



American Airlines 2010 Corporate Responsibility Report

Introduction


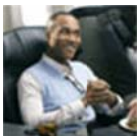






With 87,000 full-time and part-time employees worldwide, we understand that our responsibility as a global citizen begins with our people and extends to communities around the world. Our sustained investment in responsible business practices takes many forms—from ethical governance to our commitment 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.

CEO letter

We have a responsibility to drive the best possible outcomes for all our stakeholders. Our CEO, Gerard Arpey, describes how the actions we are taking within the context of our strategic framework, Flight Plan 2020, not only position us for financial success, but also help us deliver positive environmental, social, and economic change. [Read the full letter here.](#)

Executive Summary

The 2010 [Executive Summary](#) includes highlights of our corporate responsibility performance and information about key initiatives.

2010 Highlights  <p>We track our progress and share our achievements and goals with stakeholders. Learn More.</p>	Customers  <p>We seek to earn customer loyalty by consistently meeting and exceeding our customers' expectations. Learn More.</p>
Employees  <p>We strive to make our company a good place for good people to work by devoting ourselves to creating and maintaining a safe, inclusive, and respectful work environment. Learn More.</p>	Profile  <p>Our operations span the globe and rest on a strong foundation of corporate governance, business ethics, and public policy involvement. Learn More.</p>
Environment  <p>We are implementing innovative ideas and wise investments that will minimize our company's environmental footprint. Learn More.</p>	Community  <p>We are a part of the communities we serve and are deeply committed to supporting important causes and local economic development. Learn More.</p>
Our Approach  <p>We have structured our corporate responsibility report to respond to our stakeholders' interests and concerns. Learn More.</p>	Archives  <p>2009 Report Prior Reports</p>



Message from Gerard Arpey, Chairman and CEO

I am pleased to report that despite myriad challenges, American Airlines made important progress throughout 2010 in meeting its responsibilities to its many stakeholders. From a customer perspective, we continued to run a safe, dependable airline. For the year, AA's percentage of flights arriving on time was our best in several years, and we also made important strides in our baggage handling performance, notching company records in four of the last six months of the year.

To meet our customers' growing demand for access to the world's important markets, we continued to strengthen our global network, implementing an innovative joint business across the Atlantic with our oneworld partners British Airways and Iberia, and reaching (and, in early 2011, implementing) a similar venture across the Pacific with Japan Airlines.

Though we were not profitable for the year, we did improve our financial performance in 2010 by a billion dollars, despite a fragile economic recovery and dramatically higher fuel prices. And in contrast to our industry peers, we achieved that improvement while contributing \$600 million to our defined benefit and defined contribution employee pension plans.

We know that it is the ingenuity, spirit and perhaps most of all, the resilience of our people that has enabled American Airlines to chart – and stick to – a course that is unique in the airline industry. So we worked very hard in 2010, as we do every year, to sustain a safe, collaborative and respectful work environment, where everybody's contributions are valued, and everyone's ideas are sought out and listened to.

Our commitment to being a good employer is mirrored by our determination to be a good citizen in the more than 200 communities around the world that our people call home. Among other things, that means being a good steward of the environment. And I'm pleased to report that in 2010, AA's fleet renewal program – which will dramatically reduce the amount of fuel we burn, and thus the amount of greenhouse gasses we emit into the atmosphere – picked up a lot of speed.

We are rapidly replacing our older MD-80 aircraft with new, much more fuel-efficient Boeing 737s. We have five new 777 aircraft on the way, as well as dozens of next-generation 787 Dreamliners – all of which will be far more fuel-efficient than the airplanes we are flying today. But we are certainly not waiting for the effects of our fleet renewal to take hold. We have engaged our entire team in our Fuel Smart conservation program, and the employee ideas generated by this program enabled us to burn 123 million fewer gallons of jet fuel in 2010 alone, resulting in almost 1.2 million fewer metric tons of CO₂ emissions.

One of the true blessings we enjoy as a company is the opportunity we have to leverage the passion of and generosity of our people (in 2010, AA employees' direct contributions to charitable causes exceeded \$1 million), and the resources and platform we enjoy as a global airline, to effect positive change around the world. You can read much more about our efforts in this report, and I hope you will do so.

Thank you very much for your interest in our company.

Sincerely yours,

Gerard Arpey



2010 Performance highlights

Customers	Environment	Employees	Community
We seek to earn customer loyalty by meeting or exceeding our customers' expectations.	We embrace the opportunity to act as good environmental stewards, and are implementing innovative ideas and wise investments that will minimize our company's environmental footprint.	We strive to make our company a good place for good people to work and build a career by devoting ourselves to creating and maintaining a safe, collaborative, inclusive, and respectful work environment.	We are a part of the communities we serve and are deeply committed to supporting important causes and local economic development.
<p>American's Flight Service group advanced its rating to "Level 2" under a Federal Aviation Administration (FAA)-sponsored pilot program to improve airline safety management systems</p> <p>We launched a joint business agreement with British Airways and Iberia in October 2010 and received anti-trust immunity for our joint business agreement with Japan Airlines in November 2010</p> <p>We added key routes, such as flights from Chicago to Beijing, to support our cornerstone strategy and American Eagle added 14 new destinations</p> <p>We continued our investment in fleet</p>	<p>We reduced our greenhouse gas emissions intensity ratio by five percent from 2009</p> <p>We celebrated the 5th anniversary of the Fuel Smart program, with over 500 million gallons saved to date</p> <p>Our Fuel Smart program's run-rate of annual fuel savings stood at 123 million gallons at the end of 2010</p> <p>We saved over \$12 million annually through energy-saving initiatives implemented by our Utilities Management Council</p> <p>We received and deployed 45 new Boeing 737 aircraft by the end of 2010 that are 35 percent more fuel-efficient on an available seat-mile basis than the MD-80 aircraft</p>	<p>We employed more than 87,000 full-time and part-time employees worldwide as of December 31, 2010</p> <p>American Airlines reduced its OSHA recordable injury rate by 28 percent since 2004</p> <p>We strengthened our flagship employee safety initiative, Partnership for Safety, within our Line Maintenance organization</p> <p>We were recognized for our excellence in promoting a diverse and inclusive workplace, and received a perfect score of 100 percent for the ninth consecutive year on the Human Rights Campaign's 2010 Corporate Equality Index</p> <p>Our 16 Employee Resource Groups positively influenced our business decisions by</p> <ul style="list-style-type: none"> ensuring that American was well-represented in the communities we serve, raising cultural awareness, assisting the company in 	<p>In 2010, we estimate that American and American Eagle contributed greater than \$105 billion to the U.S. and international economies, helped create 870,800 jobs worldwide, and supported approximately 1,400 nonprofit organizations worldwide</p> <p>Over the past ten years, we invested billions of dollars in facilities, including our investment in Miami Airport's North Terminal and our investment in Los Angeles' American Eagle satellite facility</p> <p>In 2010, direct and indirect support for the Susan G. Komen Race For The Cure® was estimated to be more than \$14 million and involved more than 20,000 employee donors and volunteers</p>

<p>renewal, with an average of one new Boeing 737 aircraft brought into service every eight days</p> <p>American Eagle has expanded access to First Class seating with its new First Class cabin on its fleet of CRJ-700 aircraft</p> <p>We significantly improved our year-over-year on-time departure and arrival performance</p> <p>Employees collectively earned \$36 million in customer experience cash awards that recognize the achievement of high levels of customer satisfaction and travel dependability</p>	<p>they are replacing</p> <p>In 2010, AMR established a new Waste Minimization Team to identify opportunities to reduce, reuse, and recycle waste</p> <p>American ranked 111th in Newsweek magazine's 2010 Green Ranking, the best performance of any passenger airline</p>	<p><i>recognizing the needs of diverse customers, and</i></p> <ul style="list-style-type: none"> • <i>supporting new route launches</i> <p>Our 60 Joint Leadership Teams, composed of independent, union-represented, and management employees across the company, provided input for business decisions that influence their work, how customers will perceive us, and the ultimate success of our company</p>	<p>American Airlines flight attendants and other ground personnel helped raise \$1.6 million from passengers under the UNICEF Change for Good program, also proudly supported by Airline Ambassadors International</p> <p>AMR employees donated more than \$1 million to charitable organizations through our Workforce Giving Program and donated 38,000 hours of volunteer service to 207 organizations</p> <p>American and American Eagle flew 30 relief missions to Haiti carrying over 400,000 pounds of relief supplies in addition to transporting medical and relief personnel. We also helped raise more than \$1.5 million for Red Cross relief efforts</p>
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Click [here for a full list of awards and recognition](#) received by American Airlines in 2009.

Goals for 2011 and beyond

Customers	Environment	Employees	Community
<ul style="list-style-type: none"> • Further advance certification levels across all operational groups with regard to the FAA's safety management system program • Continue improving on-time arrival and departure rates • Continue to roll out enhancements to improve the customer travel experience, such as new technology that improves customer productivity • Further develop our joint business agreements with British Airways and Iberia, and with Japan Airlines to provide a more seamless product for our customers • Maintain our focus on the Customer Blueprint by leveraging the 200 system-wide teams dedicated to Customer Experience Leadership 	<ul style="list-style-type: none"> • Achieve a 134 million gallon annual rate of fuel savings through our Fuel Smart program savings • Increase Utility Management Council energy savings to \$12.5 million annually • Implement initiatives that reduce waste by 326,800 lbs, the weight of a B777 aircraft • Maintain progress in improving CO₂ efficiency of aircraft by an average of 1.5 percent annually between 2005 to 2025 	<ul style="list-style-type: none"> • Maintain our reputation as an industry leader in workforce diversity • Increase employee engagement in American's health and wellness program, Healthmatters • Enhance employee safety by expanding Partnership for Safety, American's employee safety program, to include additional departments • Expand leadership training to include additional operational management levels • Continue bargaining in good faith with our labor unions 	<ul style="list-style-type: none"> • Continue investing in new infrastructure projects and upgrades to existing facilities • Continue to support supplier diversity efforts among key suppliers • Increase employee participation in the American Giving program • Maintain American's current level of support for its four primary giving focus areas – Susan B. Komen, Veterans, Kids, and Community • Increase the number of customers who are aware of and participate in customer giving initiatives • Continue to support community disaster relief efforts in times of need



Meeting customer needs

Flight Plan 2020's tenet "Earn Customer Loyalty" recognizes that to achieve long-term success, we must meet or exceed our customers' expectations.

When purchasing our product, customers expect a global route network, competitive pricing, and a frequent flyer program with many opportunities to earn and redeem miles. Once onboard, customers count on a safe and dependable travel experience, clean aircraft, with timely bag delivery. Throughout the process, customers want to interact with professional and caring employees who treat them with respect regardless of differing cultural backgrounds, experiences, and languages.

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We are pursuing initiatives across all of these areas of customer experience, supported by cross-functional teams throughout the company. In 2010:

- American finalized Joint Business Agreements with British Airways and Iberia, and with Japan Airlines.
- American's Flight Service group achieved a "Level 2" rating under a Federal Aviation Administration sponsored pilot program focused on improving airline safety management systems.
- We continued to improve our year-over-year on-time arrival rates for both American and American Eagle.
- American introduced a new Your ChoiceSM menu of products and services. Amenities such as confirmed flight change, AAdvantage Mileage MultiplierSM, and Admirals Club day pass are designed to make customers' travel experience more convenient, cost-effective, flexible, and personalized.
- Enhancements to our Baggage Handling and Resolution processes resulted in both American and American Eagle reporting fewer mishandled bags than in the previous year for the third consecutive year. In 2010, American and American Eagle handled bags appropriately for 99.6 percent and 99.3 percent of passengers, respectively.
- Employees collectively earned approximately \$36 million in customer experience cash rewards that recognize the achievement of high levels of customer satisfaction and travel dependability.
- American Airlines was listed on the InfoWeek Top 100 in recognition of the many IT initiatives in place that help enhance the customer travel experience.
- We continued our investment in fleet renewal, with an average of one new Boeing 737 aircraft brought into service every eight days. These modern aircraft offer enhanced entertainment systems, more power ports, and more overhead space than the MD-80s they are replacing.
- American Eagle expanded access to First Class seating by adding a First Class cabin to its fleet of Bombardier CRJ700 regional jets.

- The AAdvantage® program launched a new way for customers to use their miles for non-air award redemption. Members booking travel can choose to pay for car rentals and hotel stays using only miles or a combination of cash plus as few as 1,000 AAdvantage miles.
- AAdvantage® One-Way Flex awards continued to provide customers with flexibility for award redemption by offering a variety of options.
- The addition of key routes, such as flights from New York City/JFK to Madrid and from Chicago to Beijing, supported our cornerstone strategy and strengthened our alliance-based networks.

SAFETY AND SECURITY

Safety is the single most important priority for American and American Eagle. It is the first and foremost consideration in any decision, as well as the foundation of our success as an airline. Everyone, from senior management to front line employees, plays a critical role in creating a safe environment.

Our Safety Management System



Employee maintaining aircraft to keep customers safe

The core of our safety focus is our Safety Management System (SMS). The SMS is a set of flight standards developed in conjunction with the FAA that puts in place comprehensive strategies and oversight to enhance passenger safety. The SMS consists of four major components:

- A **Safety Policy** that outlines the SMS philosophy and American's commitment to safety, personal accountability, and individual responsibility.
- **Safety Assurance practices** that ensure safety through reviews, evaluations, audits, inspections, and investigations.
- A **Safety Risk Management framework** that allows hazards to be identified and assessed for risk, and facilitates mitigation strategies and feedback mechanisms.
- **Safety Promotion programs** include training initiatives that contribute towards our positive safety culture.

There are 12 data collection and analysis programs within the SMS 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 among the FAA, our company, 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 1994, American Airlines became the first airline to implement the ASAP program.
- **Internal Evaluation Program (IEP):** IEP audits and inspects company policies, procedures, and systems to identify and correct potential problems before they occur. IEP provides a functionally independent review beyond what is required for regulatory compliance.

American Airlines and American Eagle: Partners in safety

American Airlines and American Eagle work hand in hand to apply the same standards of safety across both sets of operations. We have a close and fully integrated safety relationship and regularly share best practices.

[Read more](#) about American Eagle's safety focus.



Maintenance employees completing inspection

The entire airline industry, including American Airlines, is subject to extensive safety testing and oversight by external regulatory agencies. For example, in 2010, American successfully passed the Department of Defense bi-annual audit.

- Local inspectors audit American and American Eagle operations as part of the FAA's Air Transportation Oversight System.
- AMR participates in the Air Carrier Evaluation Process, in which inspectors from the FAA's national headquarters review our operations.
- AMR holds International Air Transport Association (IATA) Operational Safety Audit safety certification, which we received after passing a rigorous set of audits across more than 900 standards reflecting aviation industry operational safety best practice.
- Civil aviation security authorities in our countries of operation regularly audit and inspect our facilities and operations to verify that we are appropriately applying all applicable safety and security measures.

American Airlines partners with FAA on safety

In 2008, American Airlines began its participation in an FAA-sponsored pilot project aimed at improving safety management systems. The project adopts a phased approach, beginning with Level 0 (Commitment), through subsequent Levels 1, 2, 3, and 4 that apply additional levels of implementation. In December 2009, American Airlines became one of only four U.S. carriers to have achieved Level 1 pilot project implementation across its entire organization. In 2010, American's Flight Service group achieved Level 2 certification. Remaining operational groups will undergo the Level 2 certification process in 2011.

Responding to disasters and emergencies

American Airlines created the Customer Assistance Relief Effort (CARE) program in 1993. The program established teams of American and American Eagle volunteers who are available at a moment's notice to assist passengers and their families after an airline incident or to help with disaster relief efforts.

The CARE team is composed of 1,200 specially trained volunteers who collectively speak over 50 languages. During deployment, CARE volunteers are assigned to passengers, crewmembers and their families, and perform various duties such as making flight and other travel arrangements, securing hotel accommodations, and providing emergency food and clothing.

Please click [here](#) to read more about the [CARE program](#).

Security



New security checkpoint at Los Angeles International Airport

An important part of our role as a travel services provider is making sure that our customers feel secure at all times. We work in close coordination with government agencies to recommend policies that enhance security levels without impeding travel. We also apply a variety of security measures to ensure the safety of our passengers, employees, and assets.

We are proud to have been recognized by the Transportation Security Administration (TSA) for becoming the first airline to implement [Secure Flight](#). Secure Flight is a program that enhances the security of domestic and international commercial air travel through the use of improved passenger watch list matching.

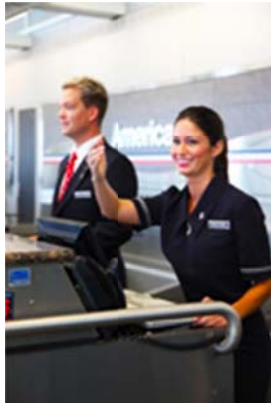
By requesting each customer's full name as it appears on government-issued identification, date of birth, and gender, we make our passengers safer while also minimizing inconvenience for passengers who have been misidentified in the past as being on government watch lists. We store this information for AAdvantage members in order to provide them with an expedited reservation experience, while maintaining the privacy of individuals by collecting the minimum amount of personal information necessary and managing the information in accordance with stringent guidelines and all applicable privacy laws and regulations.

Additional initiatives include the following:

- In 2010, American Airlines participated in an eight-month pilot program with the TSA and the UK's Lancaster University to enhance the screening of U.S.-bound passengers at London's Heathrow airport.
- American is working to improve the customer arrival experience in clearing U.S. government formalities at our U.S. gateways and pre-clearance cities. We are promoting the TSA's Global Entry program with our customers who frequently travel internationally. We have also been working with the TSA at airports to better organize wait lines and improve staffing in order to help with the clearing process.
- American Airlines Cargo implemented enhanced security measures called the Certified Shipper Program in 2009 with one of its top customers. This program focuses on reducing damage and loss along the transport chain.

ENGAGING OUR CUSTOMERS

Our approach to serving our customers



We strive to deliver quality customer service at every point at which we interact with our customers—from initial trip selection and booking, arrival at the airport and pre-boarding, to the onboard and post-flight experience.

Throughout all these interactions, we seek to make American Airlines and American Eagle the airlines of choice for all travelers by focusing on the attributes that customers care about most. We strive to deliver value for every customer, and to minimize the stress that sometimes accompanies the travel experience.

Engaging with customers

American Airlines and American Eagle regularly engage customers to solicit feedback on a wide range of topics—from customer service to our frequent flyer program to advertising ideas. We measure customer satisfaction in a number of ways, including through our online Customer

Satisfaction Survey. Every two weeks for the past three years, we have invited tens of thousands of U.S.-based American Airlines AAdvantage customers to take this online survey. We gather a total of approximately 200,000 responses per year. We expanded the online survey program in 2010 to include non-AAdvantage customers and American Eagle customers.

Detailed survey results are tracked at the corporate level as well as at all airports. Each city receives monthly updates on performance along the six key areas of customer experience: delays and delay management, onboard interactions, bag handling, bag resolution, gate and boarding experience, cabin cleaning, and interior aircraft condition. This data is used to identify opportunities to improve local operations. Several best practices have emerged from the analysis of survey results, including delivering bags in waves to reduce customer wait times and streamlining gate announcements.

In addition to the online surveys, we also engage with customers through other ad-hoc online and paper surveys and focus groups, and by having customers use new products and provide feedback to us. This ongoing dialogue ensures that we are listening to our customers and meeting their expectations.

Top three customer concerns

1. Get me there on time
2. Treat me well
3. Don't lose my bags

Recognizing exceptional customer service



Flight Attendant serves passenger

American Airlines created the AApplause Program in response to requests by premium customers. The program enables premium customers to award AApplause certificates to recognize and show appreciation to employees who provide excellent customer service. In 2010, over 160,000 AApplause certificates were received by employees representing various functional areas, including reservations agents, ticket counter agents, flight attendants, and pilots.

American regularly taps into the knowledge and experience of our 16 Employee Resource Groups and our Diversity Advisory Council for insight on how to improve the travel experience for our diverse range of customers. Additionally:

- Our [Rainbow TeAAM](#) is the leading LGBT Dedicated Sales Team in the industry. Through our Rainbow Exclusives program, we offer promotions designed for individuals flying to LGBT community events. Visit [aa.com/rainbow](#) for details.
- American Airlines [BlackAtlas.com](#) website combines the best features of a travel site with the power of social networking to create a dynamic online community for travelers within the black community.
- Our [aa.com/women](#) website provides travel ideas and promotions designed to meet the unique needs of women travelers.

Read more about American's diverse segment and women's marketing at [aa.com/diversity](#).

CHOOSING AMERICAN

There are three primary factors influencing a customer's airline choice when purchasing a ticket: price, global network, and frequent flyer program. Customer research tells us that awareness of the American Airlines and American Eagle brands is high. We are generally in prospective customer's consideration set when they decide to purchase a ticket as well.

Price

The airline industry is characterized by substantial and intense price competition. American's prices are extremely competitive and American generally matches competitor fares, as failing to match would provide less revenue due to customers' price sensitivity. In recent years, a number of low-cost carriers have entered domestic markets that American also serves. More than 70 percent of American's revenue comes from U.S. and Canadian cities where there is low cost airline competition. The taxes and fees we are required to collect from customers also significantly affect ticket prices. [Learn more](#) about these fees.

We know that our customers choose us not only for convenient access to global destinations and the service we deliver en route, but also because they are getting good value for their money. We therefore look for opportunities to offer special fares to stay competitive in the marketplace.

For example, American Airlines offers special discount rates for group travel. Groups traveling to any American Airlines or **oneworld®** Alliance partner destination can often secure a lower fare and may reserve space, up to 11 months in advance, when traveling together on American Airlines to the same city. Groups of 10 or more passengers booked on a single reservation can check in individually with our Self-Service machines. With this feature, families and large parties can avoid long check-in lines at ticket counters in airports across the United States. We also offer last-minute getaway deals to customers who are flexible in their travel dates.

Introducing Your ChoiceSM

In 2010, American introduced a new array of travel enhancements that customers can access when purchasing an American Airlines flight. The Your Choice menu of products and services is designed to make customers' travel experience more convenient, cost-effective, flexible and personalized.

Your Choice offers customers more control and flexibility by enabling them to purchase services that make the travel experience more enjoyable. Available individually or in packages, this growing menu of services is available through a variety of channels including AA.com, mobile and airport self-service machines. In the future, American hopes to offer even more products and services through a variety of channels at key points in the customer's travel experience.

Offering more optional services to complement the base fare allows American to remain competitive with trends in the industry while providing differentiated service and enabling customers to choose only those services they value. As part of the à la carte pricing of amenities, customers can rest assured that all charges are clearly and plainly presented, with no hidden fees or obligations. By presenting a fare plus additional products and services they can select, customers know exactly what they're getting for their money.

