without having to contact an airport agent or reservations representative. Brochures also include important locations in the airport, hotel and other frequently used phone numbers, information about vouchers, frequently asked questions, and links to related AA.com Web sites.

Awards⁴⁷

Among the accolades received by American for reliability and dependability:

- *Business Traveler* readers give American top honors
- *Global Traveler* names American best in domestic first class
- *Brazil* magazine names American best international airline
- American Airlines Cargo wins an award at AirCargo 2008 Conference
- American named best economy/coach class at OAG Airline Industry Awards
- AA Cargo Division receives customer excellence and innovation award from Descartes Systems Group

⁴⁷ GRI standard disclosure 2.10

Appendix A: GRI Index⁴⁸

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⁴⁸ GRI standard disclosure 3.12

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EN20	NOx, SOx, and other significant air emissions by type and weight.	38
EN21	Total water discharge by quality and destination.	37
EN22	Total weight of waste by type and disposal method.	41
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	41
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	30

Appendix A: GRI Index (continued)

GRI Index	Description	Page
LA2	Total number and rate of employee turnover by age group, gender, and region.	Partial response 47
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	46
LA4	Percentage of employees covered by collective bargaining agreements.	46

GRI Index	Description	Page
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partial response 12
S02	Percentage and total number of business units analyzed for risks related to corruption.	Partial response 14
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	14

GRI Index	Description	Page
S04	Actions taken in response to incidents of corruption.	15
S05	Public policy positions and participation in public policy development and lobbying.	15
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	72

Appendix B: Greenhouse Gas Inventory Methodology⁴⁹

AMR utilized the following greenhouse gas (GHG) inventory standards in conducting this GHG emission inventory:

- ANSI/ISO/NSF E14064-1:2006, Greenhouse Gases-Part 1: Specification with Guidance at the Organizational Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals
- Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition, World Resources Institute

Consistent with these standards, this inventory is based on the following principles: relevance, completeness, consistency, transparency and accuracy. AMR has made diligent efforts to meet these principles.

Fuel usage information, refrigerant usage data, natural gas, gasoline, and other pertinent operating information was used to calculate annual emissions of each of the six GHG categories recognized under E14064. GHG is defined in E14064 as a gaseous constituent of the atmosphere, both natural and anthropogenic, that absorbs and emits radiation at specific wavelengths within the spectrum of infrared radiation emitted by the earth's surface, atmosphere, and clouds.

Gas	Global Warming Potential
Carbon dioxide (CO ₂)	1.0
Methane (CH ₄)	21.0
Nitrous Oxide (N ₂ O)	310
Hydrofluorocarbons (HFCs)	varies
Perfluorocarbons (PFCs)	varies
Sulfur hexafluoride (SF ₆)	23,900

Table 1

Emissions of each these GHGs were converted to carbon dioxide equivalents (CO₂e) based on the Global Warming Potentials provided in Annex C to E14064 and included as Appendix A to this report. The emissions of each GHG are converted to CO₂e by multiplying by the corresponding global warming potential.

AMR GHG emissions are classified as direct and indirect emissions in accordance with industry standards.

Scope I direct emissions include GHG emissions associated with both stationary and transportation sources. Transportation sources include aircraft, company-owned vehicles and ground support equipment. Direct emissions are associated with activities at the three AMR maintenance and engineering bases. Direct Scope I emission sources at the bases include steam generation and electrical generation, jet engine testing, fuel combustion from company vehicles and ground support equipment, and fugitive emissions of HFCs from refrigeration equipment.

Scope II indirect emissions cover GHG emissions associated with purchased electricity and steam at airport terminals, office areas, and airport terminals and maintenance and engineering bases.

Scope III indirect emissions are not reported in this inventory because their reporting is optional under both the WRI and E14064. Scope III indirect emission sources include emissions generated by: workers commuting to and from work, suppliers delivering fuel or other goods to AMR locations, and contractors picking up waste and recyclable products from AMR facilities.