For example, Group 1 Boarding and In-Flight Internet are two services that can be selected as part of the Your Choice customer experience option. Group 1 Boarding provides the convenience of boarding before all other General Boarding groups, allowing more time and space to store carry-ons and get comfortable. With In-Flight internet, passengers can stay connected to the office, family, and friends on any Wi-Fi enabled device, even at 35,000 feet. Unlimited internet can be purchased for a single flight or for 30 days.

More information about Your Choice products and services can be found at AA.com/yourchoice.

Our global network

In a very real sense, what we offer as an airline is our ability to transport millions of people from where they are in the world to where they want to be. The only way we can accomplish this mission is by having in place a robust, global network of routes and alliances.

We continued to leverage our strong domestic network in 2010, focusing on our cornerstone cities of Dallas/Fort Worth, Chicago, Miami, New York, and Los Angeles. These cities serve as gateways to points in Canada, Mexico, the Caribbean, Central American, South America, Europe, and Asia, including several new international nonstop routes introduced last year:

- April: New York Kennedy/JFK - San Jose, Costa Rica
- April: Chicago O'Hare – Calgary, Canada
- May: New York Kennedy/JFK - Madrid, Spain
- May: New York Kennedy/JFK - Manchester, UK
- May: Chicago O'Hare – Beijing
- November: Miami – Brasilia, Brazil
- November: New York Kennedy/JFK – Rio de Janeiro, Brazil
- December: DFW – Rio de Janeiro, Brazil
- December: DFW- Barbados
- December: Chicago O'Hare – Mexico City

Joint Business Agreements completed with British Airways and Iberia, and with Japan Airlines

In the culmination of years of work to secure antitrust immunity from the U.S. Department of Transportation, American Airlines in 2010 finalized Joint Business Agreements with British Airways and Iberia, and with Japan Airlines.

These agreements allow each airline to expand its global reach and align its networks for travel by coordinating schedules, fares, and operations, while sharing revenues and jointly marketing frequent flyer programs, lounges, and other services. Customers will benefit from seamless travel and enhanced rewards.

New **oneworld** Transfer Support Centers in Miami, New York/JFK, Chicago, London/Heathrow and Madrid are providing seamless customer connections among American, British Airways, and Iberia. Visit moretravelchoices.com to learn more.

Our service in the U.S. domestic market is further strengthened through our regional affiliate American Eagle. American Eagle flights extend our network to more than 170 small and medium-sized communities, as well as larger cities that American either could not profitably serve or offer the same frequency of flights using larger jets. American Eagle supports American's cornerstone network strategy by feeding customers from smaller cities into AA's five cornerstone hubs. In 2010, Eagle added 14 new cities to the American network:

- Allentown/Bethlehem, PA
- Asheville, NC
- Augusta, GA
- Cheyenne, WY
- Columbus, GA
- Fargo, ND
- Fayetteville, NC
- Gainesville, FL
- Harrisburg/Middleton, PA
- Myrtle Beach, SC
- Rapid City, SD
- Sioux Falls, SD
- Tri-Cities, TN
- Wilkes Barre/Scranton, PA

Read more about our [global network and oneworld® Alliance partners](#).

The AAdvantage® Travel Awards Program

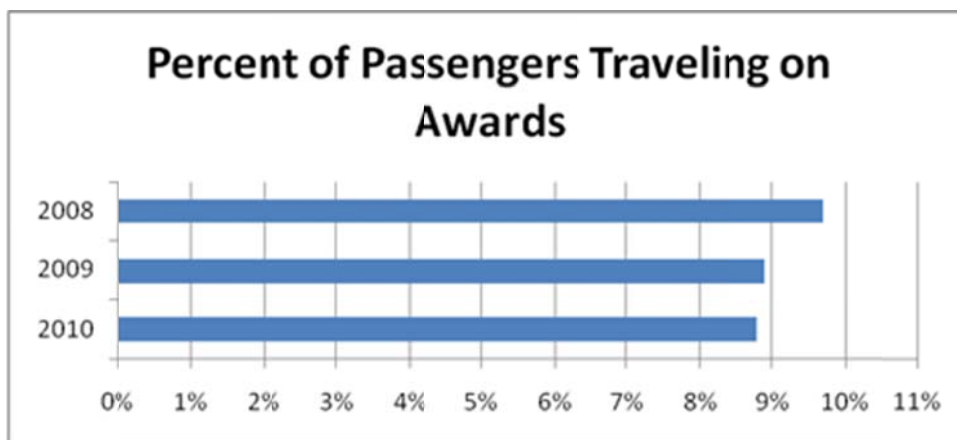
AAdvantage continues to be the world's largest travel awards program and highly desired by American Airlines and American Eagle customers. Customers can earn AAdvantage miles for flying on American Airlines and participating airlines as well as for transactions with over 1,000 participating brands, both travel and non-travel related. Since our members value multiple opportunities to earn miles, we recently launched Mileage MultiplierSM which allows members to receive even more

AAdvantage miles every time they fly. When checking in for a flight, members can opt to double or triple the amount of miles they will earn on their flight, for a nominal fee, and then more quickly reach their next travel award.

Our AAdvantage member feedback indicates that customers want more flexibility and greater insight into available dates when booking tickets and award travel. In response, we introduced a flexible dates search function and an updated aa.com design making it much easier for customers to search for available flights on or close to the desired date of departure. Members can redeem miles for flights to almost 950 destinations worldwide.

Members can redeem miles for other awards including flight upgrades, vacation packages, car rentals, hotel stays, and other retail products. American introduced AAdvantage car and hotel awards in November 2010; now, AAdvantage members can redeem miles for car rentals and hotel stays at over 10,000 locations in more than 320 destinations worldwide. Flexible payment options allow customers to choose to pay for car and hotel reservations using miles alone or a combination of cash and miles.

In 2010, 7.2 million awards were redeemed for flights, rentals, hotel stays, and other products. Award redemption increased by four percent from the previous year, when 6.9 million awards were redeemed. The percent of boarded passengers traveling on free travel awards on American and American Eagle dipped slightly to 8.8 percent in 2010.



We have been recognized for our investment in our frequent flyer program through awards for best redemption of any U.S. and worldwide program. In addition, we were recognized for "Best Loyalty Campaign for an Airline" for our Up in the Air promotion.

CUSTOMER EXPERIENCE

Enhancing customer experience

We are focused on delivering a positive experience for customers prior to boarding, onboard the aircraft, and upon arrival. We know that factors such as dependability and the overall quality of the travel experience are keys to ensuring high levels of customer satisfaction and loyalty.

We have established the Customer Experience Leadership Program at American Airlines to position us to deliver exceptional customer service, every day. Our Customer Blueprint guides our actions, with every employee, whatever their job function, expected to keep customer objectives and customer satisfaction in mind.

The Customer Blueprint Our Customer Experience Road Map		
Customer Loyalty		
Customer Objective	Best deliver what premium customers value	Deliver fair value to all nonpremium customers
Customer Reputation	Maximize the time and minimize the hassles (including resolving issues)	Deliver competitive price/value for budget-conscious travelers
	Recognize premium customers and offer consistently differentiated experience	Create customizable experiences by offering à la carte products and services
	Have the best network/schedule (biased toward premium customers)	Allow nonpremium customers to maximize time and productivity for a fee
Customer Satisfaction		
Consistently Deliver the Basics for All Customers		
<div>>>Safety</div> <div>>>Dependability/reliability</div> <div>>>Cleanliness</div> <div>>>Baggage handling</div> <div>>>Basic courtesy/ professionalism</div>		

Employees throughout the company are working together to develop innovative solutions to enhance the customer experience. These local teams are instrumental in helping our airline enhance customer satisfaction in areas of:

- Dependability,
- Gate interactions,
- Onboard interaction and boarding experience,
- Cabin interior condition,
- Baggage handling, and
- Baggage resolution.

Customer experience teams lead the way



From calling the customer by name to facilitating a better boarding experience, American is constantly identifying creative solutions to enhance customer satisfaction. Every day, more than 250 Customer Experience Teams use their ingenuity to improve the customer experience.

Punta Cana, Dominican Republic was awarded the Fourth Quarter 2010 Customer Cup for its customer service efforts

The Customer Cup is a quarterly recognition event designed to acknowledge stations and their employees who are raising the standard in Customer Experience. Each quarter, five stations that achieve the largest number of customer experience metrics with significant improvements will be awarded the Customer Cup, a physical trophy with the station's name engraved

on it. The Customer Cup celebration includes executive visits and a personal presentation of the Customer Cup to the station. The trophy transits the system Stanley Cup-style each quarter.

American Eagle's Performance Bonus Plan ensures that all employees are rewarded when critical monthly performance goals are met. Employees can earn up to \$75 each month for achieving on-time performance goals and operating every flight as scheduled. When setting monthly performance goals, Eagle strives to be a "Top Tier" carrier, consistently ranking among the top three regional carriers in the nation. In 2010, each employee received \$375 from the plan for achieving the monthly goals.

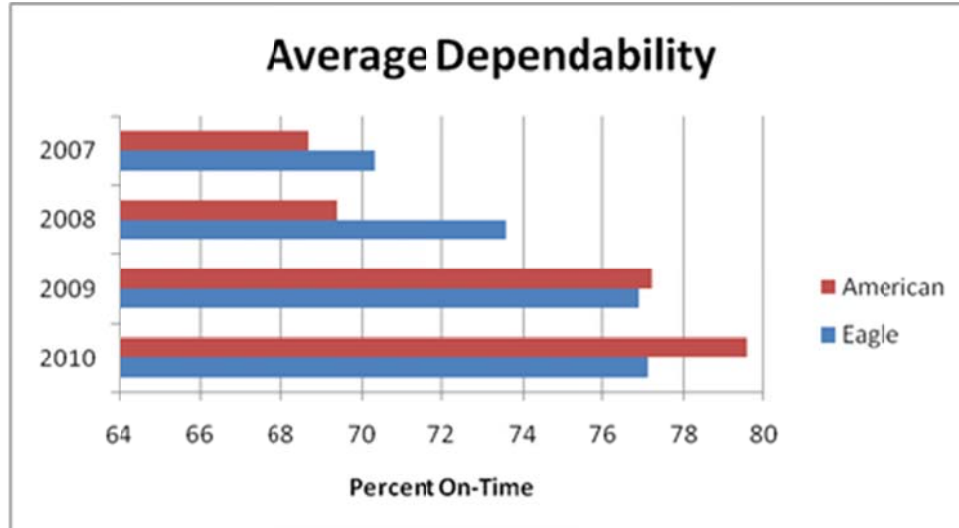
Ensuring dependable flights

Our customers expect their flights to leave and arrive on time, and we are continually improving our performance in these areas. We specifically focus on making sure that customers arrive at their final destination on time, even if there are unavoidable delays on any particular leg of their trip.

American has identified several factors that can help us improve our on-time arrival rates, including:

- We prioritize arrivals into hub airports, as many passengers need to make connections at our hubs. Timely arrival at hubs minimizes the disruption and inconvenience to passengers of missed connections or delayed bags.
- We try to ensure that early morning flights (those departing before 10am) leave on time. Aircraft delayed at the beginning of the day can affect all subsequent flights—a chain reaction we strive to avoid.
- We focus on integrated planning to ensure that our entire network of flights is running smoothly, with the minimum number of aircraft out of service at any one time.

One way in which we track dependability is through metrics that all U.S. airlines report to the Department of Transportation (DOT), including on-time arrival rates. DOT defines an on-time arrival as any flight that arrives within 14 minutes after its published scheduled arrival time (A+14). American Airlines and American Eagle have consistently improved on-time arrival performance overall for the past four years.



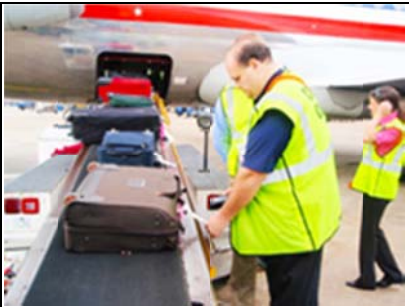
Certain aspects of on-time arrival are outside of our control, such as airport congestion and weather events. Our success with this metric, however, depends in part on actions we take within our operations. For example, we are continuing our practice of pairing pilots and flight attendants with aircraft so that they do not need to switch to other aircraft at each departure point. We also carefully plan and track overnight maintenance so that all our aircraft are ready to fly at their scheduled time.

Customer experience tools and innovations

When customer service issues arise, our objective is to resolve them at the first point of contact. We are using technology to provide employees with more information about our customers and our operations so that they have the tools they need to

solve problems quickly. Since the inception of the Customer Experience Leadership Program, we've introduced a broad array of tools and innovations to enhance the customer experience.

In those instances when customer concerns require further attention, we follow the provisions outlined in our Customer Service Plan. Customers may also submit any comments or concerns via the Customer Relations webpage.

Overall customer experience	American is making substantial investments in technology to provide employees with better systems and processes to support customer service needs. Our Jetstream project is a multi-year initiative to replace the current Passenger Services System used by virtually every department within American Airlines and American Eagle. Jetstream is a critical component of modernizing our existing technology infrastructure. The new system will allow American to quickly and efficiently implement changes to improve our business and/or respond to competitive challenges. Additionally, Jetstream will enable increased consistency with our oneworld and JBA partners and our other codeshare partners to facilitate a seamless, global travel experience.
Customer travel management	<p>"Remember Me" is an automated system through which customers can call a dedicated phone number to retrieve reservation information up to four times faster than individuals not registered for the service.</p> <p>Enhanced AA.com mobile services, as well as the new iPhone, iPad and Android applications, offer customers the ability to use mobile devices to view flight status, check in for a flight, change reservations, and perform many other important tasks while on the go.</p> <p>YADA (Your Assistance Delivered Anywhere) is a mobile technology that allows airport agents to provide real-time information on flights, gates and baggage directly to customers anywhere in the airport. Agents can scan boarding passes, check bags, print "real" bag tags, provide connecting information, and even pull up maps of other airports. Dedicated self-service machines and kiosks present information in local languages.</p>
Dependability	<div>  <p><i>RampLink mobile device helps speed up flight close out process</i></p> </div> <p>RampLink is a hand-held PDA that allows crew chiefs to close and finalize the Cargo Load Plan plane-side instead of walking to the gate house. This technology helps prevent delays associated with providing weight and balance data to flight crews before takeoff. Enhancements to this technology now allow crew chiefs to scan bags as they are loaded onto the plane, giving employees the ability to tell customers where their bags are at any given time.</p> <p>Gate Adviser is a web-based platform used by our gate agents that allows them to immediately learn and communicate the status of a flight crew, meal information, air traffic control factors, and individual passenger connections.</p> <p>Taxi Monitor enables employees in our operation centers and airports to track how long a departing flight has been away from a gate while waiting for takeoff and how long an arriving flight is on the ground waiting for a gate and the number of passengers on board.</p> <p>Diversion Tracker is a monitoring tool that 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.</p> <p>ReAAccom re-books customers after a cancellation and finds the best flight options available for as many customers as possible. The system can process up to 200 flights per hour and automatically updates reservations and triggers customer notifications.</p>
Gate interactions and boarding experience	<p>PriorityAAccess was introduced to make the airport process and overall travel experience more convenient.</p> <p>We are improving the ways in which customers can navigate all airports including new signage and branding enabling customers to locate facilities and amenities more easily.</p>

Onboard interactions	In August 2008, American Airlines became the first U.S. airline to offer in-flight internet access. By the end of 2009, Gogo, our in-flight internet service, was installed on all of our 767-200s and 150 of our MD-80s. In 2010, we continued installing the service on our entire 737 fleet.
Cabin interior condition	<p>We have instituted world-class cabin cleaning systems via</p> <ul style="list-style-type: none"> • Staff training • Identification and standardization of cleaning tools and products, with color-coded bags of cleaning supplies specific to each area of the aircraft
Baggage handling	<p>We are working with gateway cities to provide better baggage sortation procedures and faster delivery of bags being transferred from other airlines to American.</p> <p>We revised procedures for loading and unloading bags in certain European cities and introduced bag tags in various languages to improve baggage tracking and the post-flight experience.</p>
Baggage tracking and resolution	T-Link is a mini-computer device installed on tugs to help reduce baggage misconnects by providing real-time gate information and efficient route information to fleet service clerks delivering connecting bags.



Acting as responsible stewards

We are committed to identifying and implementing programs to reduce our environmental impact. We recognize that acting as responsible environmental stewards is not only good for the planet, it is good for our business. As such, we continuously look for new ideas and opportunities to further improve our environmental performance.

In 2010, our environmental initiatives yielded the following results:

- We reduced our greenhouse gas intensity ratio related to jet fuel by five percent from 2009 to 2010.
- In 2010, we celebrated the 5th anniversary of our Fuel Smart program, generating more than 500 million gallons in total fuel savings since the program began.
- Fuel Smart's annual rate of fuel savings stood at 123 million gallons by the end of the year. This achievement exceeded our goal of 120 million gallons.
- We saved over \$12 million annually through energy-saving initiatives implemented by our Utilities Management Council.
- We received and deployed 45 new Boeing 737 aircraft in 2010 that are 35 percent more fuel-efficient on an available seat-mile basis than the MD-80 aircraft they are replacing.
- We signed agreements in partnership with 15 other airlines to purchase future supplies of alternative fuels in 2009 and in 2010 attended several conferences related to the further development of alternative fuels.
- American ranked 111th in *Newsweek* magazine's 2010 Green Ranking, the best performance of any U.S. passenger airline
- In 2010, we formed a multi-departmental group to focus on increasing recycling and reducing the amount of waste sent to landfill

Environmental Performance and Goals					
	Performance			Goal	
	2008	2009	2010	2010	2011
Fuel Smart Annual Savings Rate Improvement	111 million gallons	108 million gallons	123 million gallons (exceeded goal by 3 million gallons)	120 million gallons	134 million gallons
Utilities Management Council Savings	\$4.9 million in savings	\$10 million in savings	\$12.0 million in savings(exceeded goal by \$0.5 million)	\$11.5 million in savings	An additional \$0.5 million in savings
Waste Minimization	*	*	*	*	326,800 lbs

*The Waste Minimization group was formed in 2010 and will begin tracking performance in 2011.

CLIMATE CHANGE

We are an energy-intensive industry. Our greatest environmental impact stems from the use of jet fuel to fly aircraft; specifically, the greenhouse gases (GHGs) emitted from the combustion of this fossil-based fuel. We recognize the importance of this issue, and understand that it is a high priority concern for many of our stakeholders.

We pay close attention to and participate in public policy discussion around climate change, and seek to understand the potential impacts that a changing climate may have on our industry and the world. We are also preparing for the economic and operational impacts unfolding carbon regulation and trading schemes will have on our operations and the services and prices we can offer to our customers.

The European Union Emissions Trading Scheme

Beginning in 2012, aviation will be included in the European Union's Emissions Trading Scheme (EU ETS). The ETS is a cap and trade system that requires companies within specific industries to submit allowances to cover their emissions. With limited exceptions, all flights landing or departing the EU will be covered in the ETS regardless of where the operator is incorporated. Emissions from all phases of the flight are included in the ETS, including emissions while aircraft are on U.S. soil and while flying in U.S. airspace.

American, together with two other U.S. airlines and the Air Transport Association, is contesting the ETS in European courts. Read more about our position on [ETS](#).

In 2009, American's monitoring plans under the ETS were approved. We tracked emissions and ton-kilometers beginning in 2010, with the resulting data verified and submitted at the end of March 2011.

At American, we have identified several strategies to minimize our carbon footprint, including:

- Focusing on ways to use fuel more efficiently
- Raising and allocating capital to purchase new aircraft
- Encouraging greater investment in aviation technology
- Tapping into employee creativity to reduce our overall carbon footprint
- Investing in the development of alternate fuels via future-purchase agreements

None of these are perfect solutions. Our ability to reduce emissions related to jet fuel combustion is constrained by the lack of readily available, at-scale substitutes, and the limits of current aviation technology. For example, the development of alternative fuels that can be obtained at sufficient quantities and without generating other undesirable environmental or socioeconomic impacts is still in very early stages. And even the most efficient aircraft still requires jet fuel to operate. Despite these challenges, we are optimistic that the benefits of air travel and transport will drive future innovation, and we are proud to be an active participant in developing environmental solutions.

While air travel is a carbon-intensive industry, air carriers play 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](#).

GHG reduction goals

The airline industry collectively contributes only approximately two percent of the world's manmade emissions of carbon dioxide, according to the United Nations Intergovernmental Panel on Climate Change. As an industry, we are committed to doing our part to decrease this percentage even further. Our collective goals are to:

- Improve CO₂ efficiency of aircraft by an average of 1.5 percent per year, measured on an intensity basis, through 2020
- Achieve carbon neutral growth from 2020 onwards
- Reduce aviation net carbon emissions by 50 percent by 2050, as compared to 2005 levels

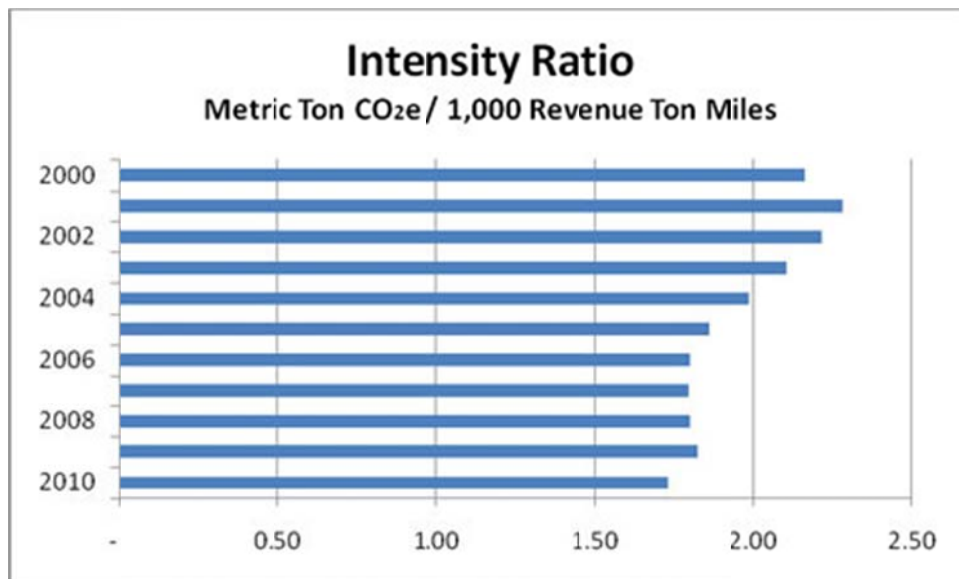


Fleet renewal with Boeing 737s is better for the environment

As an airline, we have established a 20-year goal to reduce our GHG intensity ratio by 30 percent between 2005 and 2025. Our intensity ratio compares the amount of CO₂e we emitted with the work we performed as measured by revenue ton miles (RTMs), which is the weight of passengers and cargo we were paid to transport. Our intensity ratio decreased 6.8 percent between 2005 and 2010 which puts us slightly behind the pace needed to meet our 20-year GHG efficiency goal.

Tracking fuel efficiency

We track fuel efficiency through an "intensity ratio" that reflects metric tons of CO₂e per 1,000 revenue ton miles (RTMs)—or, put more simply, a measure of how many passengers and how much cargo our aircraft transport when they fly. In 2010, American's intensity ratio improved 5 percent from 2009 and 20 percent from 2000.



One of the most exciting things happening at American Airlines today is the delivery and deployment of new aircraft. In 2010, we took delivery of 45 new Boeing 737 aircraft, and ordered an additional 35 of those planes to be delivered in 2011 and 2012. We also announced the purchase of 5 Boeing 777-300 aircraft, to be delivered in 2012 and 2013. According to Boeing, the 777-300 is 19 percent lighter than its closest competitor, and it produces 22 percent less CO₂ per seat and costs 20 percent less to operate per seat. The airplanes are bigger than our current Boeing 777-200s, with a longer range that will enable us to provide nonstop service to places we can't reach today.

Due to our significant investment in new technology and operating procedures, we will continue to decouple emissions growth from future growth in passenger numbers. This means that even as a greater number of flights take place around the world, they do not result in an equivalent rise in percentage of GHG emitted.

More specifically, we continually adjust our operations to reflect the optimal amount of growth for our airline. For example, by prudently managing the number of aircraft in our fleet and adjusting our schedules to meet the needs of our customers, we ensure that our aircraft are optimally utilized so that we can transport passengers and cargo with as little fuel as possible. In 2010, the total number of available seats on all flights rose by just one percent while total passenger traffic increased 2.5 percent. In addition, we were able to carry almost 14 percent more cargo. Thus, an increase in passengers does not necessarily lead to an automatic increase in fuel consumption.

Addressing the root causes of GHG emissions

The most significant contributor to our GHG emissions is the burning of petroleum-based jet fuel. As such, the most effective way to curb emissions is through the introduction of new, more efficient technologies and operational practices such as:

- Better aircraft design and engine innovation
- New, lightweight materials
- Alternative fuels
- Optimal flight planning and routing

Additionally, further GHG emissions reductions could be achieved via infrastructure improvements to airports and to the overarching [air traffic management system](#), supported by positive economic measures and government investments.

Participating in climate partnerships

We recognize the value of learning from our peers and leaders in other industries with regard to lowering our GHG emissions. We are active in several climate-related organizations, including the Commercial Aviation Alternative Fuels Initiative. We respond annually to the Carbon Disclosure Project (CDP) and our response is accessible on the CDP website. We were previously members of the U.S. EPA Climate Leaders Program, and although we are disappointed that the EPA has ended the program, we will continue to work towards goals established under that initiative.

Increasing the efficiency of transoceanic flights

American has long been a leader in optimizing air travel efficiency over the Atlantic. In fact, more than 20 years ago, American pioneered the routine use of two-engine aircraft on trans-oceanic flights, which fundamentally changed air operations. Up to that point, almost all international flights were flown by three- and four-engine aircraft. American's efforts to open up the Atlantic to two-engine aircraft heavily influenced Boeing and Airbus to build two-engine aircraft for international flights, resulting in a significant reduction in carbon emissions and greater fuel efficiency across the industry.

American is proud to continue its leadership in testing next-generation technology and procedures in conjunction with the Atlantic Interoperability Initiative to Reduce Emissions (AIRE) program. AIRE is a joint initiative among the Federal Aviation Administration (FAA), the European Commission (EC), and several international airlines. It is designed to speed up application of new technologies and operational procedures that have a direct impact on reducing carbon emissions and noise pollution, as well as conserving fuel. Part of the AIRE project includes gate-to-gate flight demonstrations to test the benefits of technologies that will be used with the [FAA's NextGen](#) and the EC's Single European Sky ATM Research (SESAR) air traffic management systems.

American has participated in AIRE since 2008 and is the first U.S. airline to conduct tests in 2010 of new, more environmentally beneficial technologies on transatlantic routes (**oneworld**) in order to reduce carbon emissions and save fuel.

Using a Boeing 767-300 aircraft, American flight 63 flew from Paris Charles De Gaulle Airport and arrived at Miami International Airport. The flight was conducted using several fuel conservation measures, including single-engine taxi on departure and arrival, continuous climb-out and descent, optimized routing over water, and a "tailored arrival." Among those procedures are several key elements of Fuel Smart, American's fuel conservation program.

Supporting airspace modernization



American Airlines Captain Brian Will and GE Captain Steve Fulton of GE Aviation after arrival of flight 1916 in Hartford, Connecticut

In late summer 2010, American became the first airline to utilize a publicly available, commercially designed instrument flight procedure, ushering in a new era in airspace modernization. On August 26, 2010, Flight 1916 from Dallas Fort Worth (DFW) to Bradley Airport (BDL) in Hartford, Connecticut, introduced "Highways in the Sky," a procedure to reduce delays, slash aircraft CO2 emissions, reduce noise, and improve airline operating efficiency.

"Highways in the Sky" lets pilots use onboard technology to follow a precise track, independent of aging ground - based navigation beacons that limit an aircraft's flight-path options. Designed by Naverus, part of GE Aviation, the path incorporates Required Navigation Performance (RNP) technology, a core component of the FAA's NextGen airspace modernization plan. RNP paths can be custom-tailored to reduce airport congestion, shorten trip distance, reduce an aircraft's time in flight, and create community-friendly flight trajectories that lessen the effect of aircraft noise.

Navigational and operational capabilities such as these will make air traffic management more efficient by helping airlines plan more direct routes. Without new RNP flight paths and other essential upgrades, the FAA estimates that the current air traffic control system will be unable to handle the 50 percent increase in air traffic that is projected in the next decade.

ENERGY EFFICIENCY

Jet fuel far exceeds all the other energy sources used across our operations. Accordingly, our first focus when it comes to energy efficiency is reducing the amount of jet fuel we use. Not only does lowering our fuel consumption reduce our GHG emissions, thus contributing to our carbon reduction goals, but it also saves us money—an especially important consideration when fuel prices rise. On average, each gallon of fuel saved returns more than \$3 to our bottom line.

Fuel Smart celebrates its 5th birthday!

We proudly celebrated the 5th anniversary of the Fuel Smart program in 2010. Established in 2005, Fuel Smart is an important cornerstone of our fuel conservation efforts. It engages employees in every aspect of our business in searching out fuel-saving opportunities and making them part of everyday routines. By the end of 2010, we achieved an annual savings rate of 123 million gallons per year, 3 million gallons more than we had originally anticipated and 15 million gallons more than our rate of savings at the end of 2009.

We pursue Fuel Smart ideas that offer the greatest financial impact, ease of implementation, and engagement with front line employees. In 2010, we:

- Completed the installation of winglets on 30 percent of our Boeing 767-300 fleet, adding 4.4 million gallons of annual fuel savings. Winglets were installed on all Boeing 737 and 757 aircraft prior to 2010
- Improved the optimization of excess arrival fuel, adding 3.4 million gallons to annual fuel savings
- Reduced total aircraft weight by modifying catering cart materials, removing unnecessary items, and eliminating unneeded potable water carried on flights. Lighter cargo containers and catering carts enabled us to add 600,000 gallons to annual fuel savings
- Improved catering weight estimates during the flight planning process, saves 900,000 gallons annually
- Added 3 million gallons of annual fuel savings through the engine wash program and by towing more aircraft between terminals and maintenance hangars



Dispatchers play a key role in planning for a fuel efficient flight

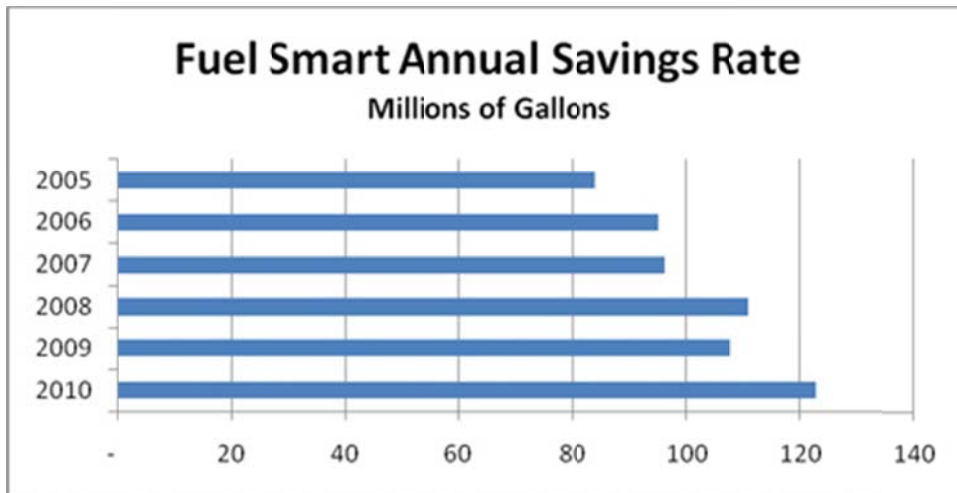
Our goal in 2011 is to achieve a 134 million gallon annual rate of fuel savings, an increase of 11 million gallons over 2010. In 2011, we will be focusing on achieving greater fuel efficiency by optimizing our route selection, reducing fuel use while aircraft are parked, and by squeezing greater savings from existing initiatives.

Read about these and other initiatives on the [Fuel Smart webpage](#).

Saving fuel, making a difference for vets

Thanks to a new partnership between Fuel Smart and American's Veterans support team, employees throughout the company now have the ability to help those who have served or currently serve in the United States armed forces by conserving fuel. Through this partnership, a portion of fuel saved through Fuel Smart initiatives has been contributed to Air Compassion for Veterans, a nonprofit organization which helps active and retired military veterans and immediate family members with travel for medical, counseling, and rehabilitation needs.

In 2010, American employees earned more than \$400,000 for veterans. [Read more.](#)



We measure the results of fuel-savings initiatives through an annual savings rate metric, which indicates the amount of fuel we will be saving over the next 12 months compared to when we began our Fuel Smart program.

Utility management council leads the way in conserving resources

In addition to seeking out ways to cut fuel consumption, we also pursue energy-saving initiatives at our offices and facilities. We established an internal Utility Management Council in February 2005 to lead these initiatives and track the savings we've achieved.

The Utility Management Council is made up of Facilities Maintenance Managers from the "Big 10"—the 10 stations across the American Airlines system that spend the most on utility costs. These managers from our major operations meet every other month, along with TWU union representatives, to explore energy challenges, analyze ideas and potential solutions, and develop plans to bring down utility costs.

Since the council was established, the group has identified over \$12 million in annual savings for the company. Some savings are small, such as those resulting from the replacement of old copiers with more efficient models that carry the Energy Star rating. Other initiatives, such as boiler enhancements at our Alliance/Fort Worth and Tulsa maintenance bases, are providing much bigger savings. But all of these improvements—big and small—represent important steps to help us reduce our electricity use and associated emissions. In 2011, the Utility Management Council is looking to increase its annual savings by an additional \$0.5 million.

Lighting the way to energy savings



Over the past five years, American Airlines replaced all T12 fluorescent light fixtures with more efficient T8 lamps throughout its two million square foot Headquarters Campus. The total number of lighting fixtures changed was 24,800, reducing electricity by 1.23 MWH annually.

A total of 1,700 light fixtures in the parking garages were also retrofitted with LED lights. The LED lights are whiter in color and have helped improve visibility and safety. These changes have provided significant energy-use improvements, as well as immediate cost savings.

By replacing lighting in the parking garages of our corporate headquarters with new, energy efficient fixtures, we're saving \$438 every day—or \$160,000 per year.

New lighting in our headquarters parking garage saves \$160,000 annually

Building green

One of the tenets of American's Flight Plan 2020 is to "Invest Wisely". This principle applies equally to environmental initiatives as to any other operational activities at our company. American's corporate real estate group is taking this message to heart as it develops and implements a program for sustainable procurement, design, and disposal of materials for construction projects.

Over the past year, corporate real estate has begun tracking Leadership in Energy and Environmental Design (LEED) "points" for construction projects. LEED awards points for various energy-efficient and environmentally preferable building construction and renovation practices; the more points, the higher a LEED rating a building can receive. Although American does not plan to immediately seek LEED certification, the point system is a useful tool for ensuring that American's construction projects are as sustainable as possible.

MATERIALS USE

Jet fuel constitutes the largest portion of our materials use, by both weight and volume. We do, however, use many other products throughout our operations such as paper, electronic equipment, maintenance materials, chemicals, and batteries.

We strive to eliminate unnecessary materials use and to reduce waste. We also encourage reuse and recycling efforts to avoid throwing away still-useful materials by promoting employee awareness and empowering employees to identify additional ways to conserve resources, including onboard our aircraft.

In 2010, we established a new **Waste Minimization Team**, recognizing that we have a significant opportunity to improve our waste minimization, reuse, and recycling practices. The team is composed of American employees representing various divisions, including corporate environmental, corporate real estate, airport planning, customer experience, cargo, flight service, food and beverage, line maintenance, purchasing, and communications. The varied backgrounds, experience, and operational knowledge of these individuals will ensure that we can undertake a coordinated and comprehensive approach to new waste minimization and recycling initiatives.

American's 2011 waste minimization goal is to implement new recycling opportunities—across our operations, facilities, and flights—that will reduce waste by 326,800 lbs per year, the equivalent of the weight of a B777 aircraft.



The Waste Minimization Team will work to create and sustain a comprehensive waste minimization program by:

- Reducing the amount of waste that American sends to landfill
- Increasing opportunities for customers to recycle during their travel experience
- Engaging employees in environmental education and awareness at work and at home



Our flight attendants recycle 15 million aluminum cans each year through their in-flight efforts. Read more about our [inflight reuse and recycling efforts](#).

Reducing paper use on the ground and in the air

Over the past few years, we have made a concerted effort to "go paperless" to the degree possible. As part of this initiative, we:

- Highlight paper use reduction and recycling opportunities at our headquarters campus in Texas through the slogan: "Anything that Tears." By placing this simple reminder to recycle paper products on posters and recycling bins, we help employees stay mindful of the impact that their personal actions can have on the environment
- Installed double-sided printers at many office locations
- Provide online alternatives to ticketing and printing boarding passes, including a feature that allows customers to download boarding pass bar codes onto their cell phones
- Equip our mechanics with portable laptops to reduce the need for maintenance printouts
- Use an online office supply catalog rather than ordering from a paper version of the catalog
- Print inflight magazines and boarding passes on thin-gauge paper stock

Eliminating hazardous waste

We are reducing the amount of hazardous waste generated at our facilities in an effort to reclassify facilities from large to small-quantity generators of hazardous under the Resource Conservation and Recovery Act administered by the U.S. EPA. For example, American's Chicago airport facility (ORD) implemented a hazardous waste reduction initiative focused on paint solids that are generated during the maintenance of aircraft and ground support equipment. In past years, these paint solids were disposed of in containers that were also used to dispose of soiled cleaning rags. Because the rags were mixed with the paint solids, they also needed to be managed as hazardous waste.

In the fall of 2009, ORD implemented a rag recycling program where instead of being thrown away into hazardous waste containers, soiled rags were laundered and re-used. This program has helped reduce the hazardous waste stream from the rags by 24 percent and helped decrease the associated hazardous waste disposal expense by 30 percent.

We also look to replace hazardous chemicals used in maintenance operations with environmentally preferable alternatives. In 2010, the Tulsa Maintenance Base Auto Shop conducted extensive comparison testing of water-based solvents in their parts washers. Pleased with the results, Facilities Maintenance is replacing five mineral spirit parts washers with water-based washers, reducing the amount of chemical solvents that are used. In addition to being a safer alternative to minerals spirits, the new water-based solvent is Green Seal Certified and biodegrades in accordance with the ISO 9439 standard.

American Eagle saves trees... and fuel

In 2010, American Eagle sought to make its Latitudes inflight magazine more environmentally sound, while not increasing the weight of the magazine—a critical consideration, as additional weight would increase the amount of fuel burned in flight. Turning to its publisher, Eagle was able to locate and switch to a 100 percent recycled paper produced by Futuremark Paper, an environmentally friendly coated sheet paper. Latitudes is now printed on 100 percent recycled paper stock and carried in the seatback pocket on every American Eagle flight. Not only does using recycled content save trees, but it reduces landfill waste and CO₂ emissions and minimizes water consumption.

Managing water use

In addition to conserving energy, American Airlines strives to use other natural resources, such as water, in as efficient and responsible way as possible. For example, we have implemented a state-of-the-art web-based water monitoring system at our headquarters campus. This software system turns sprinklers on and off depending on lawn moisture levels, as opposed to watering lawns according to a timer system. In addition to saving water, this approach provides American with metrics to help track changes and improvements over time.

American will also test, over the coming months, a reverse osmosis wastewater treatment system to help reduce the amount of water purchased. In this process, cooling water is treated and continuously reused rather than being sent down the drain.

As we pilot these and other water-conservation initiatives at our headquarters and global locations, we will share best practices through the Utilities Management Council. In this way, American can institutionalize the most effective practices across our entire portfolio of facilities.

ENVIRONMENTAL POLICY

Managing environmental issues at American

American Airlines and American Eagle implemented an Environmental Management System (EMS) almost 20 years ago. Modeled on the ISO 14001 standard, the EMS encompasses elements including environmental policy, planning, implementation and training, audits and corrective actions, and management review. The EMS covers our U.S. operations.

In 2010, we performed 59 internal audits, including audits at all major airport operations and maintenance bases. As part of the EMS plan, we aim to audit all maintenance bases, all major airport operations, and smaller airport operations on a risk-based schedule—approximately once every three years.

As part of our management approach, we expect to maintain 100 percent compliance with all applicable laws and regulations. We have achieved consistently strong environmental performance. In 2010 the U.S. EPA cited one of American's airport locations for not maintaining sufficient aisle space between waste containers at its Central Accumulation Area (the area used to store waste prior to being shipped off for disposal). American has addressed this issue, and the EPA did not assess a penalty for this citation. No other citations or penalties were assessed in 2010.

With regard to oversight of our environmental performance, the Managing Director of Corporate Environmental reports directly to the Vice President of Safety, Security and Environment, who reports annually to the Board of Directors. Administratively, this Vice President reports directly to AMR's Executive Vice President of Operations who, in turn, reports directly to AMR's Chairman, President, and Chief Executive Officer, Gerard Arpey.

American manages its environmental performance across three core focus areas:

- Direct energy (jet fuel) consumption and related GHG emissions, addressed through the Fuel Smart Program
- Indirect energy and water use and conservation, addressed through the activities of the Utilities Management Council
- Waste, recycling, and materials use reduction: activities directed by the newly formed Waste Minimization Team

Environmental Policy and Commitment Statement

The AMR Environmental Policy governs our company's approach to protecting and preserving the environment. The Policy was first adopted in 1993 and most recently updated in December 2009.

AMR is committed to safeguarding the earth's environment through the ongoing development and implementation of sustainable business practices.

The Chief Executive Officer and each employee are responsible for ensuring compliance with this policy. Station/functional management at all locations and subsidiaries shall implement policies and procedures to comply with this policy statement.

The Company has made a commitment to:

- Comply with all environmental laws and regulations
- Maintain procedures and systems that ensure required environmental laws and regulations are met or exceeded
- Communicate appropriate environmental information to affected employees, customers, contractors, the public, regulatory authorities, and emergency response authorities
- Safeguard the earth's environment by adopting sustainable business practices, technologies, and procedures that take energy use, pollution prevention, water conservation, other emissions, and conservation of natural resources into account
- Engage our stakeholders, including customers, suppliers, and shareholders in our effort to reduce our environmental footprint
- Report publicly our environmental performance, including greenhouse gas emissions, on an annual basis
- Strive to continuously improve our environmental performance

The President and Chief Executive Officer will actively work to ensure that each employee of American and American Eagle remains focused on and committed to our environmental, social, and economic success, and will:

- Hold each officer accountable for the environmental performance of his or her division/department
- Require each department to provide the training necessary to ensure that we comply with the environmental rules and regulations and that our impacts on the environment are minimized
- Require each employee to comply with the Environmental Policy Statement and the Company's policies and procedures designed to encourage environmental, social, and economic sustainability
- Actively encourage employees to find environmentally friendly methods of running our business

DATA

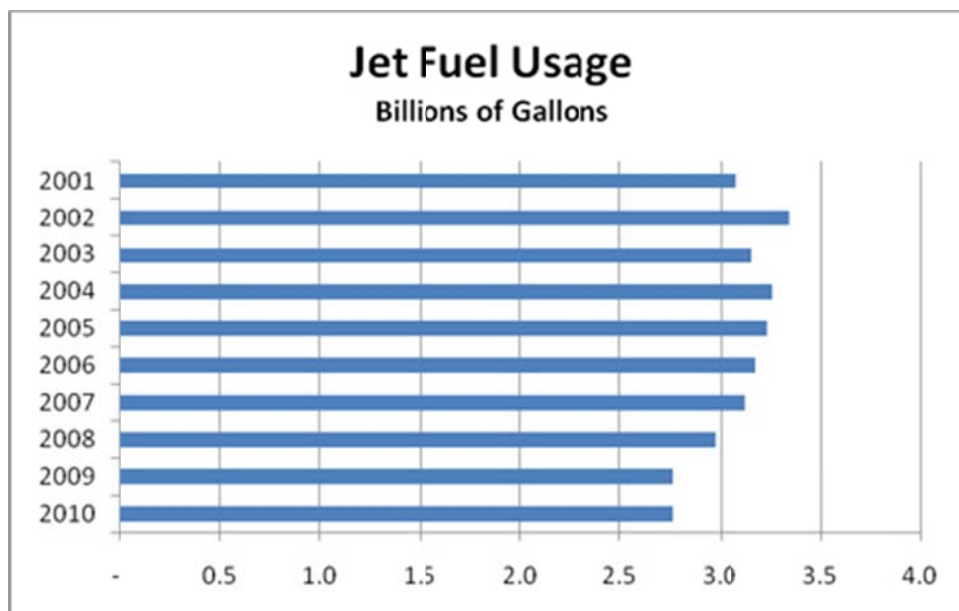
- [GHG emissions](#)
- [Jet fuel consumption](#)
- [Ozone-depleting substances](#)
- [Water use](#)
- [Recycled materials](#)
- [Noise](#)

GHG emissions

The overwhelming percentage (approximately 98 percent) of our direct, or Scope 1, GHG emissions are related to consumption of jet fuel. Our indirect Scope 2 emissions (emissions related to our purchase of electricity) constitute the majority of the remainder, as emissions related to employee commuting (Scope 3) are negligible.