⁴⁹ GRI standard disclosure 3.9

GHG emissions were calculated in general accordance with the principles and industry standards referenced above by multiplying a throughput by an emission factor. Throughputs are the quantities of: jet fuel consumed, natural gas burned, gasoline and diesel fuel used in fleet vehicles and ground support equipment, and electricity purchased. Emission factors represent the quantity of GHGs generated per unit of throughput. The accuracy of the GHG inventory is dependent on the accuracy of emission factors and the accuracy and completeness of throughput data. The emission factor data is based on readily available information in the literature. Because the conversion from carbon to carbon dioxide is well understood, the emission factors utilized are believed to be highly accurate (within +/- 1 percent).

The accuracy of throughput data is dependent upon the methodology and tools used to track throughput data. Since more than 99 percent of Scope I direct GHG emissions are attributed to jet fuel consumption, the accuracy of throughput data is dependent primarily on the accuracy of the jet fuel usage data. AMR tracks the quantity of jet fuel consumed on each flight. The data is recorded after each flight and tabulated within a central database. AMR's annual fuel use is based on this data set and believed to be accurate to within at least +/-3 percent. The data is cross-checked by comparing to jet fuel purchased quantities to confirm data accuracy. Purchased electricity and natural gas quantities are based on the utility bills with the monthly usage quantities compiled within a central database. Fuel used in ground support equipment and fleet

vehicles is tracked at the station or maintenance base. The data is tabulated and summarized at AMR headquarters. In some cases, the data point for some of the smaller stations was not readily available. In such cases, a throughput was assumed based on the throughput for a similar station. Thus, the accuracy of some of the throughputs that make minor contributions to GHG emission totals may not be highly accurate. However, the accuracy of the throughputs accounting for more than 99 percent of GHG emissions is highly accurate.

The overall accuracy of GHG inventory is believed to accurately reflect GHG emissions to within at least +/- 4 percent of actual GHG emissions based on the assumptions above regarding the accuracy of the emission factors and throughput data.

GHG Summary

Emission Factors	Fuel Oil (Distillate/Diesel)(No. 1, 2, and 4)			Purchased Electricity			Propane		
	Factor	Units	Reference*	Factor	Units	Reference*	Factor	Units	Reference*
CO ₂	72.31	kg/MMBtu	Ref. 5, Appendix H	0.69	metric tons CO ₂ e/ megawatt-hours	Ref. 5, Appendix F	5.42	kg/gallon	Ref. 7
			Ref. 3, Page 45				0.00542	metric ton/gallon	Heat content = 86,300 Btu/gallon
	72.31	metric ton/gallon	Ref. 5, Appendix H						
	0.01026802	metric tons/gallon fuel	Derived from factors above						
CH ₄	0.01055	kg/MMBtu		0.00000548	metric tons/Mw-hrs	Reference 7	0.000910565	kg/gallon	Ref. 7
	0.01055	metric tons/10 ⁹ Btu					9.10565E-07	metric ton/gallon	
	1.4981E-06	metric ton/gallon	Derived from factors above						
N ₂ O	0.00063	kg/MMBtu		0.00000948	metric tons/MW-hrs	Ref. 7	5.46339E-05	kg/gallon	Ref. 7
	0.00063	metric tons/10 ⁹ Btu					5.46339E-08	metric ton/gallon	
	8.946E-08	metric ton/gallon							

*See page 87 for global warming potential details and references.

GHG Summary (continued)