2010 Greenhouse gas emissions, measured in CO ₂ e	
Direct Emissions (Scope 1)	27.0 million metric tons
Direct and Indirect Emissions (Scope 1 and 2)	27.5 million metric tons
Employee commuting (Scope 3 emissions)	Negligible, as employee business travel is captured in Scope 1 emissions

Jet fuel consumption



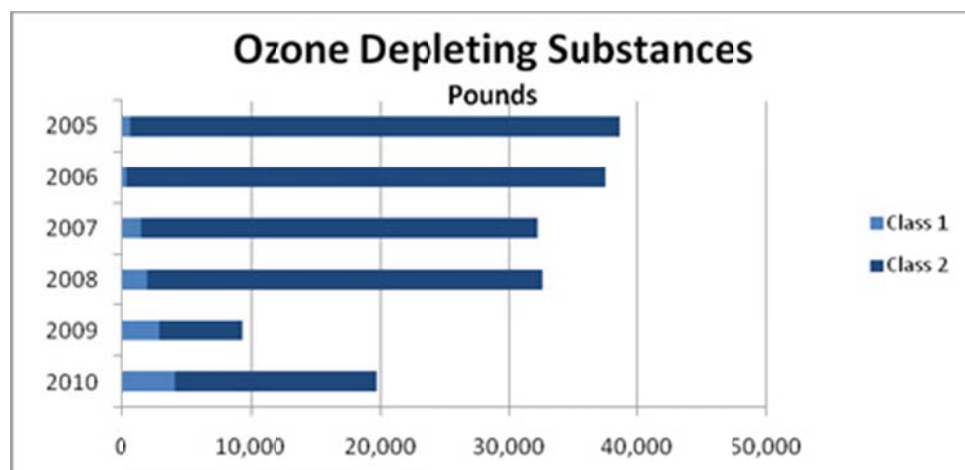
This chart shows the total amount of jet fuel used by American and American Eagle over the past 10 years. In 2010, jet fuel use and related GHG emissions decreased by 10 percent as compared to fuel use and emissions in 2001. The downward trend in jet fuel consumption is due to AMR's fuel conservation and efficiency efforts as well as an overall decrease in capacity as AMR exercised capacity discipline during the past few years of weak demand within the airline industry.

Ozone-depleting substances

Most of the ozone-depleting substances (ODSs) we use are Class 2 materials as defined by the Clean Air Act. Industry suppliers are developing and certifying FAA-approved alternatives to the Class 2 ODS solvent dichlorofluoroethane (HCFC-141b), which represents approximately 96 percent of the Class 2 ODSs we use. Although hydrochlorofluorocarbons (HCFCs) are no longer manufactured, they are still legal to use and are required in many circumstances by current FAA rules. In 2009, we were able to substantially reduce Class 2 ODS emissions by replacing a cleaning product containing a

Class 2 ODS.

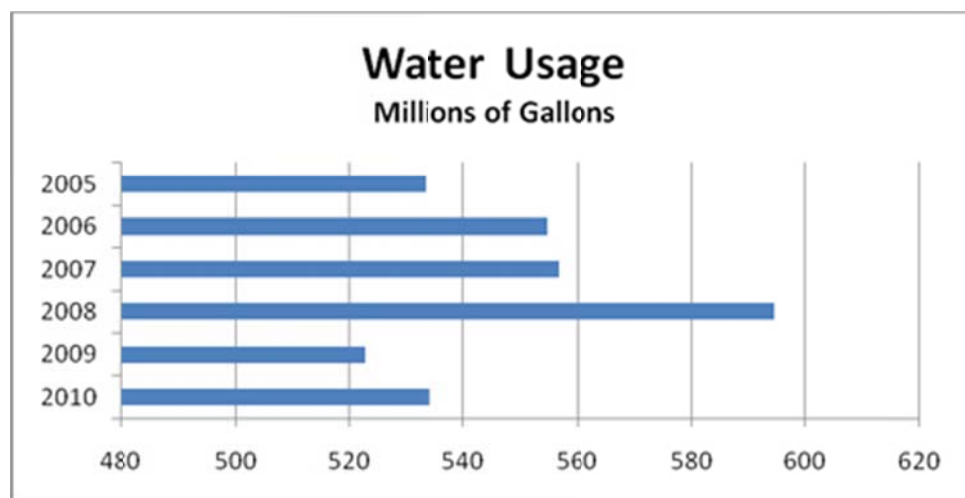
Halon, used in FAA-certified fire extinguishers, remains our sole Class 1 ODS. This material will be phased out with our fleet renewal efforts.



American has substantially reduced total emissions related to ozone depleting substances since 2005.

Water use

We track water use at major facilities, including our headquarters and maintenance bases. The amount of water we purchase from local water utilities 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 the water is collected. As a matter of good stewardship, we make efforts to reduce our water consumption and reclaim recovered wastewater.



In 2010, we used 534.4 million gallons of water at our maintenance bases and major facilities, a 2.2 percent increase from the previous year. The increase was due to intermittent issues with our reverse osmosis filtration system at one of our maintenance facilities.

Recycled Materials

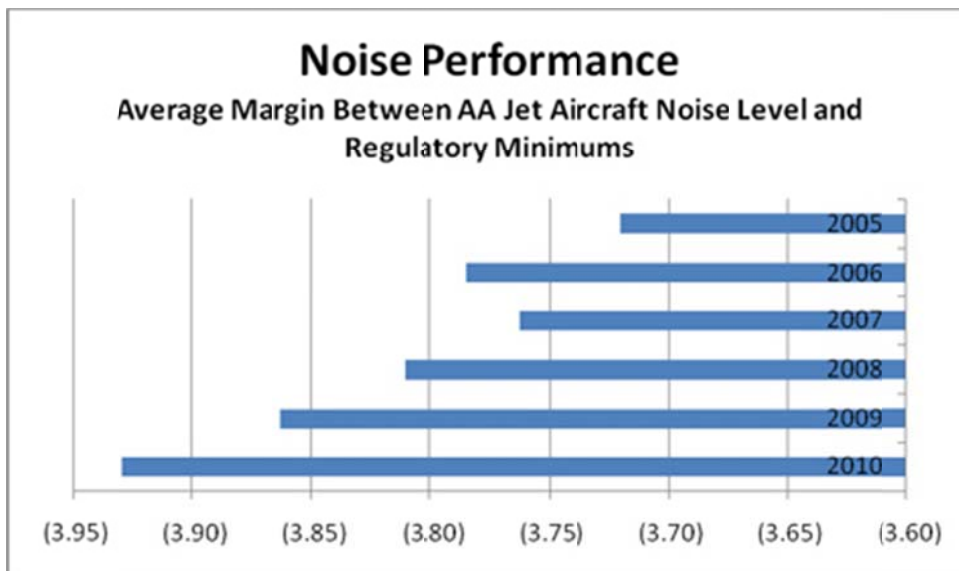
We use a variety of materials in our day-to-day operations. In 2010, we recycled more than 7.2 million pounds of metals and other items and recovered energy from an additional half million pounds of material.

Metals Recycling	2010
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	Pounds
Scrap and Other metals	3,243,500
Aluminum	772,100
Tin	63,800
Titanium	15,700
Copper	14,400
Other Recycled Items	
Paper, Inflight Magazines, Cardboard	6,606,700
Mixed items	611,300
Used Oil and Filters	335,500
Electronics	304,500
Plastics	113,700
Batteries	14,200
Energy Recovery	
Energy recovery	469,100
Material recycled or sent for energy recovery (in pounds)	8,564,500

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. New aircraft continue to be quieter than their predecessors. As we continue to place orders for and take deliveries of new aircraft, we will achieve greater noise reductions. Our efforts to equip aircraft with winglets also reduce aircraft noise.



In 2010, we further increased the margin between mandatory noise limits and the actual noise level of the American Airlines jet aircraft fleet.



Our future depends on ensuring that American Airlines continues to be a "Good Place for Good People"—one of the five tenets of FlightPlan 2020, which is the company's framework for leading the airline into the next decade. Current and potential employees should feel confident in knowing that American and American Eagle provide a safe, inclusive, and professional working environment—one that supports development, rewards achievement, and values diversity of thought, background, and perspective.

In 2010, we made important strides in furthering the health and safety of all our employees and making American an even better place to work:

- American Airlines and American Eagle reduced their OSHA recordable injury rates by 28 percent and 18 percent respectively since 2004.
- Our flagship employee safety initiative, Partnership for Safety (PFS), is now in effect at all U.S. and Canadian airport locations and at London's Heathrow airport. In 2010, we strengthened PFS within our Line Maintenance organization and engaged our Base Maintenance organization.
- The company promotes a culture focused on safety through coordinated campaigns during National Safety Month in June, ongoing employee communications, and safety fairs at American's headquarters and all Partnership for Safety locations. Our Wellness Incentive Program also rewards employees for taking steps to improve their health.
- American and American Eagle recalled or hired over 3,600 employees in 2010.
- We launched the *Leadership: Improving the Future Together* LIFT program to provide Domestic Airport Services and Cargo managers with personalized skills assessments and leadership coaching.
- Our 16 Employee Resource Groups and Diversity Advisory Council continue to positively influence our business decisions by supporting new route launches, raising cultural awareness, assisting the company in recognizing the needs of diverse customers, and ensuring American is well-represented in the communities we serve.
- Our more than 60 Joint Leadership Teams, composed of independent, union-represented, and management employees across the company, provide input for business decisions that influence their work, how customers will perceive us, and the ultimate success of our company.

We were also recognized for our excellence in promoting a diverse and inclusive workplace:

- *DiversityInc Magazine*. American Airlines was named among the 25 Noteworthy Companies for Diversity in *DiversityInc* magazine's 2010 rankings.
- *G.I. Jobs*. American Airlines placed in the *G.I. Jobs* Top 100 Military Friendly Employers list for 2010. *G.I. Jobs* is a magazine dedicated to helping military veterans return to the workforce.
- *CAREERS and the disABLED magazine*. American Airlines ranked as one of the 19th Annual "Top 50 Companies".
- *Association of Diversity Councils*. Recognized for the third year in a row, achieving a 3rd place ranking on the list of Top 25 Company Diversity Councils for 2010.

- *Elizabeth Birch Equality Award.* American Airlines received the Elizabeth Birch Equality Award at the 29th annual Black Tie Dinner. This award is given by discretion, no more than yearly, to an individual, organization, or company that has made a significant contribution of national scope to the gay, lesbian, bisexual, and transgender community.
- Received a perfect score of 100 percent for the ninth consecutive year on the Human Rights Campaign's 2010 Corporate Equality Index.
- American Airlines was named the Corporation of the Year by four U.S advocacy organizations that champion supplier diversity.

Read about other [diversity awards](#).

OUR WORKFORCE

In 2010, our company employed more than 87,000 people around the world, providing them with competitive wages and benefits, support for career growth and development, and the opportunity to contribute to their communities and causes that mean the most to them.

Read more about working at American Airlines on our [careers page](#).

Work Force as of December 31, 2010

Number of American Airlines employees	73,401
Number of American Eagle employees	13,601
Percent of employees based in the United States	92%

Working at American

When so much of what we do as a company relies on providing service to others, we understand that we need to give our employees the right tools and support to be able to deliver quality service every day. From providing among the best wages and benefits in the industry to giving employees training to sharpen their skills and achieve their career goals, we seek to identify and implement those actions that will help our employees flourish and our business succeed. Across all our global regions, we are also mindful of the need to be competitive to secure our future, and thus continuously look for opportunities to be more efficient and cost-effective in how we do our jobs.

Our employees are offered compensation packages that include direct wages as well as health, life and retirement benefits, and generous travel privileges such as greatly reduced air fares for themselves and their families. Our approach to compensation is one that envisions base wages as competitive with the marketplace, while offering individual employees the potential to reap additional [financial](#) rewards when we perform well in achieving our goals and in comparison to our competitors. All employees, except [named executive officers and certain other management employees](#), are eligible for profit sharing if specified financial targets are met. In 2010, no profit sharing payments were made to employees.

Read more about [benefits offered to our employees](#).

Keeping our commitments to employees

American Airlines continues to deliver on its promise to the more than 131,000 participants in our defined pension plans in the United States. In 2010, our pension plans paid out \$581 million to plan participants and American paid out an additional \$140 million for retiree medical and other retirement benefits. Retirees who complete specified years of service receive subsidized health insurance for themselves and their family, can purchase a range of other coverages, and have access to travel privileges on American, American Eagle, and many other airlines.



American has contributed over \$2.4 billion to its defined benefit plans since 2002 while many other airlines froze or terminated their plans. The company has contributed \$1.6 billion to defined contribution plans since 2002.

American and American Eagle have a long history of being good companies to work for, providing challenging career opportunities in an exciting industry. The average tenure of our employees is 17 years. Employees have the opportunity to rotate jobs to gain broad airline experience, and seasoned employees are valued.

Our success at retaining our employees despite the industry's challenges is evidenced by low attrition rates.

2010 Attrition Rates

	American	American Eagle
Pilots	3.7%	2.5%
Flight Attendants	2.4%	5.9%
Mechanics and Related, Fleet Service, Dispatchers	5.4%	8.3%
Airport Agents	7.6%	21.4%
Reservations Representatives	8.0%	-
Management	5.4%	6.4%
Staff Support and Other Employees	7.4%	11.9%

Safety is our top priority



The safety of our customers and employees has always been the top priority for American Airlines and American Eagle. We continually emphasize that safety is a part of everything the company does—which requires recognizing that it is everyone's responsibility. By working together, all employees can create a safer atmosphere, both for themselves and for their co-workers and our customers.

The best opportunity to reduce employee injuries and aircraft damage is by enhancing AMR's safety culture. American Airlines has reduced its OSHA recordable injury rate by 28 percent since 2004.

Employee Safety

In 2004, American's Employee Safety team introduced Partnership for Safety (PFS), a company-wide integrated employee safety management system. Currently, PFS is in effect at all U.S. and Canadian airport locations as well as London's Heathrow airport. In 2010, we strengthened PFS within our Line Maintenance organization and engaged our Base Maintenance organization to strengthen the relationship between the two groups. This engagement will continue in 2011.

PFS is built around four core principles of American Airline's safety culture:

- Senior management's visible commitment to safety
- Employees at every AA location, at every level, taking responsibility for their own safety and the safety of others
- Investigating injuries to find the root cause and using these findings to prevent recurrence
- Improving the existing safety infrastructure

PFS Objectives in 2009

Understand the drivers of injuries resulting from slips, trips, and falls and engaging employees in developing ways to reduce these types of incidents.

Identify opportunities to eliminate musculoskeletal disorders (MSDs) through ergonomic and engineering solutions.

Lead the development and rollout of corporate-wide policies to improve safety.

PFS Progress in 2010

American Airlines was able to reduce the number of incidents by eight percent by focusing awareness on issues that can lead to slips, trips, and falls.

We continue to identify opportunities to eliminate MSDs by reinforcing proper lifting techniques and by identifying and evaluating a series of possible engineering controls.

We continue our commitment to occupational safety policies and procedures by releasing and revising policies on items such as Hearing Conservation, Hot Work, and Respiratory Protection.

PFS Objectives for 2011

- Focus on safety communication, employee engagement, training, and business processes.
- Identify and mitigate hazards via Job Hazard Analysis (JHAs).

Eagle employee commitment – "Safety Starts With Me"

Recognizing that the airline industry has a high incidence of employee injury, Eagle enlisted the help of an outside consultant in 2001 to build a stronger safety culture. Since then, we have continued these efforts internally, providing employees with training, regular information and tools to improve safety. As a result, Eagle has seen a dramatic decrease in the number of employees getting hurt on the job—in fact, American Eagle has one of the lowest rates of employee injuries in the airline industry.

To maintain its industry-leading performance, Eagle launched the "Safety Starts With Me" program in 2008, ensuring that every employee—starting with the leadership team and continuing throughout the entire company—attends the training to renew their focus on safety. In just the first year of this training, Eagle saw its lost work case rate drop a full 14 percent. To keep the momentum going forward, all front-line employees will complete a computer-based version of this training during the first quarter of 2011.

Promoting health and wellness



The American Airlines Healthmatters program provides support, resources, and information to help employees better understand important health issues and maintain high levels of health and wellness. Healthmatters programs are available to all eligible American Airlines employees, retirees, and their family members—a total of nearly 166,000 people. In addition to worksite wellness activities and system-wide wellness campaigns, core Healthmatters programs include:

- A nurse line and access to health advocates
- Health assessment and active lifestyle coaching
- Disease and complex case management, along with maternity management
- New web-based health management tools such as activity and body mass index (BMI) trackers as well as an online library of health information
- A network of volunteer Wellness Champs whose goal is to inform, educate, and inspire the American Airlines family to initiate and sustain better living through healthy choices by promoting Healthmatters programs and resources
- Healthmatters Rewards—a points website that tracks incentives for participation in wellness activities and programs



Eligible independent employees who participate in a certain number of wellness activities or Healthmatters programs can earn premium-reduction awards towards their health insurance or gift cards depending on their work group status.

Similarly, American Eagle's HealthConnect program provides resources to Eagle employees to understand and manage their health and wellness. American Eagle encourages employees and dependents who are enrolled in an American Eagle medical plan to make full use of these programs. The HealthConnect program includes activities such as health risk assessments, lifestyle management, maternity management, and disease management programs which give employees the tools to achieve their best health. Employees can earn gift cards for participating in these programs.

DIVERSITY AND INCLUSION

We place tremendous emphasis on maintaining a safe, respectful, and inclusive work environment. We expect all of our employees to contribute to creating this type of workplace.

As our company faces ever-tougher competition in an increasingly globalized marketplace, we understand that an environment where different perspectives are not only welcome, but sought after, is critical to our long-term success. At the same time, we hope that the business case for diversity fuels, but never obscures, the moral and ethical duty we all have to treat all those we encounter, whether coworkers or customers, as unique individuals worthy of respect, dignity, and appreciation.

At American Airlines and American Eagle, we value diversity, not just because it works, but because it is right, and because it is consistent with our greater mission of connecting the world.

Managing diversity from the ground up and the top down

AMR 2010 Diversity Advisory Council

Our focus on diversity and inclusion is embedded throughout our organization, reaching up to the Board of Directors and extending across our entire global team from the newest hire to the most senior executive.

- A Diversity Committee within the AMR Board of Directors provides [oversight](#) of American Airlines and American Eagle diversity initiatives
- A dedicated Diversity Strategies organization leads the development of diversity priorities and goals, and works with operating management to implement forward-thinking initiatives
- Strong partnerships with national and local advocacy organizations that promote equality and advancement for under-represented groups
- [Award](#)-winning diversity initiatives highlight our inclusive culture and diversity focus



AMR's 16 [Employee Resource Groups](#) contribute significantly to our diversity efforts. These are employee-governed grassroots organizations dedicated to their members' ongoing professional development, raising cultural awareness, and providing insight to the company for business decisions related to internal policies, communications, and marketing initiatives. Our Diversity Advisory Council, composed of representatives from each ERG, acts as a valuable cross-cultural sounding board and source of ideas.

American Airlines recently implemented joint business agreements with British Airways and Iberia in the North Atlantic and with Japan Airlines in the Pacific. In addition to the seamless travel features included in our oneworld alliance, these agreements include revenue sharing to further strengthen our existing relationships.

These agreements also mean that we need to better understand each other's company cultures to an even greater extent than before. Cross functional teams between airlines have been established to ensure systems, processes, and people are better connected. A major joint business objective is to shift from a competitive environment with each other to delivery of exceptional, coordinated customer travel experiences across our airlines.

[Read more](#) about how our Asian-Pacific Islander Employee Resource Group (APIERG) plays a pivotal role in supporting our new Asian routes.

We are very proud of the many employees who volunteer as Workplace and Diversity Advocates. These dedicated employees help improve the work environment by promoting a positive workplace and guiding coworkers to appropriate information sources for workplace issues, including concerns related to diversity and inclusion. Diversity Advocates play an especially important role in shaping on-the-ground discussions to address and explore local cultural expectations and values that may differ from community to community.

Earl G. Graves Award

In 2008, our valued board member, Earl G. Graves retired. In recognition of his long-standing leadership of our company's diversity and inclusion initiatives, we established an award in his honor. We recognize employees who demonstrate outstanding efforts to promote diversity and inclusion with the annual Earl G. Graves Award for Leadership. [Click here](#) to read more about the award and this year's recipients.

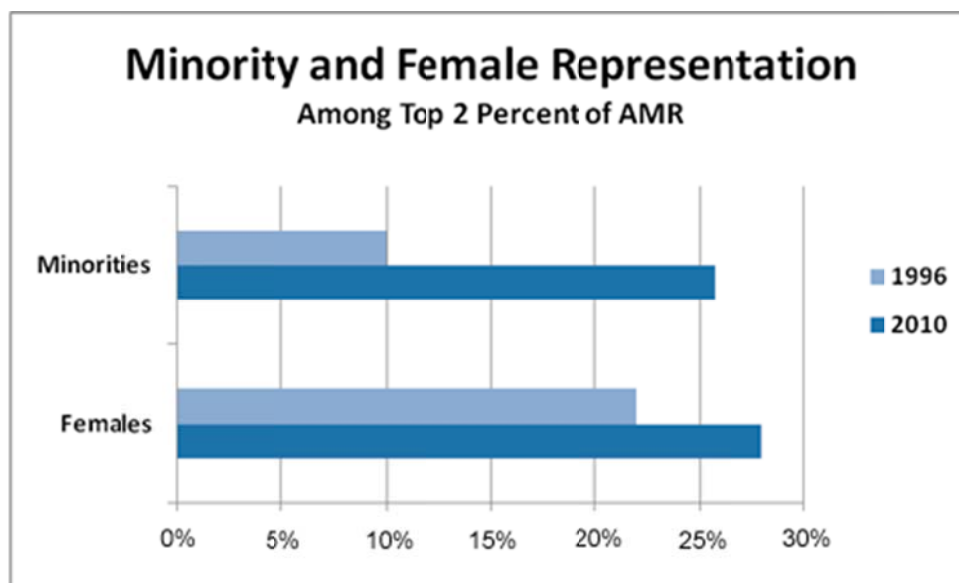
Read more about [diversity and inclusion](#) at American Airlines.

Click here to view our [diversity and citizenship video](#).

Our diversity and inclusion performance

The majority of American Airlines and American Eagle employees are based in the United States; of these, 39 percent are women and 32 percent are ethnic minorities. This report includes only diversity data for U.S.-based employees as many countries prohibit the reporting of diversity data and the setting of diversity targets.

Minority representation among the top two percent of our company has improved almost 16 percentage points since 1996 when we first started tracking leadership diversity. Female representation has improved six percentage points since 1996. This progress has occurred despite the challenges that result from a shrinking workforce.



Each year we set hiring and promotion targets for mid-senior management positions that are designed to drive continuous improvement in female and minority leadership representation. We also support mentoring and development programs and initiatives; our efforts include:

- Work with Menttium, which pairs senior leaders from external companies to rising female employees, and Women in Aviation (WIAA), which sponsors networking, mentoring, and development opportunities.
- Co-Sponsorship of the National Association of Women MBAs Conference and career fair. American has successfully recruited women MBAs from this association since 2005 and will be the designated carrier for the event in 2011.
- Discussions among female Managing Directors at American Airlines. These conversations help us to better understand the unique challenges and opportunities that MBA women face as they pursue leadership roles within the company.

Nurturing diversity in our leadership ranks



(from right) Irene del Corral and Lynette John-Finn accept the Diversity Council Honors Award for American Airlines from Janice Bowman, President of the Association of Diversity Council

Our leadership diversity objective is to build a leadership team whose combination of experiences, talents, backgrounds, and perspectives enables American Airlines to make the best business decisions, and engages the ideas and discretionary energy of all employees for competitive advantage.

Given the changing demographics of our employees, customers and the global community we serve, our leadership model will intentionally maintain open opportunity, and healthy diversity hiring, promotion, and development activity to ensure the ongoing success of our business.

Non-discrimination and Tolerance in the Workplace

[Click here](#) for information on AMR policy.

STRENGTHENING OUR WORKFORCE

Securing our future



We must be competitive to secure our future. That means we need to attract and retain diverse and talented people now and for years to come, while also carefully managing costs associated with our workforce and operations. So our focus is on providing a market-competitive package of pay, benefits, privileges and development opportunities to current and future employees.

We recognize that the rewards employees value include much more than direct salary and wages. Current and prospective employees want to develop their skills and their careers, and contribute their ideas, so we're committed to providing opportunities for their involvement and professional development. We are also committed to providing health and retirement benefits that provide real value to employees and their families, while keeping our costs in line with other airlines. And while many U.S. companies have reduced or eliminated retiree benefits, stopped allowing employees to bank sick time, and suspended

their 401(k) matching contributions, we have continued to provide these benefits.

Training and development

American pilots training



In an industry where globalization is occurring at a very rapid pace and the market is increasingly competitive, it is critical that we foster an environment that engages and develops employees and encourages their creative ideas on ways to improve the business.

American and American Eagle offer employees a range of training and development opportunities in addition to courses and skills-training required by the FAA and other regulatory authorities. Our FlagShip University provides much of this instruction through in-person and online classes.

We bring our pilots, flight attendants, airport agents, and other personnel to the Flight Academy and FlagShip University campuses in Fort Worth, Texas, as well as other training locations near our main hubs and key maintenance facilities to provide hands-on instruction in the use of the latest industry technologies. We also make materials such as books and technical articles available via the FlagShip University library and our company intranet.

In 2010, American and American Eagle employees completed more than 1 million hours of training.

With regard to individual career development, we have instituted a Performance Development Process to assist employees and their managers in setting performance objectives, tracking performance, and creating opportunities for feedback and discussion of individual development goals. This formal process helps ensure accountability while establishing objective criteria for evaluating employee performance and a path for the employee to follow in developing his or her career. All management and support staff employees participated in the Performance Development Process in 2010.

Leadership: Improving the Future Together

One of the central tenets of FlightPlan 2020 is *To be a Good Place for Good People*. As part of this tenet, we are charged with creating a foundation of effective leaders within the company and a positive work environment for our teams.

In 2010, we launched the Leadership: Improving the Future Together (LIFT) program to support our employee leaders and facilitate their further development. Leaders from Domestic Airport Services and Cargo participated in the LIFT program, which was cascaded from the top of our organization all the way to front-line customer service managers. Our investment in LIFT will help ensure our ability to be successful, even in difficult times.

As part of LIFT training, each participant underwent a personality and 360-degree feedback assessment and worked with a personal coach on specific issues. Each participant set developmental goals with the coach and had a follow-up coaching session.

LIFT was very well-received by participants, who rated the program as a 4.7 on a 5-point scale (with 5 representing the highest score). Given the success of this first session and the tremendous value of the personalized feedback that participants received, we are extending the opportunity to attend LIFT training to all level three and above managers.

American Airlines has a well-established, open career opportunity system that promotes hiring from within and encourages employees to pursue their career interests and goals inside the company. In addition to moving between roles and functions to gain depth and breadth of experience, there are a number of team- and project-based opportunities for employees to get involved, share their ideas and develop new skills and relationships in the process. Joint Leadership Teams, Customer Experience Leadership Teams, Continuous Improvement events, Employee Resource Groups, and other special projects are all driven by the energy and willingness of engaged employees to share their experiences, perspectives, and ideas on how to make the business better. And a number of creative recognition programs celebrate their successes, including the Customer Cup, which is ceremonially awarded to five stations each quarter for their leadership in improving customer satisfaction ratings.

Labor relations



Approximately 75 percent of American Airlines employees in the United States are represented by one of three unions—the Allied Pilots Association (APA), the Association of Professional Flight Attendants (APFA) and the Transport Workers Union (TWU).

At American Eagle approximately 66 percent of U.S. employees are represented by one of three unions—the Air Line Pilots Association (ALPA), the Association of Flight Attendants (AFA), and the Transport Workers Union (TWU). In 2010 Eagle successfully negotiated Collective Bargaining Agreements with the TWU representing Eagle's mechanics and ground school instructors. Eagle is in mediation with the TWU representing its fleet service clerks and dispatchers and has commenced negotiations with AFA representing its flight attendants.

In 2010, American Airlines continued mediation talks with all three of its unions and successfully negotiated a Collective Bargaining Agreement with the TWU representing American's Maintenance Control Technicians (formerly known as Technical Specialists). All airlines and their unions are regulated under the Railway Labor Act, which is administered by an independent government agency, the National Mediation Board (NMB). When negotiations for new collective bargaining agreements, or contracts, cannot be settled directly between the company and its unions, the NMB can be brought in to assist. Once the NMB has been enlisted, the agency assigns a mediator to oversee the continued negotiations process. It is the role of the mediator to determine when and where the parties will meet and what they will discuss.

Because of the complexity of the issues covered by collective bargaining agreements and the importance of the airline industry to the nation's commerce and economy, it is not uncommon for airline labor contract negotiations to span several years.

It is important to American that we continue to provide good pay, health and retirement benefits, job security and professional opportunities to our employees. We are unique among large hub carriers in that we have never used the bankruptcy process to abandon contracts, cut labor costs or terminate pension and retiree medical benefits. While we are proud that we have honored our commitments, the result is that American's labor costs are now among the highest in the industry. Therefore, the company is proposing moving to more sustainable pay and benefit plans for the future that are competitive with other U.S. companies.

Our goal in negotiations is to reach agreements that recognize the needs of our employees, including providing opportunities to increase their total compensation. In return, the company is looking for productivity and cost improvements that will help make us more competitive with our industry peers and position us for a strong financial future.

We are committed to working with labor leaders throughout the negotiations process, with the help of the NMB, to address many of our challenges and opportunities, exchange ideas and reach agreements that serve the best interests of our employees, our company, and those who depend on us every day.

For the latest information about the status of negotiations between American and its unions, please visit www.aanegotiations.com.

Workforce reductions

As with many industries, we experience financially challenging periods from time to time which may require us to reduce the size of our workforce to meet the needs of the business. When this occurs, reductions generally come from both management and nonmanagement ranks as well as from unionized and independent employee groups.

American and American Eagle recalled or hired over 3,600 employees in 2010.

In 2010, we were delighted to welcome back 273 Flight Attendants and 192 Pilots who were recalled or rehired to active duty. Our ability to recall employees can be attributed to a number of factors including efforts to capitalize on new international flying and business opportunities with British Airways and Iberia and with Japan Airlines, and the continued strengthening of our cornerstone hubs.

For union-represented employees (such as pilots, flight attendants, mechanics, and ramp employees), collective bargaining agreements specify procedures for reductions in force and related severance, as well as for recall back to the company, with appropriate retraining, when vacancies arise. Similar procedures apply for reservations representatives and airport agents. For management and administrative staff, American has well-developed, merit-based, and equitable practices for reductions in force. In most cases American provides access to job boards, listings, and other resources for finding new employment.



More than an airline

We recognize that we are more than an airline. We are an economic engine that powers the movement of people, the flow of products, and the exchange of ideas across continents and around the world. We are a bridge between cultures and an important part of a global community connected through citizenship and caring.

Our economic impact is substantial. The size and scope of our global network, combined with our **oneworld** airline partners, connects trade and financial centers worldwide. In numerous smaller cities we provide air transportation connecting these communities to larger cities.

We also are an integral part of communities around the globe. As a company, through employee fundraising and volunteerism and by partnering with our AAdvantage members, we are deeply committed to supporting causes important to our communities, employees, and customers. In spite of challenging economic times, we have continued supporting our communities because community service and being a good corporate citizen are fundamental values of our company.

2010 Highlights

- American and American Eagle recalled or hired over 3,600 employees in 2010.
- American and American Eagle's 2010 economic impact in the United States and internationally was greater than \$105 billion and our total world-wide job impact was 870,800 jobs.
- Over the past 10 years, we invested billions of dollars in facilities, including our \$1.3 billion investment in New York's John F. Kennedy International Airport, renovations at London Heathrow, our investments associated with consolidating several **oneworld** member airlines in Terminal 2 at Tokyo's Narita airport, and facilities improvements in Latin America.
- American was named Corporation of the Year by four organizations that champion supplier diversity.
- American and American Eagle flew 30 missions into Haiti carrying over 400,000 pounds of relief supplies in addition to transporting medical and relief personnel after the January 2010 earthquake. American was the last airline to depart from Haiti after the earthquake and the first airline to return.
- In 2010, direct and indirect support for Susan G. Komen For The Cure® was estimated to be more than \$14.4 million and involved more than 20,000 employee donors and volunteers.
- Employees donated more than \$1 million to charitable organizations through our American Giving Charitable Fund.
- In 2010, 1,600 employees recorded 38,000 hours of volunteer service to 207 organizations through 3,000 unique individual and team projects.
- American Airlines flight attendants and Admirals Club personnel helped raise \$1.6 million from passengers under the UNICEF *Change for Good* program, also proudly supported by Airline Ambassadors International. To date, this program has raised over \$6 million for programs aimed at reducing child mortality of preventable diseases.
- American Eagle continued its partnership with Kids in Distress (KID) to help abused and neglected children by hosting the organizations' 12th annual charity golf tournament. Since inception, the tournament has raised more than \$100,000 for KID.

ECONOMIC IMPACT

The world's economies depend heavily upon commercial aviation as the backbone of national and international commerce. As one of the world's largest airlines, American's global network strengthens economies worldwide. American contributes directly by creating jobs and paying salaries, paying taxes and fees to governments, investing in transportation infrastructure, and supporting local suppliers, who in turn employ local workers. In addition, our in-kind and fundraising activities—as a company and through our employees' efforts—have a significant economic impact on the local organizations and causes that we support.

Creating global economic vitality

Over the past few decades, commercial aviation has grown into one of the most powerful economic catalysts on the planet. This impact is partly due to the size of the aviation industry and resulting direct employment, but more importantly, it results from the multiplier effect of air travel. In fact, every aviation job generates three jobs elsewhere in the economy.

American and American Eagle worldwide economic impact

In 2010, we estimate that American contributed more than \$105 billion to the U.S. and international economies, helped create or support 870,800 jobs worldwide, and contributed to approximately 1,400 non-profit organizations. American Airlines and American Eagle also recalled or hired 3,600 employees in 2010. When our economic impact is combined with that of our **oneworld** partners, which comprise some of the biggest airlines in the world, the combined worldwide impact is very significant.

United States

Our U.S. economic impact by state is greatest in Texas, Florida, New York, California, Illinois, and Oklahoma. These locations correspond to our cornerstone markets, and Oklahoma is also where our largest maintenance and engineering bases are located.

American's five cornerstones, Dallas/Ft. Worth, Miami, New York, Los Angeles, and Chicago, include the four largest metropolitan areas in the United States as well as areas of significant future demographic migration.

U.S. States and Territories	Total GDP Impact (millions in USD)	Total Job Impact (thousands)	U.S. States and Territories	Total GDP Impact (millions in USD)	Total Job Impact (thousands)
Alaska	22.0	see note	North Carolina	1,002.3	22.0
Alabama	103.1	0.4	North Dakota	12.3	see note
Arkansas	258.6	3.3	Nebraska	121.3	0.7
Arizona	571.0	8.3	New Hampshire	45.0	see note
California	9,162.9	86.0	New Jersey	445.9	1.5
Colorado	465.5	2.0	New Mexico	237.0	1.4
Connecticut	153.7	1.7	Nevada	1,110.5	6.6
District of Columbia	7,396.2	47.8	New York	10,098.9	95.9
Delaware	10.2	see note	Ohio	382.3	3.0
Florida	13,909.0	155.7	Oklahoma	6,395.5	64.0
Georgia	251.9	1.3	Oregon	200.9	0.7

U.S. States and Territories	Total GDP Impact (millions in USD)	Total Job Impact (thousands)	U.S. States and Territories	Total GDP Impact (millions in USD)	Total Job Impact (thousands)
Hawaii	1,299.1	2.0	Pennsylvania	435.6	2.1
Iowa	168.1	1.8	Rhode Island	23.3	see note
Idaho	14.7	see note	South Carolina	285.5	1.6
Illinois	7,577.2	71.2	South Dakota	32.3	see note
Indiana	157.7	0.9	Tennessee	334.7	1.9
Kansas	69.6	0.4	Texas	28,326.8	199.6
Kentucky	73.3	0.4	Utah	141.3	0.3
Louisiana	307.1	3.2	Virginia	471.3	1.6
Massachusetts	1,693.4	16.4	Vermont	34.2	see note
Maryland	231.8	0.8	Washington	328.3	1.1
Maine	14.6	see note	Wisconsin	180.8	1.2
Michigan	337.3	3.7	West Virginia	27.5	see note
Minnesota	128.8	0.8	Wyoming	96.3	see note
Missouri	1,243.0	17.7	Puerto Rico	1,989.4	20.1
Mississippi	90.0	0.5	Virgin Islands	224.6	1.6
Montana	5.2	see note			
			Total AMR Domestic Economic Impact	98,698.4	853.4

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

Region	Total Economic Impact (millions in USD)	Total Job Impact (thousands)
Asia Pacific	849.3	0.6
Europe	2,397.3	4.6
Latin America & the Caribbean	2,666.3	9.4
North America (Canada and Mexico)	704.0	2.8
Total American/Eagle International Economic Impact	6,616.8	17.4

Asia

In 2010, the Department of Transportation granted final approval for antitrust immunity between American Airlines and Japan Airlines. This followed the 2009 Open Skies Agreement signed by the United States and Japan liberalizing air travel between the two countries. Open Skies, combined with antitrust immunity for American Airlines and Japan Airlines, will stimulate U.S.–Japan travel as well as business and tourism travel between the United States and Asia.

Our new nonstop flight from Chicago to Beijing, along with our existing Chicago to Shanghai flight, encourages U.S. – China travel for both business and tourism. The designation of the United States as an official group tourism country for Chinese citizens, in combination with American's nonstop flights to China's two leading cities, will facilitate growth in U.S. – China travel. American's oneworld relationship with Cathay Pacific and Dragonair provides additional destinations for travelers to Hong Kong and China.

Europe

American's nonstop services connect Europe's financial centers of London, Madrid, and Frankfurt with major U.S. financial and business centers. In May 2010, American launched new international services between New York City (JFK) and Manchester, UK, and between JFK and Madrid. In April 2011, American launched new routes between JFK and Budapest, and Chicago and Helsinki. American's deeper relationship with its European **oneworld** partners is expected to benefit consumers and increase **oneworld's** overall economic impact throughout 2011.

American Airlines finalized Joint Business Agreements with British Airways and Iberia and with Japan Airlines in 2010. These agreements allow each airline to expand its global reach and align its networks for travel by coordinating schedules, fares and operations, while sharing revenues and jointly marketing frequent flyer programs, lounges and other services. Customers will benefit from seamless travel and enhanced rewards. Please visit moretravelchoices.com to learn more.

Latin America and the Caribbean

American Airlines and American Eagle continue to develop important markets in Latin America and the Caribbean. American has more flights between the United States and destinations in Latin America and the Caribbean than any other airline. Much of American Eagle's service to the Caribbean primarily originates from San Juan, Puerto Rico where the airline's presence plays a key role in local economies. For more information on American and American Eagle's size and scope of service as well as that of our **oneworld** partners, please visit the [company profile section](#) of this report and oneworld.com.

[Click here](#) to view maps of where American Airlines, American Eagle, **oneworld** partners, and codeshare partners fly.

Taxes and fees

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Through our payment and collection of taxes and fees, we contribute to the financing of key airport infrastructure, interior facilities, and services, such as airport buildings, gates, and runways; terminals and security check-points; and air traffic control, security, and cargo-handling.

American paid or collected a total of \$4.04 billion in taxes and fees in 2010.

The U.S. Government provides far less support for building and maintaining aviation infrastructure than for highway and railroad systems. Airlines and their passengers are actually charged a series of taxes and fees to finance the necessary airport infrastructure, interior facilities, and services. Up to 17 different taxes and fees per flight, including landing fees, air traffic control fees, and passenger service charges, can be assessed.

For more information on taxes and fees paid by airlines and their customers, visit the [Air Transport Association's website](#).

Investing in infrastructure

Aviation is unique in that the industry funds almost all of its infrastructure. In addition, we build out our own ticket counters, customer service centers, and lounges, as well as maintenance bases to service aircraft. All of these structures and facilities require on going repairs and renovations, providing work for local contractors in each of the cities where we fly.

American and American Eagle infrastructure investments

Facilities and infrastructure investments and general maintenance and repair regularly occur at our airports throughout the United States and at international destinations. In 2010 we spent millions of dollars to upgrade baggage systems at several airports to improve reliability and speed bag delivery. We also spent millions of dollars to upgrade our Admirals Club lounges, including:

- Major renovations at Boston
- An expansion and renovation to the Flagship Lounge and Admirals Club at London/Heathrow
- Expansion of the JFK Concourse C Admirals Club
- A new Admirals Club lounge in Denver that is shared jointly with British Airways in Concourse A

- A new Premium Lounge in Miami, Concourse E, for premium customers flying on American Airlines, British Airways and Iberia

Investing in facilities, coast to coast to coast



Miami Airport's recently opened North Terminal

We're investing to refresh and renew our facilities across the United States. At New York LaGuardia, we will be investing \$30 million to refurbish our Admirals Club and renovate the interiors of Concourses C and D. At JFK, we believe our recently opened \$1.3 billion terminal rivals any facility in the world. Even so, we have begun the process of expanding and refurbishing the Admirals Club we opened there in 2005.

American Eagle also celebrated the unveiling of its new location in Miami's North Terminal. A state-of-the-art facility housing both American Airlines and American Eagle, the new

terminal offers customers improved check-in and domestic baggage claim, with an array of shops and restaurants featuring the flavors of South Florida.

In 2010, American Airlines Cargo opened its newly relocated cargo terminal at New York Kennedy (JFK). The facility offers the latest in streamlined handling capability with more than 135,000 square feet of warehouse space and 24 dock doors. AA Cargo also opened a new cargo terminal at Los Angeles (LAX). The LAX facility offers streamlined handling capability including a 3,000-square-foot cooler for perishables expanded areas for courier cargo and mail processing, and a designated holding area for live animals.

Supplier diversity program

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American and American Eagle also impact the worldwide economy through their relationships with suppliers. Minority-and-women-owned, LGBT, diverse and small businesses are important to American—they are our suppliers and customers, as well as fellow members of the community. Diverse suppliers also reflect the diverse backgrounds and experiences of our employees and customers. We benefit from their perspectives and contributions in delivering products and service to our customers.

American and American Eagle are committed to helping minority-and-women-owned, LGBT, diverse and small businesses succeed by offering them opportunities to grow as part of our supply chain. We do this in several ways, including through our internal Diversified Supplier Program, our sponsorship of Business Matchmaking, and by specifying diversity subcontractor requirements. On an annual basis, we review our Supplier Diversity Program results and strategic initiatives with the Diversity Committee of the AMR Board of Directors.

Diversified Supplier Program

In the 21 years since we established the Diversified Supplier Program, American has spent more than \$4 billion with certified minority-and-women owned businesses.

Through the Diversified Supplier Program, qualified minority- or women-owned, LGBT, diverse, and small businesses can register with American for potential business opportunities and requests for proposals. We also require majority contractors on large projects, such as airport terminal constructions, to meet diversity objectives in their subcontracted work. In this way, American encourages our suppliers to increase their diversity as well.

In 2010, we focused primarily on our Second Tier program, strongly encouraging our top First Tier suppliers (Primes) to utilize minority- and women-owned Second Tier suppliers when providing us with products and services. Our Supplier Diversity manager worked diligently with each of our top Primes to ensure they understood the value that diverse suppliers bring. We now require each of our top Primes to report their diversity spending to us on a quarterly basis.

Throughout 2010, we have seen an increase in First Tier supplier efforts to engage with diverse suppliers, which clearly shows that our strong focus on the Second Tier is making an impact. Also, through this effort, we have opened doors by setting up and attending meetings between our key suppliers and our diverse suppliers, which has resulted in solid business and growth opportunities for these diverse suppliers.

American recognized for excellence in promoting supplier diversity

In 2010, American Airlines was named Corporation of the Year by four organizations that champion supplier diversity: the Dallas/Fort Worth Minority Supplier Development Council (D/FW MSDC), the Oklahoma Minority Supplier Development Council (OMSDC), the American Indian Chamber of Commerce of Texas (AICCT), and the National Gay and Lesbian Chamber of Commerce (NGLCC). These are significant accolades for American as we continue to promote supplier diversity in all aspects of its business.

American Airlines is also a strong promoter of small business. We support Business Matchmaking, a business association dedicated to cultivating procurement opportunities for small businesses, especially those that are women-, minority-, or veteran-owned. We understand that supporting the growth of small businesses is critical to the growth of the U.S. economy.

[Read more](#) about our supplier diversity initiatives.

GLOBAL GIVING

We are proud of our long history of supporting charitable organizations and important causes, which has continued despite industry and economic challenges. The approximately 1,400 organizations we support contribute to society in many ways, providing human health and education services, arts and entertainment, and support for large civic undertakings.

We contributed more than \$36.9 million to non-profit organizations in 2010 through in-kind contributions.