Emission Factors	Jet A Fuel Combustion			Natural Gas Combustion			Gasoline		
	Factor	Units	Reference*	Factor	Units	Reference*	Factor	Units	Reference*
CO ₂	70.8716	metric tons/10 ³ HHV Btu	Ref. 3, page 45; heat of combustion = 5.67 MMBtu/bbl	0.059	short ton/10 ⁶ Btu	Ref. 1, page 55	70.91	short ton/10 ⁶ Btu	Ref. 4, Page 32
	9567.66600	metric tons/gallon fuel	Derived from factors above	0.0507	metric ton/GJ	Ref. 1, page 55	19.36	pounds/gallon	Ref.3, Page 64
	9.567666	metric tons/1,000 gallons	Derived from factors above	53.06	kg CO2/MMBtu	Ref. 4. Page 32	0.008781696	metric tons/gallon	Conversion
	0.009567666	metric tons/gallon fuel	Derived from factors above	52.79	metric ton CO ₂ /10 ⁹ Btu	Ref. 5, Appendix F			
CH ₄	0.5	kg/terajoule	Ref. 6; 1054 Joule/Btu; 135,000 Btu/gallon Jet A	0.00528	kg/MMBtu	Ref. 7	0.001882	kg/gallon	Ref. 7
	0.0005	metric tons/terajoule	Derived from factors above	0.00528	metric ton/10 ⁹ Btu		0.000001882	metric tons/gallon	Conversion
	4.74383E-07	metric tons/tera Btu	Derived from factors above						
	4.74383E-19	metric tons/Btu	Derived from factors above						
	6.40417E-14	metric tons/gallon	Derived from factors above						
	6.40417E-11	metric tons/1,000 gallons	Derived from factors above						
N ₂ O	2.0	kg/terajoule	Ref. 6; 1054 Joule/Btu; 135,000 Btu/gallon Jet A	0.00011	kg/MMBtu		0.000627	kg/gallon	Ref. 7
	0.002	metric tons/terajoule	Derived from factors above	0.00011	metric ton/10 ⁹ Btu		0.000000627	metric tons/gallon	Conversion
	1.9E-06	metric tons/tera Btu							
	1.9E-18	metric tons/Btu							
	2.56167E-13	metric tons/gallon	Derived from factors above						
	2.56167E-10	metric tons/1,000 gallons	Derived from factors above						

*See page 87 for global warming potential details and references.

GHG Summary (continued)

GHGs	Global Warming Potential (Recommended 100-year GHG Global Warming Potentials)	Reference
CO ₂	1	Ref. 2, page 5-4
CH ₄	21	Ref. 2, page 5-4
N ₂ O	310	Ref. 2, page 5-4
HFC-23	11,700	Ref. 2, page 5-4
HFC-32	650	Ref. 2, page 5-4
HFC-41	97	Ref. 2, page 5-4
HFC-125	2,800	Ref. 2, page 5-4
HFC-134	1,000	Ref. 2, page 5-4
HFC-134a	1,300	Ref. 2, page 5-4
HFC-143	300	Ref. 2, page 5-4
HFC-143a	3,800	Ref. 2, page 5-4
HFC-152a	140	Ref. 2, page 5-4
HFC-227ea	2,900	Ref. 2, page 5-4
HFC-236fa	6,300	Ref. 2, page 5-4
HFC-4310mee	1,300	Ref. 2, page 5-4
PFCs	Not applicable to AA	Ref. 2, page 5-4
SF ₆	23,900	Ref. 2, page 5-4

References:

- 1) Calculation Tool for Direct Emissions From Stationary Combustion, Version 3.0, July 2005
- 2) Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions, Batelle, December 2003
- 3) Technical Guidelines-Voluntary Reporting of Greenhouse Gases 1605(b) Program, Office of Policy and International Affairs, USDOE, March 2006
- 4) World Resources Institute, Discussion Paper for a Natural Gas Transmission and Distribution Greenhouse Gas Reporting Protocol, Jan. 26, 2007
- 5) Instruction for Form EIA-1605, Voluntary Reporting of Greenhouse Gases, April 25, 2007
- 6) International Panel on Climate Change 2006 Guidelines, Volume 2, Chapter 3, Section 3.6.1.2, Table 3.6.5
- 7) Clean Air Cool Planet Campus Carbon Calculator, CA-CP version 5.0, 2006

Appendix C: Fleet Inventory

Equipment Type	Average Seating Capacity	Owned	Capital Leased	Operating Leased	Total	Average Age (Years)
American Airlines Aircraft						
Airbus A300-600R	267	10	-	16	26	19
Boeing 737-800	148	62	-	15	77	9
Boeing 757-200	188	92	1	31	124	14
Boeing 767-200 Extended Range	167	3	11	1	15	22
Boeing 767-300 Extended Range	225	47	-	11	58	15
Boeing 777-200 Extended Range	247	47	-	-	47	8
McDonnell Douglas MD-80	140	108	64	107	279	19
Total		369	76	181	626	15
American Eagle Aircraft						
Bombardier CRJ-700	70	25	-	-	25	6
Embraer 135	37	33	-	-	33	9
Embraer 140	44	59	-	-	59	6
Embraer 145	50	110	-	-	110	6
Super ATR	64/66	-	-	39	39	14
Total		227	-	39	266	8



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