American and American Eagle have many charitable programs providing support to the communities in which we operate. We sponsor charities that are important to our customers and that can also foster employee involvement. Our efforts reflect that the places we fly each have unique, local needs. Some issues, however, affect people and communities all over the world. Thus, in addition to local efforts, American has four primary [company-wide giving focus areas](#):

- [Children's charities through American Airlines Kids in Need programs](#)
- [Military and Veterans and Those Who Serve](#)
- [Susan G. Komen for the Cure](#)
- [Employee-led charities](#)

American Airlines Kids in Need Program

The Miles for Kids in Need® program, established in 1989 and now expanded and renamed American Airlines Kids in Need, provides worldwide support for children and their families. Children are among those most vulnerable to abuse and illness. As a company and through employee volunteer efforts, we support organizations dedicated to improving the quality of life for children with medical, educational, and social services needs, and groups that heighten public awareness of children's issues.

- In 2010, American Airlines transported 30 children from El Salvador to the United States for critical heart surgery. This project was the largest single initiative in the history of the Kids In Need program. In addition, American sent 2,000 pounds of nutritional supplements to assist families in El Salvador.



- American and Texas Scottish Rite Hospital for Children partnered once again in 2010 to send 14 teenagers with amputations on a ski trip tailored just for them. The group traveled to Winter Park, Colorado, for the 29th Annual Amputee Ski Trip. For the fifth consecutive year, American provided air travel for the teenagers, medical staff and chaperones for the once-in-a-lifetime experience.

In addition to in-kind support, American donates a million miles each year to the American Airlines Kids in Need program. We increase our social impact by partnering with AAdvantage® members who can also donate their miles. To read more about this program, please visit AA.com/kids.

In Support of All Who Serve



AMR pilots honor those who serve

American Airlines has a long history of supporting veterans and military servicemen and women, a tradition dating to World War II when American's first CEO, C.R. Smith, was appointed Chief of Staff of the Air Transport Command. Today, more than 60 percent of American's pilots and approximately 10 percent of all American Airlines and American Eagle employees are active military service members or veterans. Travel amenities for active military include priority boarding, preferred seating and upgrades if available; waived baggage fees, complimentary Admirals Club® admission for qualifying active members of the military, priority baggage delivery to the claim area, and reduced-rate shipping via American Airlines CargoSM.

American Airlines and American Eagle are involved in a wide variety of military charities supporting our men and women in uniform and their families. Our initiatives include providing air travel to active members and veterans, fundraising generated through fuel conservation efforts and partnerships with entertainers to perform for troops. Through these charitable efforts, American and American Eagle continue to make a difference in the lives of those serving our country.

In 2010, American Airlines became the first official airline partner in the USO's 70-year history of supporting U.S. military service members. As the USO's official airline, American is providing in-kind support and fundraising assistance, including a special American Airlines travel gift card. When purchasers select the USO gift card option, American will donate \$5 to the USO for every \$50 of travel purchased. Also, AAdvantage® members can earn 10 miles for each dollar donated through American's Miles In Support of All Who Serve campaign, which contributes to USO programs and services to support the morale, welfare, and social and entertainment needs of troops and their families, free of charge.

To learn more about ongoing programs we support, please click on the following links:

- [Operation Hero Miles](#)
- [Comfort for Returning Soldiers](#)
- [Miles in Support of All Who Serve](#)

Honoring military heroes and veterans

In 2010, American donated the use of six charter aircraft to fly more than 1,300 spouses and children of fallen military heroes from all over the country for an all-expense-paid vacation to the Dallas/Fort Worth Metroplex. The trip was organized in conjunction with Snowball Express, a nonprofit organization established in 2006 to bring a few days of fun and friendship to the families of military servicemen and women who lost their lives. More than 500 employees volunteered their time to staff the trip and assist with activities.

American partnered with HBO and the Honor Flight Network in March 2010 to transport two special groups of World War II veterans to Washington, D.C. to be recognized for their service. Two hundred fifty WWII veterans who served in the Pacific paid a visit to the World War II Memorial. The special charter began in Chicago and made stops to pick up veterans in Cleveland, New York and Boston. American also flew 382 former Women Airforce Service Pilots (WASP), the first women in history trained to fly American military aircraft, from around the country to Washington, D.C., where they received the Congressional Gold Medal from President Obama.

Susan G. Komen for the Cure



Employees at the Mexico City reservations office show support during the “Passionately Pink” breast cancer awareness day

American has supported Susan G. Komen for the Cure® for almost 30 years. In addition to being the organization's official airline, American became its first Lifetime Promise Partner in 2008. As a Lifetime Promise Partner, we have committed to raising \$1 million annually for eight years to fund a five-year study of inflammatory breast cancer at the University of Texas M. D. Anderson Cancer Center, as well as a series of health and community programs.

In 2010, direct and indirect support for the Susan G. Komen Race For The Cure® was estimated to be more than \$14.4 million and involved nearly 20,000 employee donors and volunteers. And as of January 2011, American Airlines employees also raised \$110,000 through our participation in the Susan G. Komen Passionately Pink for the Cure campaign that takes place during National Breast Cancer Awareness Month in October.

To read more about our efforts, please visit our AA.com/komen website.

Employee-led Charities



Medical Wings International/AA bring Salvadoran children to the U.S. to receive heart surgeries

American Airlines and American Eagle employees are committed to 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 committed to empowering and supporting employees in their efforts. Examples include:

- Airline Ambassadors International (AAI), a U.N.-recognized humanitarian aid organization founded in 1996 by American Airlines Flight Attendant Nancy Rivard. With over 6,000 members from across the airline industry, AAI provides humanitarian aid to children and families in need, as well as relief and development to communities worldwide. Members have started schools, clinics, housing projects, and vocational training programs, reaching over 500,000 children.
- Medical Wings International, a medical relief nonprofit whose founder and executive director is Dallas-based cargo agent Glenda Johnson. Medical Wings International brings health care to hundreds of underserved communities around the globe.



American Eagle employees in Cleveland participate in the Something mAAgic Foundations' 15th Wish Flight. Four year old Ian and his twin brother Lance are greeted by superheroes and their favorite characters from *Toy Story*

- Something mAAgic Foundation brings together American Airlines, American Eagle Airlines and AA Credit Union employees through a variety of fundraising activities throughout the year. In 2010, in partnership with American Airlines Miles for Kids program, funds raised helped transport 42 critically-ill children and their families from 12 different countries to Give Kids The World Village. Give Kids The World Village is a 70-acre resort outside of Orlando, Florida, complete with over 140 Villa accommodations, entertainment attractions, and whimsical venues specifically designed for children with special needs.

Giving in Times of Need

Our support of charitable organizations also extends far beyond the four primary focus areas. At American, we believe in using our resources and special expertise to help people and communities in need. We play an especially critical role after natural disasters, when we offer assistance that few others can—namely, the ability to fly relief supplies and workers into the affected region.

American is proud to donate its aircraft and allow employees to volunteer their time to bring first responders, emergency equipment, food, water, and other critical supplies to where they are needed most. We also make our facilities, such as hangars and maintenance bases, available for relief supplies and operations. Our history of disaster relief includes:



American Eagle employees loading relief supplies bound for Haiti

- Hurricane Katrina in 2007
- Hurricane Ike in 2008
- Earthquakes in Haiti and Chile in 2010
- Japan earthquake and tsunami of 2011

We were the first airline into Haiti after the January 2010 earthquake. As a company that has provided air service to Haiti for 40 years we understand the enormous needs and the role we play in this developing country. American and American Eagle flew 30 missions into Haiti carrying over 400,000 pounds of relief supplies in addition to transporting medical and relief personnel. We also worked with the military delivering Stars and Stripes to the personnel stationed there. To read more about our Haiti relief efforts, please [click here](#).

American Airlines is partnering with the American Red Cross to help the victims affected by the March 11, 2011 earthquake in Japan and the resulting tsunami in the Pacific. For a limited time, AAdvantage members earn a one-time AAdvantage bonus mile award for their donation to the American Red Cross. These gifts from AAdvantage members support disaster relief efforts to help those affected by the tragedy in Japan and the tsunami throughout the Pacific.

EMPLOYEE CONNECTIONS

Workforce giving



American and American Eagle employees have a strong tradition of supporting their communities. Employees serve on organizational boards, volunteer their time, make donations and help raise funds for a wide variety of organizations across the globe.

In October 2010, American launched its new brand logo, American Giving. The new logo encompasses all American and American Eagle employee charitable and community involvement programs, including donations and volunteerism. Support for American Giving is a cornerstone value of American's commitment to being a good corporate citizen. The company believes strongly in supporting the communities it serves and where its employees live and work, including advocacy

for employees' philanthropic and charitable contributions.

Our people serve non-profit organizations by sharing their skills and expertise, serving on organizational boards, and fundraising. Several American employees have also founded their own non-profits.

Through American Giving, we support a wide variety of organizations addressing a range of needs, from education and health services to arts and entertainment. Our diverse employees and Employee Resource Groups are especially helpful in ensuring we are aware and participating in all aspects of the communities we serve. These diverse efforts reflect that we are a global company with employees in thousands of communities.

Our Workforce Giving Program was established over 20 years ago. Today, employees donate to 3,000 nonprofit organizations through the American Giving Charitable Fund, a nonprofit that ensures proper management of their contributions. Employees can choose to support small, community-based initiatives as well as major groups like Komen, America's Charities, and Earth Share. The open campaign format also allows employees to "write-in" their own IRS-approved nonprofit. American encourages employees to donate with an extensive communications campaign that includes internal newsletters, company events, and public outreach.

In 2010, employees generously donated a record-breaking \$1,003,748.56 in charitable gifts. Some of these donations included:

- \$201,000 to American Red Cross Help for Haiti
- \$170,000 to United Way
- \$35,000 to Big Brothers Big Sisters
- \$5,000 raised by the Muslim Employee Resource Group to aid victims of the Pakistan earthquake

In 2010, employees representing various departments, business units, and work groups within AMR formed a new American Giving Advisory Council. The council provides awareness, guidance, and tools to support the global framework of the AMR employee giving and volunteering efforts.

Employee volunteerism

American also supports employees who give back with their talents and time through the American Volunteers program. It was established in 2007 to recognize and support the work many of our employees have been undertaking for decades to support diverse causes around the world. The program was enhanced in 2009 with the launch of the Rewards Program. In 2010, the Rewards Program made \$10,000 donations to each of four non-profit organizations and in-kind donations to 12 additional non-profits. This innovative program allows employees the opportunity to increase the value of their individual volunteer service with additional in-kind donations and a cash grant based on participation levels for a non-profit organization.



Nashville employees volunteering at a Komen Relay for Life event

American Advocates, formed in 2004, is an umbrella program that brings together about 2,500 employees at 30 locations throughout the United States. They serve as volunteer representatives at community events and town hall meetings.

Employees' dedication and passion for community service benefited more than 200 non-profit and other community organizations through more than 3,000 individual and team volunteer activities.

In total, more than 38,000 hours of volunteer service were recorded in 2010.

Of these outstanding efforts:

- More than 1,000 employees devoted 6,400 hours of service to the *Something mAAgic Foundation* to bring 42 ill children and their families from 12 countries to enjoy a week of rest and recreation at *Give Kids The World Village* in Central Florida
- Dedicated employees provided individual escort services to 30 children transported from El Salvador to the United States for heart surgery through the *American Airlines Kids In Need* program and in partnership with Airline Ambassadors International
- Employees known as "Champions for Children" helped raise \$1.6 million for the U.S. Fund for *UNICEF's Change for Good* program on American Airlines
- Fundraising results reached approximately \$110,000 for American's *Passionately Pink for the Cure* campaign in October in support of Susan G. Komen for the Cure and the fight to end breast cancer

ENGAGING OUR CUSTOMERS

In addition to supporting charitable organizations and encouraging our employees to get involved with their local communities and causes of choice, we also engage our customers to support causes that are important to them. Customers can make cash donations or contribute frequent flier miles to support many initiatives, including American Airlines Kids in Need, UNICEF, Susan G. Komen for the Cure, and Operation Hero Miles.

On select international flights, we ask passengers to donate leftover domestic and foreign currency to UNICEF's Change for Good program, which is proudly supported by Airline Ambassadors International. These contributions are used to provide lifesaving assistance to the developing world's poorest, most vulnerable children in over 150 countries, including every country to which American Airlines flies.

UNICEF contributions: In 2010, the program collected a record \$1.6 million from our passengers. Today, AA ranks as the number two airline in the program. Since 1994, American Airlines passengers have raised more than \$6 million for UNICEF's Change for Good program.



Boys greeting the Champions for Children team at the San Marcos school in Toledo, Belize. Photo credit: © Terrell Lee Kohn for the U.S. Fund for UNICEF/2010)

Over 2,100 *Champions For Children*—flight attendants, Admirals Club representatives, and other ground staff—contributed countless hours to ensure the success of the *Change for Good* program. In April 2010, three Champions and other AA representatives traveled to Belize to see first-hand how a portion of the donations are being used. While in Belize, Champions for Children saw how UNICEF is addressing clean water, education, and health care in the country's poorest regions.

American also sells gift cards linked to the causes it supports. American donates \$5 to a designated organization for every \$50 purchased. We began by offering Susan G. Komen for the Cure cards and now sell cards that channel donations to the USO.

Our generous customers

- Donated foreign and U.S. currency equivalent to \$1.6 million for UNICEF, which is also proudly supported by Airline Ambassadors International
- Raised more than \$500,000 in 2010 by contributing to Miles for the Cure in support of Komen
- Generated \$150,000 in donations for Miles In Support of All Who Serve
- Supported Haiti earthquake relief efforts with over \$1.5 million in contributions
- Gave more than (81 million) frequent flier miles to *American Airlines Kids in Need*

Passengers can read about how their contributions are making a difference and learn how to donate miles and money in our in-flight magazines *American Way* and *American Airlines Nexos*. To learn more about joining American in supporting its citizenship efforts, please visit aa.com/joinus.



AMR Corporation at a Glance

[AMR Corporation](#) is the parent company of American Airlines and American Eagle Airlines. Headquartered in Fort Worth, Texas, our company employed more than 87,000 full-time and part-time employees worldwide as of December 31, 2010. American Airlines and American Eagle operate, on average, more than 3,600 daily flights serving more than 50 countries. Our operations are substantial—on a typical day, we fly more than 287,000 passengers, handle 275,000 pieces of luggage, and answer more than 200,000 reservations calls.

American Airlines is also one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system onboard American's passenger fleet.

To learn more about our business, visit our [2010 annual report](#) and [Investor Relations site](#).

AMR CORPORATION (in \$MMs)*	2008	2009	2010
Passenger			
- AA	\$18,234	\$15,037	\$16,760
- Regional Affiliates	2,486	2,012	2,327
Cargo	874	578	672
Other**	2,172	2,290	2,411
Total Operating Revenue	\$23,766	\$19,917	\$22,170
Net Earnings / (Loss)	(\$2,118)	(\$1,468)	(\$471)

* For official GAAP results including special items, please see our [2010 10K filing](#).

** "Other" includes revenue derived from Admirals Clubs, sale of miles to partners in the AAdvantage program, service charges, sales of food and other items on our planes, and American Way magazine advertising, among other revenue streams.

Routes and networks

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As one of the largest airlines in the world, we strive to deliver quality service to customers in [every corner of the globe](#). Every day, we transport customers on more than 3,600 flights serving [nearly 250 cities in over 50 countries](#). Our global route

network allows us to offer flights to important international markets in Europe, Asia, Latin America, Canada and the Caribbean.



Visit our [interactive route map](#) and explore all the places we fly!

We have established cornerstone cities in the United States that represent our most important travel portals. These cities are Chicago, Dallas/Fort Worth, Miami, New York, and Los Angeles. Through these cornerstone cities, we offer customers convenient access to major U.S. and international metropolitan centers.

A strong array of partnerships complements our own routes. American Airlines offers an extended network throughout North America and the Caribbean via its [regional airline affiliate carriers](#) American Eagle and AmericanConnection. They provide service to more than 170 small and medium-sized communities, as well as larger cities, that American's mainline operations either could not profitably serve or

offer the same flight frequency using larger jets.

American Airlines is a founding member of the global [oneworld® Alliance](#), which brings together some of the biggest names in the airline business to serve more than 750 destinations in approximately 150 countries and territories. American Airlines also has [codeshare](#), interline, and frequent flyer agreements with select airlines and railroad companies around the world, allowing passengers to travel on routes American may not serve directly.



In 2010, the U.S. Department of Transportation granted antitrust immunity among American, British Airways, and Iberia, and separately between American and Japan Airlines. We formed a three-way Joint Business Agreement among American, British Airways, and Iberia, and a two-way Joint Business Agreement between American and Japan Airlines. These agreements make the **oneworld** Alliance stronger by bringing our customers more flights, more convenience and more opportunities to earn and redeem frequent flyer miles for trans-atlantic(**oneworld**) and trans-pacific travel(**oneworld**). Read more at [moretravelchoices.com](#).

In 2010, American launched new services to international capitals including Chicago to Beijing and Mexico City, New York City (JFK) to San Jose and Madrid, and Miami to Brasilia. We also started service between New York City (JFK) and Manchester, UK; New York City (JFK) to Rio de Janeiro; and Dallas/Ft. Worth to Rio de Janeiro.

Strengthening our alliances and partnerships

Our international presence is greatly enhanced by our [oneworld® Alliance](#) partners, which enable us to satisfy demand and attract millions of customers who might otherwise have flown with one of our competitors. In 2010, **oneworld** focused on deepening its relationships and expanding its alliances. For example:

- American launched a joint business agreement with British Airways and Iberia in October 2010 and American was granted regulatory approval in November 2010 to launch a joint business agreement with Japan Airlines that began on April 2011. These agreements allow the airlines to coordinate networks and schedules and cooperate commercially on routes between North America and Europe and North America and the Asia-Pacific region.
- S7, Russia's leading domestic carrier, joined the **oneworld®** Alliance in November 2010. S7 adds 54 new cities to **oneworld**, including destinations in Russia, Armenia, Azerbaijan, Kazakhstan, and other Central Asian countries.
- Kingfisher (IT), India's largest domestic airline, became a member-elect of **oneworld**. Kingfisher serves 58 new cities in India as well as Bangkok, Hong Kong, London-Heathrow, Singapore, Colombo, Dubai, and Dhaka.
- airberlin (AB), Europe's fifth largest airline, became a member-elect of **oneworld**. airberlin serves 168 destinations in 40 countries.

oneworld will relocate its headquarters to New York in the summer of 2011. The move will enable our central alliance team to keep its finger on the pulse of the world's single biggest air travel market.

American also established new codeshare and interline agreements with:

Codeshare Agreements

GOL (Brazil) - Aug. 2010
Jetstar (Australia) - Oct. 2010
airberlin (Germany) - Nov. 2010

Interline Agreements

JetBlue (United States) - July 2010
WestJet (Canada) - Nov. 2010

Each of these partnerships strengthens our global network and reaches and offers our customers a smoother, more convenient travel experience. The partnerships also provide American Airlines with access to new markets or areas of the world experiencing significant growth. Visit our [codeshares](#) and [alliances](#) websites for more information.

2011 forward outlook for our network and alliances

In 2011, we either announced or anticipate the following future enhancements:

- American will launch new international service between New York City (JFK) and Tokyo Haneda, Japan in February 2011 and new nonstop service between Los Angeles and Shanghai, China in April 2011.
- American and Japan Airlines will commence their joint business on April 1, 2011. Initially, the joint business will apply to nonstop flights on 10 routes between the United States and Japan.
- American Airlines and its joint business partners British Airways and Iberia will add five new routes to the joint business network, including two new routes operated by American: New York City (JFK) to Budapest, and Chicago to Helsinki. In addition, the joint business will begin London Express service with 15 daily flights between New York City and London in March 2011.

Visit oneworld.com for more information on the **oneworld®** Alliance.

Our fleet



With a [fleet of approximately 900 aircraft](#), we devote significant resources to ensure safe and comfortable travel. The company is executing a fleet renewal plan to replace older aircraft with aircraft that are more fuel-efficient and use more advanced technologies.

American has more Boeing 787-9s on order than any other North American airline

- American Airlines received 45 Boeing 737s in 2010.
- We have ordered an additional 35 Boeing 737 aircraft, with delivery expected in 2011 and 2012.
- We announced the purchase of five Boeing 777-300 aircraft, to be delivered in late 2012. These airplanes are larger than our current B777s, with a longer range that will allow us to provide nonstop service to locations we are unable to reach today.
- American plans to acquire 42 Boeing 787-9 aircraft and has the purchase rights to acquire up to 58 additional 787 aircraft. These aircraft are expected to be more fuel-efficient than American's current Boeing 777 aircraft and they are made with lighter, more technologically advanced materials. In July 2010, we agreed to a new delivery schedule with Boeing due to Boeing's overall program delays. The first 787-9 aircraft is currently scheduled to be delivered in 2014, and the last aircraft is scheduled to be delivered in 2018.



American is one of the few airlines to retain almost all of our maintenance in-house.

Maintaining our fleet is one of the most important aspects of our operations. American and American Eagle have made the strategic decision to retain the majority of our maintenance in-house rather than outsource it, in contrast to many other major airlines. We believe retaining maintenance in-house has been best for our customers, our company, and the employees whose jobs are retained as a result of this business decision. Click here to learn more about our maintenance operations: [aircraft maintenance procedures](#).

FLIGHT PLAN 2020

Flight Plan 2020 is American Airlines' vision for securing and positioning our business for the next decade and beyond.

We launched our strategic plan—Flight Plan 2020—in late 2009. The plan is our blueprint to long-term success for American Airlines based on the following five tenets:

- **Invest Wisely:** Every day, we depend on our people, aircraft, facilities, and technological infrastructure. We must continue to invest in these areas if we are to succeed in the long-term. Investing in our people is ongoing. We are also continuing initiatives related to fleet renewal, facility renovations, and upgrades to our technology infrastructure.
- **Earn Customer Loyalty:** We must deliver value for every customer and differentiate our airline. We are making numerous enhancements to our products and services to improve our customer travel experience.
- **Strengthen and Defend our Global Network:** Our network alignment around our cornerstone hubs of DFW, Chicago, Miami, New York, and Los Angeles strengthens our domestic network. Deepening our relationships with oneworld airlines and securing anti-trust immunity with select international carriers strengthens our global network.
- **Be a Good Place for Good People:** Our future depends on creating and maintaining a good place to work and build a career, where all employees are treated with respect and dignity, and where diversity is embraced.
- **Fly Profitably:** We must constantly find ways to cut costs, operate more efficiently, and generate additional revenue for the company to sustain our business, grow, and create job security. We've cut more than \$6 billion in costs since 2003, including more than \$4 billion in non-labor costs.

The five tenets of Flight Plan 2020 are underscored by the key charge to *Be Competitive to Secure Our Future*. This means that to establish and sustain long-term profitability, we must be competitive in everything we do including costs, product, revenue, service, and schedule. We also recognize that an important aspect of serving our customers is developing new [partnerships](#) to expand access to convenient and dependable travel options.

We believe that Flight Plan 2020 provides clear direction for effectively serving our customers, partners, employees, and investors. We are implementing Flight Plan 2020 so there is alignment between our corporate responsibility efforts and our business objectives. We believe that as we secure our future and succeed in the various aspects of our strategic plan, we will likewise be strengthening our overall corporate responsibility performance.

GOVERNANCE

AMR Corporation Board of Directors

Our [Board of Directors](#) has 11 members, all of whom are considered independent (with the exception of our CEO) and five of whom are female or minority. To help the board fulfill its responsibilities, the board has [four independent standing committees](#).

- The [Audit Committee's](#) primary functions include overseeing our independent auditors and reviewing our annual audit and financial statements. The committee also reviews and discusses safety, security and environmental measures as well as employee legal, ethical and conduct complaints and policies.
- The [Nominating/Corporate Governance Committee](#) recommends candidates for director and officer positions and, along with the CEO, reviews succession planning. The committee also reviews our governance policies and practices.
- The [Compensation Committee](#) establishes and implements executive compensation objectives and approves all executive compensation, while also determining 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 and hiring practices and employee retention issues.

We maintain high corporate governance standards. Key features of these standards include:

- All board members are elected annually
- All members of the board and its standing committees are considered independent, with the exception of our CEO
- Each director who receives more withheld votes than votes for his or her election must tender his or her resignation
- Board members meet frequently throughout the year, often without any management representative (including the CEO) present
- Shareholders can call special meetings, including to remove/elect directors
- Shareholders can act by written consent without a meeting

More information on AMR's governance policies and procedures can be found on the [Corporate Governance and Investor Relations section of our website](#) as well as in our [2011 Proxy Statement](#).

Executive compensation

AMR is committed to responsible corporate compensation policies and aligns the interests of AMR with those of our executive managers through responsible, merit-based executive pay.

Our Compensation Committee, which comprises directors who are independent from the company, benchmarks executive compensation with major U.S. passenger airlines and public companies of comparable revenue size and operational complexity, targeting executive pay at the median of this benchmark group. The committee employs an outside consultant to provide third-party expert analyses and marketplace data to make sure American's compensation levels are reasonable and fair and senior management's compensation is tied to the company's performance and is aligned with pay given to officers performing similar job duties in the marketplace.

Our compensation policy strongly links pay to performance, which aligns the interests of executives with those of our shareholders. As part of our Turnaround Plan, we established the Annual Incentive Plan, which includes a Customer Service component, now known as the Customer Experience Rewards, and a Financial component based on the company's profitability performance, to link the interests of our customers, stockholders, and employees. All employees, including named executive officers, participate in the Annual Incentive Plan, which provides potential cash incentive payments upon achieving monthly customer service goals and annual financial goals.

The Customer Service component of the Annual Incentive Plan provides for payments of up to \$100 per month for each employee if we achieve one of its customer service targets. Annual Incentive Payment awards are also paid to employees (including named executive officers) under the Financial component if American Airlines achieves at least a five percent pre-tax earnings margin. During 2010, each named executive officer earned \$467 under the Customer Service component. We

did not make any payments to our named executive officers under the Financial component because we did not meet the required five percent pre-tax earnings margin.

In addition, American Airlines also maintains a Profit Sharing Plan for its employees. Under that plan, profit sharing payments are made to eligible employees if our annual pre-tax earnings exceed \$500 million. By its terms, our officers (including the named executive officers) and certain other management employees are not eligible to participate in the Profit Sharing Plan. However, under the AIP the Compensation Committee has the discretion to award cash payments to these officers and management employees if the other employees of American Airlines receive profit sharing payments under the Profit Sharing Plan. No such payments were made in 2010.

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 2010, an average of 70 percent of the total compensation awarded to the five named executive officers listed in our proxy was in the form of long-term stock compensation, which means that compensation is at risk, or not guaranteed. For those named executive officers, on average, only 15 percent of income is “guaranteed” due to the uncertainty associated with stock-based and short-term incentive compensation. Less than 25 percent of all officers’ income is salary-based or “guaranteed”. Approximately 94 percent of front-line employees’ income is salary/wage-based or “guaranteed.” None of our named executive officers received a base salary increase in 2010.

The Compensation Committee has linked our named executive officers’ performance-based compensation to these measures: pre-tax profits, customer service, stock price appreciation, and total shareholder return. Due to the financial and economic challenges facing the airline industry, linking executive pay to company performance has resulted in our executives only realizing approximately 61 percent of the total compensation that was granted to them for the years 2000 through 2009.

Detailed information regarding our merit-based executive pay system is available in our [2010 Proxy Statement](#).

Corporate responsibility management structure

At AMR, our responsibility includes doing our part to influence global solutions to challenging environmental, social, and economic issues for the benefit of our stakeholders, now and for generations to come. The scale of our operations affords us the opportunity to affect positive change around the world in the many ways we intersect with our environment, customers, and communities—and internally among our own employee ranks.

Because of the breadth and diversity of the activities that relate to corporate responsibility initiatives, our Citizenship Steering Committee is composed of senior executives representing different business areas within the company.

The Steering Committee meets quarterly and provides overall guidance and strategic vision on AMR’s corporate responsibility approach. The committee also promotes alignment with the overall strategic objectives stated in FlightPlan 2020. Members of the Steering Committee support initiatives that contribute to AMR’s corporate responsibility performance and collectively champion the company’s corporate responsibility successes.

AMR’s Board of Directors receives updates and provides guidance on a wide range of corporate responsibility issues as part of its regularly scheduled meetings, in addition to the oversight, counsel, and guidance provided on diversity issues via the [Diversity Committee](#).

ETHICS AND COMPLIANCE

AMR's Business Ethics, Safety & Compliance Program demonstrates the company's commitment to maintaining the highest standards of safety and legal and ethical conduct. We have adopted Standards of Business Conduct for all employees. We expect our vendors and suppliers to be guided by these principles as well.

All employees are called upon to hold safety and ethics as their top priorities. Our [policies](#) make clear that employees are not to:

- Take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice;
- Tolerate unlawful discrimination, harassment, or hate-related behavior; or
- Tolerate retaliation against employees who act in good faith by reporting suspected illegal acts or unethical behavior.

At the core of our ethics program and our Standards of Business Conduct is the understanding that everyone must take responsibility for their own actions. Employees are also expected to immediately report any suspected illegal or unethical activity. We have established several confidential options, including anonymous channels, for employees to [report suspected ethics problems or violations](#).

The company's Senior Vice President & General Counsel is also our Chief Compliance Officer and is responsible for the Business Ethics, Safety & Compliance Program. Employees can direct questions to the Business Ethics, Safety & Compliance Office via internal correspondence, phone, or by e-mail.

We consider all managers and supervisors responsible for the conduct of any employees reporting to them and hold them accountable if they fail to take reasonable steps to prevent and detect unethical or illegal behavior. We are prepared to act swiftly with appropriate corrective action in response to substantiated allegations.

American Airlines core values include integrity, compliance with the law, and respect for the individual and the unique customs and cultures in communities where we operate. We recognize the international human rights principles expressed in the United Nations Universal Declaration of Human Rights and endeavor to conduct business in a manner consistent with these principles. We expect our vendors and suppliers to uphold internationally recognized human rights within their own operations.

We are against all forms of corruption, including extortion and bribery. We provide anticorruption and business ethics training to all upper-level management and most lower-level management employees through our business ethics training and annual Compliance Certification. In 2010, all active American and American Eagle management employees, as well as more than 1,900 nonmanagement employees, completed the annual Compliance Certification.

We condemn human rights abuses, including any forced or compulsory labor. In 2010, American enhanced its training program for flight attendants' to include human trafficking awareness. This program is now part of flight attendants standard recurrent training. In addition, information on human trafficking is displayed in the flight attendant training areas.

PUBLIC POLICY

Our approach to public policy engagement

The airline industry is among the most heavily regulated industries. Through our operations, we interact with millions of customers; thousands of employees and suppliers; hundreds of municipalities and communities; and scores of local, state, national, and international regulatory and oversight agencies. We must therefore balance competing priorities and interests while ensuring that we remain focused on our future vision for our company's success—and the resulting benefit to all our stakeholders.

Through our Political Action Committee (PAC), which is funded solely through voluntary employee contributions, we are actively engaged with elected officials who share our views on critical issues such as air traffic modernization, energy, the environment, and tax and pension reform. The PAC, established in 1985, maintains strict standards for contributions to elected officials, applying specific criteria such as voting record or position on issues regardless of political affiliation.

We participate in industry associations such as the Air Transport Association of America (ATA), the International Air Transport Association (IATA), and the Regional Airline Association (RAA). Our involvement allows us to gain insight into core issues for the airline industry as a whole and to advocate jointly for regulations that support a healthy, competitive industry. We also benefit from the opportunity to share technical expertise and operational knowledge that leads to better customer safety, service, and overall efficiency.

Securing anti-trust immunity



AMR deepened its alliances in 2010

One of the most important features we offer our travelers is the flexibility to access a wide range of destinations through our own international network as well as the networks of the **oneworld®** Alliance.

In March of 2008, the United States-European Union (EU) Open Skies Agreement changed the landscape of international aviation by replacing a host of restrictive bilateral air services agreement with a single liberalized accord. The Open Skies Agreement allows any U.S. or EU carrier to fly between any point in the United States and any point in the European Union. We are still, however, reliant on the U.S. Department of Transportation (DOT) and the European Commission to grant us the immunity to fully coordinate schedules and pricing with European partner airlines.

In April 2010, we received final approval from the U.S. DOT for antitrust immunity with four European **oneworld** airlines and to form a Joint Business Agreement with British Airways and Iberia. [Read more](#) about our pursuit of joint business agreements with British Airways and Iberia.

We have also established a Joint Business Agreement with Japan Airlines, as made possible by the 2009 U.S.-Japan Open Skies Agreement. In addition, American Airlines was awarded one slot to operate daily, year-round scheduled service from New York's John F. Kennedy to Tokyo's Haneda Airport, and began service in February 2011.

Immunity is critical to our ability to offer our customers the options they desire. Two other competing global alliances (SkyTeam and Star Alliance) are able to provide a seamless and integrated product to their customers as a result of the immunity they have received. Anti-trust immunity for our agreements with British Airways and Iberia, and with Japan Airlines help American and **oneworld** to level the playing field by permitting us to more closely coordinate routes, prices, frequent flyer programs, and services for customers. Visit moretravelchoices.com for further details.

Corporate responsibility is important to AMR's **oneworld®** Alliance partners. We look forward to supporting each other's efforts to spur innovation across the entire industry that can benefit of our customers, employees, communities, and the environment.

Airline ticket distribution

Consistent with our longstanding marketing philosophy of making our products widely available for sale, American wants to adopt newer, less expensive, more efficient, and more capable technologies to distribute our content to thousands of travel agencies that sell our products.

Whether the consumer is buying tickets directly from us, from online travel agencies, or from the thousands of traditional brick-and-mortar travel agencies, that process should be easy and transparent, providing consumers with innovative tools and the information that they need to make choices. For more information on how we're seeking to improve the distribution of our products and services, visit www.distributionupdate.com.

European Union Emissions Trading Scheme

Beginning in 2012, aviation will be included in the European Union's Emissions Trading Scheme (EU ETS). The ETS is a cap and trade system that requires companies within specific industries to submit allowances to cover the emissions they emit. With limited exceptions, all flights landing or departing the EU will be covered in the ETS regardless of where the operator is incorporated. Emissions from all phases of the flight are included in the ETS.

The Air Transport Association (ATA), along with American Airlines, Continental Airlines, and United Airlines, have filed a legal action in the United Kingdom (UK) challenging the first stage of the Aviation Greenhouse Gas (GHG) Emissions Trading Scheme Regulations, which went into effect in 2010. These regulations are the initial step in implementing the EU ETS as applied to airlines.

Although American believes the EU ETS violates international law, American is complying with applicable requirements. We have made clear, however, that we are complying "under protest" given significant legal concerns.

Specifically, American Airlines—along with other U.S. airlines and many countries and airlines around the world—believes that the *unilateral application* of the EU ETS to non-EU airlines violates international law. We believe airline GHG emissions should be addressed under a global approach, rather than through a unilateral action by the UK government or the EU.

Given aviation's worldwide operations, aviation GHG emissions should be addressed on a global sectoral basis. Our position is that the International Civil Aviation Organization (ICAO), the United Nations body charged by treaty with establishing environmental and other standards for international aviation, is the appropriate entity to establish such measures.

The world's airline industry, air navigation service providers, airports, and aircraft engine and airframe manufacturers are putting together a concrete and aggressive proposal for a global approach, with emission reduction targets that will ensure we continue our strong record of continuous reductions. Under our proposal, all airline emissions would be subject to collective emissions targets—an annual average fuel and CO₂ efficiency improvement of 1.5 percent through 2020 and carbon-neutral growth from 2020, with an aspirational goal of a 50 percent reduction in CO₂ by 2050 relative to 2005 levels. While participating airlines will have to make significant investments to meet these targets, they will also depend on governments doing their part with respect to air traffic control modernization, alternative fuels and research, and development investments.

NextGen air transportation system



The Next Generation Air Transportation System (NextGen) refers to the implementation of 21st century technology to transform the United States' current National Airspace System (NAS) into one that can effectively meet future safety, capacity, and environmental needs. NextGen will be realized through coordinated efforts by the FAA and the Departments of Transportation, Defense, Homeland Security, and Commerce, as well as NASA and the White House Office of Science and Technology Policy.

NextGen represents an evolution from a ground-based system of air traffic control to a satellite-based system of air traffic management. When fully implemented, NextGen will safely allow more aircraft to fly more efficiently and on more direct routes.

American Airlines views investment in NextGen as critical to the efficiency of the aviation industry. Our current generation of air traffic control systems, emissions management, and safety leave significant room for improvement in surveillance, navigation, and safety-enhancing equipment.

American and Naverus, a part of GE Aviation, marked a major milestone in U.S. airspace modernization in August 2010 with American flight 1916 from DFW to Hartford. The flight debuted the first-ever public flight path in the United States created by a private company. Known as Required Navigation Performance (RNP), this flight procedure is a core component of the FAA NextGen airspace modernization effort and is like a "highway in the sky" that ensures the aircraft adheres to a precisely designed, predetermined path.

Although the DFW flight is a step in the right direction, we continue to advocate for an infusion of government infrastructure funding to jumpstart the modernization of the air traffic control system. Modernization would also result in reduced carbon emissions and job creation in the aviation sector. We strongly believe that an infusion of funding to help equip all aircraft with the necessary technology for NextGen would not only contribute to economic growth and a better environment, but would also help address record delays and congestion.

NextGen would bring tangible improvements to our sector, including up to a 12 percent reduction in GHG emissions from aircraft by 2025 (the equivalent of removing 2.2 million cars off the road) and the creation of 77,000 new jobs throughout the manufacturing, equipment installation, and airline industries.



MATERIALITY ANALYSIS

We updated the materiality analysis conducted last year in order to confirm the topics to be highlighted in the 2010 report. The analysis helped us better understand which issues are both important to our stakeholders and could potentially have a significant impact on our company. Issues that were ranked high by both stakeholders and our Corporate Responsibility Steering Committee members are considered "material" and receive more extensive coverage in this report.

Methodology

To conduct the analysis, we identified a broad range of economic, environmental, social, and governance topics relevant to our company and the airline industry. We then used stakeholder input, either directly sourced from employees, customers, and other stakeholders, or as represented in materials such as ratings questionnaires, peer reports, industry and trade association issues lists, and customer requests, to establish the overall stakeholder level of concern for each issue.

We also asked our Corporate Responsibility Steering Committee members to rank the issues in the materiality analysis against several criteria. These criteria included the potential impact of the issues on company profitability, employee engagement, service delivery, and brand and reputation, among others. Respondents also took into account the "urgency" or need to address any particular issue in the near term.

The resulting materiality matrix and list of high-priority issues was reviewed and refined by our Citizenship Steering Committee.

High-priority issues

- Customer safety and security
- Customer service and satisfaction
- Diversity and inclusion
- Energy use
- Greenhouse gas emissions
- Impact on communities
- Labor and union relations

Engaging with our stakeholders

We recognize the importance of engaging with our stakeholders in order to identify and address the issues they care about. We have structured this report around our key stakeholders, with sections devoted to [customers](#), the [environment](#), [employees](#), and our [communities](#).

We engage with stakeholders in the following ways, among others:

- Customer interactions at the gate and in our airplanes, online surveys, internet contact, focus groups, reservation agents, AAdvantage Customer Service, and through our sales organization
- Employee communication through team meetings, CEO messages, intranet announcements, labor negotiations
- Involvement in local community activities, briefings to local and state officials
- Investor briefings, presentations, and financial reporting
- Participation in trade associations and industry groups such as the Air Transport Association of America (ATA), the International Air Transportation Association (IATA), and the Regional Airline Association (RAA)

ABOUT THIS REPORT

American Airlines' 2010 Corporate Responsibility Report presents a summary of the company's performance related to our customers, employees, the environment, and the communities we serve for calendar year 2010. The report builds on American's [2009 Corporate Responsibility Report](#), [2008 Corporate Responsibility Report](#) (the company's first integrated report), the [2007 Environmental Responsibility Report](#), and the [2007 Corporate Citizenship Report](#). The 2010 Corporate Responsibility Report encompasses the activities of AMR Corporation, the parent company of American Airlines and its regional affiliate, American Eagle.

We view the publication of each annual corporate responsibility report as an opportunity to continue our dialogue with stakeholders. We also strive to highlight the alignment of our corporate responsibility efforts with our overall corporate goals, as stated in [Flight Plan 2020](#), our strategic framework.

We see reporting as a process of continuous improvement, each year building on the past. As such, we consider the precautionary principle in identifying topics that need to be addressed in our reporting as potentially posing risk to our organization either now or in the future, and build this concept into our materiality analysis process.

With regard to data collection and tracking, American transitioned in 2009 to the Environmental Protection Agency's Climate Leaders methodology to calculate the company's total carbon footprint. This methodology incorporates different emissions factors than were used in previous years, and because a fuller range of sources is tracked, represents a more conservative estimate of total emissions.

We welcome your feedback on our corporate responsibility efforts and this report. Please contact Mr. Tom Opderbeck at tom.opderbeck@aa.com with any questions or comments.

AMR Global Corporate Responsibility Statement

As a global airline carrying more than 100 million passengers and over 540,000 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 approximately 87,000 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.



SERVING OUR CUSTOMERS

Helping people with disabilities travel with ease

2010 Case Studies

- [Helping people with disabilities travel with ease](#)
- [Pets are passengers, too!](#)

One of the more rewarding recent trends in our industry is that more and more people with disabilities are gaining confidence about air travel. We've seen a steady increase in the number of passengers with wheelchairs and scooters; currently, well over a million of American Airlines and American Eagle's 90 million annual passengers are travelers with mobility and other kinds of disabilities.

We are dedicated to ensuring that their flying experience is as safe, convenient, and dignified as anyone else's. Accordingly, we consult with disabilities groups for advice on customer service and accessibility issues; we employ a team of specialists in traveling with disabilities; and we sponsor a wide variety of programs, from training and workshops with public interest and advocacy groups, that focus our employees on accommodating and serving passengers with disabilities.

In 2010, for example, our customer service centers at Dallas-Fort Worth, Miami International, and Chicago-O'Hare airports hosted training sessions and safety fairs that included demonstrations by The Mobility Shop and Open Doors Organization, Chicago-based companies that train employees on how to disassemble and stow mobility devices safely and quickly.

Our 14-member cross-departmental Disability Task Force (DTF) meets monthly to focus on products and services for customers with disabilities. In addition to regularly coordinating customer service issues and maintaining consistent policies and procedures, DTF members also meet with customers. In summer 2010, for example, the group attended the monthly meeting of a Chronic Obstructive Pulmonary Disease (COPD) Support Group at Harris Methodist Hospital Fort Worth. Many attendees, it turned out, were not aware that they could fly with oxygen tanks. They were thrilled to learn that air travel is a possibility for them, as Task Force members explained everything about flying with oxygen, from the reservation process to airport regulations.

American's own Abilities Resource Group (one of AMR's grassroots, employee-led voluntary interest organizations) focuses on raising awareness and disseminating how-to information on serving passengers with disabilities. Providing leadership for our "Operation Mobility" initiative, which involves several workgroups throughout the company, the Abilities Resource Group has gathered information at locations throughout American's domestic system, and developed a training curriculum for customer contact agents and contract employees on providing optimal service to passengers with disabilities.

For more information about our diverse efforts to serve travelers with disabilities, please visit <http://www.aa.com/i18n/travelInformation/specialAssistance/customersWithDisabilities.jsp>.

Pets are passengers, too!

As part of our efforts to make air travel not just possible but safe and convenient for people with disabilities, service animals fly free on American Airlines and American Eagle. But everyday pets are passengers, too—and often, to their owners, cherished traveling companions. So, while we ask our non-disabled passengers to buy a ticket for their dogs and cats, the only restrictions we impose on pet travel are designed for the safety of the animals and the comfort and the safety of the people sharing the aircraft.

Up to a certain size, pets may travel in the cabin, up to seven per flight, with their human companions—in a portable carrier, of course. Larger animals ride, also in carriers, in the cargo hold. To ensure the safety and comfort of the animals, we maintain guidelines on the size and type of carriers permitted and the provision of water and food for each pet. We will only accept pet passengers when current or forecasted temperatures at any location on the itinerary are between 45–85 degrees Fahrenheit. For their own safety, we do not accept certain breeds of dogs and cats that are liable to experience breathing problems as a result of stress or pressure changes.

For more information on our policies and procedures for transporting service animals and pets, please visit <http://www.aa.com/i18n/travelInformation/specialAssistance/serviceAnimals.jsp> and <http://www.aa.com/i18n/travelInformation/specialAssistance/travelingWithPets.jsp>

2009 Case Studies

- [Streamlining the pre-flight and boarding experience](#)
- [American Eagle: Flying safely is our first priority](#)

Streamlining the pre-flight and boarding experience



Agent scans bag information using YADA device

We know that our customers look to us to help them get to their destination with as little stress and inconvenience as possible. American's steadfast focus on providing outstanding service during customer interactions at the gate and during the boarding process exemplifies our longstanding commitment to improving the overall customer travel experience.

American introduced YADA, which stands for Your Assistance Delivered Anywhere, in 2009. With the YADA hand-held device, airport agents can come out from behind the counter to provide real-time information on flights, gates and baggage directly to customers anywhere in the airport. Agents can scan boarding passes, check bags, print "real" bag tags, provide connecting information, and even pull up maps of other airports.

YADA has been deployed in Boston, Dallas/Fort Worth, Miami, New York's JFK, and San Juan, and is a major step in the overall customer experience initiative at American Airlines

PriorityAAccess security screen lanes have been installed at the Dallas/Fort Worth; Chicago O'Hare; Miami; Los Angeles; New York JFK and La Guardia; St. Louis; San Francisco; Boston; and San Juan airports.

In September 2008, American Airlines introduced PriorityAAccess privileges to its top customers to make the airport process and overall travel experience more convenient. With dedicated PriorityAAccess check-in, priority baggage delivery, dedicated security screening lanes, where available, and exclusive boarding lanes at the gate, travelers have more control and an easier journey when they travel.

Passengers benefiting from PriorityAAccess privileges include First and Business Class customers; AAdvantage Executive Platinum, AAdvantage Platinum, and AAdvantage Gold members; AAirpass customers; **oneworld®** Alliance Emerald, Sapphire and Ruby members; and customers traveling on full-fare economy class tickets.

American Eagle: Flying safely is our first priority

Flying on a commercial airline is one of the safest forms of transit. American Eagle is proud to contribute to this exemplary safety record by maintaining the highest standards for hiring and training pilots and crews, implementing robust safety management systems, and sharing safety information with other regional airlines and the FAA.

At Eagle, prospective pilots undergo the same extensive pre-hire screening and new hire evaluation as pilots at American and other large carriers. Candidates must have, at a minimum, 800 flying hours, with at least 100 hours in multi-engine airplanes before they can apply for a position with Eagle.

Most current Eagle pilots have considerably more experience and benefit from ongoing training and development. Our Captains average more than 14 years of flying and 11,000 hours of flight time at American Eagle. First Officers average more than four years and nearly 4,000 hours with American Eagle. In addition, every Eagle pilot receives comprehensive classroom, simulator, flight training, and observation every year. Our pilots must complete all required—and recommended—FAA flight safety programs, as well as supplementary training courses developed by Eagle.

To ensure the safety of every flight, American Eagle exceeds FAA requirements on a number of issues:

- The number of training hours pilots must complete at American Eagle is greater than the FAA requires
- American Eagle's restrictions on the number of hours and flight segments per day that pilots can fly are stricter than FAA regulations mandate
- American Eagle has already implemented all the flight safety programs the FAA is considering requiring for airlines

For example, the Captain's Duties and Responsibilities classes prepare new captains for their leadership role in operating their aircraft as safely and efficiently as possible. Our Advanced Aircraft Maneuvering Program provides pilots with the advanced skill set and expert knowledge to handle aircraft under severe circumstances, for example, if flight controls malfunction or during recovery from unusual attitudes.

American Eagle also ensures that pilots are safe to fly every time they step into the cockpit. We recognize that fatigue may affect crew performance. We therefore go beyond mere compliance with federal regulations regarding flight time limitations. We limit our pilots to fewer hours of duty time and fewer flight segments per day than FAA regulations allow.

PROTECTING THE ENVIRONMENT

2010 Case Studies

- [Saving fuel to help the planet—and aid injured U.S. troops and veterans](#)
- [Reduce, reuse, recycle: implementing the waste hierarchy at American](#)

Saving fuel to help the planet—and aid injured U.S. troops and veterans

[Back to the top](#)

Jet fuel is not just a leading source of our CO₂ emissions as a company, but also far and away our biggest cost of operations. That's why AMR is constantly on the look-out for new ways of conserving fuel and reducing emissions. Through our [Fuel Smart program](#), we engage all employees in the search for fuel-saving opportunities and make them part of our daily routine. The program has yielded many fuel-saving measures that have become "standard practices" throughout our operations, such as:

- Pilots reduce fuel burn by using a single engine to taxi in and out of gates when possible.
- Flight crews take advantage of opportunities to burn less fuel en route while maintaining safety and on-time performance.
- Airport and flight crews work together to quickly connect ground power and pre-conditioned air hoses to planes as they arrive at the terminal, so that aircraft auxiliary power can be shut down.
- Dispatchers and flight crews use all available planning tools, procedures, and expertise to plan safe flight fuel loads while avoiding excessive loads.

In 2010, these and other measures reduced our jet fuel use by 123 million gallons, keeping 1.3 million tons of CO₂ out of the atmosphere. And we seized an opportunity to share Fuel Smart gains with some of our most honored fellow citizens.

We did it by [partnering with Air Compassion for Veterans](#), a nonprofit organization that helps active troops and veterans travel for medical rehabilitation and counseling needs, and for family members to visit service men and women who are undergoing treatment away from home.

American donates 20 cents for every incremental gallon of fuel saved, year over year, to help current and retired military personnel get access to the care and resources they need. Overall, we gave a total of \$409,513 in 2010. In addition, nearly 1,000 flights were made possible on American and American Eagle aircraft as a result of direct contributions from American Airlines employees—honoring the service of America's military men and women by helping them heal together with their families.

[Learn more](#) about American's support for U.S. military servicemen and women and their families.

Reduce, Reuse, Recycle: implementing the waste hierarchy at American

For an airline, just as for any citizen of a community, being a good environmental steward means reducing waste and reusing and recycling as much as we can.



We have identified many opportunities to apply these principles. Our flight attendants recycle almost 14 million aluminum cans every year, as well as the corks from wine bottles served in flight. We've implemented some successful reuse programs as well. For example, the blankets purchased by passengers and left onboard are collected at the end of each flight and donated to local shelters. Our maintenance department sends damaged and unused parts to local repair agents for reuse or recycling, instead of consigning them to landfills. Many of these parts contain valuable metals, such as aluminum, copper, titanium, and molybdenum. At O'Hare Airport in Chicago, American donates used bag cart tarps to a local company, Defy Bags, that makes high-fashion purses and messenger bags from reclaimed materials. And at O'Hare and Dallas-Fort Worth, we've also donated used onboard carpets to local animal shelters—a program we plan to expand to other locations.

To take our waste reduction efforts to a new level, in 2010 we established a new Waste Minimization Team. Its charter is to identify additional ways to

- reduce all types of waste,
- reuse materials that would otherwise be treated as waste, and

- recycle more of the waste generated in AMR offices and on AMR flights.

The Waste Minimization Team will have a full agenda. Consider onboard recycling: on the surface, it might appear to be a simple matter. After all, an airplane is a closed, contained space; during a flight, you just collect all the recyclable materials inside it and, at the end ... recycle them. But it takes a lot of planning and coordination to make even that "simple" process work. The Waste Minimization Team will focus on identifying ways to reserve storage space for recyclables on the aircraft, developing procedures for removing recyclables at the end of each flight, and convenient locations to collect the recyclables within the airport property. Finally, the team will need to establish the logistics for transporting recyclables from the airport, which has strict access requirements, to an appropriate facility—not so simple after all.

It's a challenge we're eager to take on, and one of many opportunities that American is pursuing to reduce its environmental footprint.

2009 Case Studies

- [Creating a market for alternative fuels](#)

Creating a market for alternative fuels

Although air travel contributes only two percent of total greenhouse gas emissions, American Airlines is taking action to reduce the environmental impacts of flying. We are working collaboratively with others in the industry to provide a market for alternative fuels. This support for fuel innovations encourages further research and development, which will ultimately help decrease our environmental footprint and help combat global climate change.

In December 2009, American became one of 15 airlines to sign agreements to support alternate fuel use by promising to purchase future supplies. This domestically produced fuel is not just more environmentally friendly; through its development and production, it will create jobs and bolster energy independence. Federal Aviation Administration Administrator Randy Babbitt said the agreements "reaffirm the airlines' commitment to a greener, more stable and secure energy future."

One of the fuels American has pledged to use is derived from oil made from the seed of the camelina plant. An analysis of jet fuel derived from camelina seeds shows that it reduces carbon emissions by 84 percent compared to petroleum jet fuel. Recent test flights have clearly demonstrated that the use of biofuel is safe and technically sound. Biofuels can be blended with petroleum based jet fuel in increasing quantities as biofuels become available.

Synthetic fuel is also an important part of our strategy to reduce emissions. We've pledged to buy fuel made from coal or petroleum coke, which emits less carbon and particulate matter. And in August 2009, we agreed to use a renewable synthetic fuel at Los Angeles International Airport for ground service equipment operations. It's produced from green waste or sewer waste, so it has a carbon footprint of near zero.

The combination of sustainable alternative jet fuels and advances in aircraft design could eventually reduce CO₂ emissions in the airline industry by 80 percent.

GREAT PLACE TO WORK

2010 Case Studies

- [Earl Graves award: honoring diversity](#)
- [Engaging with the LGBT community and promoting corporate citizenship through GLEAM](#)
- [Asian-Pacific Islander employees enhance our work environment—and our customers' travel experience](#)

Earl Graves award: honoring diversity

Earl G. Graves, Sr., founder and publisher of Black Enterprise magazine, influenced many of American's diversity initiatives during his long tenure on AMR's Board of Directors. Mr. Graves helped us establish a business-minded approach to diversity and inclusion, demonstrating that these efforts are integral to our business goals.

So, in 2009, when we decided to create an award for employees who are leading efforts to advance diversity, there was only one thing to call it—the [Earl G. Graves Award for Leadership](#).

In 2010, American Airlines employees Sam Santiago, Director–American Giving and Vice President of the American Giving Charitable Fund and Susan "Sam" Seelbach, Specialist–Diversity Strategies, were awarded the second annual Earl G. Graves Award for Leadership to recognize their work in advancing diversity and inclusion within the company and in their communities.

Mr. Santiago is a 21-year veteran in the airline and hospitality industries, and brings experience in the fields of airline operations, corporate volunteering, human resources, workplace giving, diversity and corporate social responsibility, among others. In his current role at AMR, he is responsible for the strategic development and implementation of support programs for global employee giving and volunteering efforts. In 2010, Sam led the launch of the first ever mentoring program for the Hispanic/Latin Employee Resource Group at AMR and was recently selected to join the new with American Airlines/Southern Methodist University Leadership Program for mentorship of Latino students. Sam has spoken extensively on the subjects of diversity, workplace equality, corporate social responsibility, employee volunteering and workplace giving at various educational institutions and volunteer centers.

Ms. Seelbach has been a true champion for Diversity and Inclusion at AMR. Over the past 21 years, Sam has excelled in her job in Reservations at the South Eastern Reservations Office in North Carolina where she worked in a variety of positions including Concierge Key Resolution Desk representative to our premium passengers, Professional Instructor, and Reservations Service Assist. In 2008, Sam established the industry's first Veterans Military Employee Resource Group (VMERG). Sam joined the Diversity Advisory Council in 2009, and promptly took a leadership role to enhance communications and promote multi-Employee Resource Group collaboration in events. One example of many was the co-presentation of VMERG and the Abilities Resource Group of Dana Bowman's "It's not the Disability, It's the Ability". In May 2010, Sam was promoted to Specialist–Diversity Strategies.

The Earl G. Graves Award is one of the many ways our company acknowledges that we can only deliver value to our customers and shareholders if we have a workforce that includes a broad spectrum of talented people. [Read more.](#)

Engaging with the LGBT community and promoting corporate citizenship through GLEAM

For many employees and managers, as well as loyal customers of American Airlines and American Eagle, corporate citizenship begins at home.

This is especially true when considering the 1994 formation and outreach of AMR's first employee resource group (ERG): GLEAM. GLEAM advocates for the needs and aspirations of gay, lesbian, bisexual and transgender employees, their families and friends as well as AMR customers.

As the first major airline to prohibit employment and workplace discrimination based on sexual orientation, and several years later, to ban discrimination on gender identity, we recognized that one critical path to workplace diversity was to empower our own employees to take leadership roles in diversity education and policy. We knew that authentic corporate citizenship begins with our own employees.

In 1994, in the wake of urgent attention for more employee education and training on LGBT issues, GLEAM was formed to spearhead this unique leadership role by American's openly lesbian, gay, bisexual and transgender associates. In addition, with the launch of GLEAM, American's workforce benefited with the creation of kindred employee groups representing other ethnic, racial, religious, and demographic traits. (Read more about American's ERGs)

Through GLEAM's initiatives, internal education and management support, the company engaged in a more meaningful 360 degree evaluation of its LGBT policies, practices, philanthropy and marketing. Since 1994, American Airlines has broken new ground by:

- Launching corporate America's first dedicated LGBT sales and marketing force, the Rainbow TeAAM;
- Serving as the "official" airline and partner of more LGBT nonprofit groups than any other airline;
- Achieving a 100% perfect score on the Human Rights Campaign every year since its inception;
- Striving to implement fair-minded employment policies that go above and beyond basic government mandates such as extending to same-sex partners the obligations of the Family and Medical Leave Act (FMLA);
- Including LGBT-owned businesses in our supplier diversity initiatives; and
- Volunteering time, expertise and support in Texas and throughout the United States to counsel and educate other corporate leaders on "best practices" to encourage LGBT community engagement, support, and respect.

Simply put, American Airlines supports equality in the workplace, as exemplified through its loyal relationship with GLEAM.

Asian-Pacific Islander employees enhance our work environment—and our customers' travel experience

American is privileged to be able to draw upon the knowledge, experience, and passion of 16 Employee Resource Groups, (ERGs). These grass-roots, employee-led organizations center on gender, ethnicity, religion, abilities, military experience, sexual orientation, and other common interests of their members.

ERGs are dedicated to promoting their members' professional development, raising cultural awareness, and providing insight to the company for business decisions on internal policies, communications, and marketing initiatives. In this capacity, ERGs contribute significantly to our diversity efforts on behalf of both employees and customers. At the same time, they're responsible for an enormous volume of volunteerism, charitable giving, and fundraising for many causes. In short, they are a powerful factor in helping to make American a great place to work.

In 2010, the Asian-Pacific Islander Employee Resource Group, or APIERG, played a pivotal role in opening up our new Asian routes. Group members served as translators at meetings and events. They provided training and cultural advice to flight attendants and other personnel who would be coming into contact with customers on the new routes, to help them better understand and address customer expectations in an unfamiliar culture. The group even helped design in-flight menus for the new routes. And, of course, APIERG helped market the inauguration of the routes through promotional events and social media.

Meanwhile, this very active group carried on with its usual volunteerism and fundraising for such organizations as Big Brothers and Big Sisters, and chambers of commerce in various cities. Through our American Giving program, APIERG raised over \$4,000 and 20 carloads of clothing for victims of the Philippines Flood; \$1,200 for Easter Seals North Texas, benefiting children and adults with disabilities; and funds for Haiti earthquake victims.

SUPPORTING OUR COMMUNITIES

2010 Case Studies

- [Help for Haiti: 40 years of service](#)
- [Engaging with communities across Latin America](#)

Help for Haiti: 40 years of service

2011 marks the 40th anniversary of our service to Haiti. We've been flying to Port-au-Prince since 1971 and consider it one of our company's global "hometowns," with some 100 employees. We're proud to serve as an important contributor to Haiti's economic development, flying not just hundreds of thousands of passengers every year, but millions of pounds of cargo, mostly agricultural commodities.

On January 12, 2010, an earthquake devastated Haiti. Despite damage at the airport from the earthquake, American Airlines flew the last commercial passenger flight out of Port-au-Prince that evening. And we were back on the scene the next day with the first relief flight into Haiti. It was the first of 30 relief missions we flew, transporting relief workers, medical personnel, and more than 400,000 pounds of humanitarian aid.

At the same time, restoring normal airline service was critical to Haiti's rebuilding efforts. Just four days after the earthquake, representatives of American and Odebrecht Construction surveyed the Toussaint L'Ouverture airport to determine how to begin rebuilding efforts. American then partnered with Odebrecht to repair the airport's departures and arrivals terminal and refurbish American's cargo facility to accommodate passenger check-in.

On February 19, 2010 Flight AA 377 from Miami touched down in Port-au-Prince, the first commercial passenger flight into Haiti since the earthquake.

Meanwhile, we encouraged our employees to contribute money to the relief efforts via the Red Cross, and recruited our customers to donate by offering frequent flier miles in return. The response was overwhelming: within just two months, nearly \$1.5 million had been donated through the Red Cross site.

Engaging with communities across Latin America



American Airlines employees are making a difference in communities the world over. In South America, American supports a number of charitable organizations and participates in local community activities, including the following:

- For more than 15 years, workers at Arturo Merino Benitez Airport (SCL) in Santiago, Chile have been involved with Hogar de Cristo, the largest charity organization in Chile. American Airlines employees volunteer with one of Hogar de Cristo's homes for boys with challenging family situations. Flight Service personnel also work with Hogar Girasoles, a home for mentally challenged girls.
- In Uruguay, American Airlines participates in "Aircraft Visits for Public Schools" program for children of low-income families. These visits are a great way for teachers to create new and exciting lesson plans, and for kids to enjoy unique experiences outside the classroom. This year, transportation was provided to three students to the International Science and Engineering Fair 2010 held in San Jose, California. American Airlines also participated in the "Un techo para mi pais" program where houses are built for families in need.
- American Airlines in Venezuela sponsored the "2010 Group RCI Christel House Open" annual international charity golf tournament. This event supports the Christel House mission to serve more than 3,000 children and 45,000 parents and community members in India, Mexico, South Africa, Venezuela, and the United States. Employees also worked together with the "Organizacion Social Catolica San Ignacio" to promote youth education for more than 450 kids in Petare, one of the poorest areas in Caracas, Venezuela. And since 2005, volunteers have collected Christmas gifts and snacks bringing holiday joy to families at The Autistic Children Center "CEDIAD".
- Mexico region employees donate aluminum can rings to the ABC Hospital, where the rings are sewn together to create handmade purses. The money generated from selling the purses is used to buy wheelchairs and help cover the cost of surgeries and other medical services for children in need.

- Employees in Mexico also collect money for the TELETON foundation. This money helps build children's rehabilitation centers for children with disabilities.

2009 Case Studies

- [Serving up wines that invest in our communities](#)
- [American employees: Volunteering around the world](#)

Serving up wines that invest in our communities

The next time you enjoy a glass of wine on an American flight, you may be helping minority business owners in both South Africa and the United States. While South Africa has a large wine industry, less than two percent is owned by black South Africans. But Los-Angeles based entrepreneur Selena Cuffe is working to change that through her wine-import company, Heritage Link Brands. Several South African wines are now available on American Airlines flights.

American Airlines supports small businesses owned by minorities and women through its supplier diversity program. We believe buying from these businesses in our major locations is a way to give back to our communities.

All the South African wines on American flights are Fair Trade certified, which means they are produced using sustainable agriculture that helps preserve the biodiversity of the region. One of the wines is made at Koopmanskloof, where nearly a hundred black farm workers have become owners. Some of the profits go into a trust for the worker-owners, which they can use to improve their homes and send their children to school. Koopmanskloof has become one of the largest Fair Trade Certified wine producers in the Stellenbosch region of South Africa.

Cuffe, who has a M.B.A. from Harvard Business School, started her company after attending the Soweto Wine Festival in 2005. She hopes Heritage Link Brands can help indigenous African producers overcome their distribution struggles and increase their share of the country's multi-billion dollar wine industry. And as for passengers who get to sample these wines, Cuffe hopes they'll appreciate not just some great brands, but the positive impact of their choice. "Now, American Airlines' discerning travelers have the opportunity to enjoy a wine that not only tastes good, but does good," says Cuffe.

Cuffe says her company sold just \$100,000 worth of wines in its first year, but last year that rose to \$1 million. Cuffe, who expects revenues to grow by 35 to 40 percent this year, says her agreement with American Airlines helps buffer her from the instability wine importers who deal primarily with restaurants have experienced lately.

American Airlines' Managing Director of Onboard Products, John Tiliacos, says by adding these Fair Trade Certified wines, "We're furthering our commitments to provide customers with the highest-quality wines in flight, as well as promoting a sense of global community, citizenship, and responsibility."

American employees: volunteering around the world



Employees bring holidays to Nicaraguan families

AMR and its employees work together to support community organizations, important city attractions for travel and tourism, and community service activities throughout the year. Employees recruit colleagues and sometimes even their family and friends to participate and lead the events. Examples include:

- Something mAAgic Foundation's "Wish Flight"

- American Cancer Society Relay For Life at locations around the world
- Chicago's Navy Pier and Shanghai's World Expo (Pavilion Sponsor for 2010 World Expo)
- Kids in Distress (KID) annual golf tournament
- "Celebrity Ski" fundraising event for Cystic Fibrosis

Sample activities include:

- The AA Arts Leadership Council is a group of nearly 100 employees that support arts and culture organizations by serving on boards and through skills-based volunteering. Formed a decade ago, the council coordinates and supports dozens of events each year. In 2009, the North Texas Business for Culture and the Arts (NTBCA) recognized the AA Arts Leadership Council for its long-standing leadership, support, and commitment to promoting excellence in the arts.
- We also supported organizations such as the British Academy of Film and Television Arts (BAFTA), the London Film Festival, the Latino International Theater Festival of NYC, and the Japanese American Cultural Community Center.
- American Eagle employees volunteered their time to the abused and neglected children of "Casa Cuna" (or "Cradle Home") in San Juan, Puerto Rico. Employees from Passenger Service, Ramp Service, and the HR department collected much-needed supplies and spent quality time with the children and the dedicated staff.

Our international employees are also active in their communities.

- American employees from various departments including our Ground Handling Company in Buenos Aires gave their time to paint a house owned by a nonprofit charity organization—Casita de Colores—that is used by battered women and their children. Over 20 employees and managers spent more than eight hours painting these facilities that house as many as 35 people.
- In Colombia, American Airlines recently received recognition from Dividends for Colombia (similar to United Way) for supporting a program to assist educational programs for children and adolescents. This is a voluntary program whereby employees make monthly donations.
- Our Colombian paper recycling program generates funding that goes to help purchase prosthetics for children and mothers that are head of households.
- American is an active participant in Junior Achievement. We support the program's initiatives to offer low income students the necessary tools so that they can continue their education.
- Throughout the Caribbean and Latin America, American employees volunteer their time to help the less fortunate by visiting and donating supplies to orphanages and schools.
- American employees also support a number of efforts such as an annual walk in Panama to benefit breast cancer, research programs to help the environment in the Dominican Republic and Brazil, and a program to help families of inmates in Trinidad.
- American is a corporate sponsor of the Jane Goodall Institute, 'Shanghai Roots & Shoots' organization where through charitable activities, American donates time and money supporting their green, 'Million Tree Initiative' to stop desertification in Inner Mongolia and help offset China's greenhouse emissions.
- American is a sponsor of Junior Achievement – Japan supporting 'real life' student educational experiences in programs called 'Student City' and 'Finance Park' in Tokyo's Shinagawa Ward and in Kyoto City. The programs provide students with opportunities to learn and understand how society and economy operate through study and practical experience.
- Every year, European and Pacific employees are invited to nominate charities to receive support from American Airlines. Running since 2003, the 'Employee Charity Nomination' programme now helps six charities per year by providing a pair of economy tickets to be auctioned/raffled off to raise funds.