

# American Airlines Corporate Responsibility 2014 Report



Due to the tremendous effort of our dedicated employees, we have made significant progress toward merging our airlines and restoring American to greatness. We're on our way to being the airline that customers want to fly, employees want to work for and Wall Street wants to invest in. Although we're a year closer to our goal, there's still a lot of work to do. Most critically, the success of our full integration depends on our ability to continue to work collaboratively and deliver on our 5 imperatives:

## **Focus on customers**

In the past year, we have made significant improvements in our customers' experience. With the world's largest codeshare and as a member of **oneworld**<sup>®</sup> – an alliance of the world's most distinguished airlines – we provide our customers access to an exceptional network, facilitating their travel to destinations worldwide. Meanwhile, the hundreds of new and refurbished planes we put into service last year, with lie-flat seats, wireless access and other amenities, are making our customers' time in the air more comfortable and productive.

## **Safe and reliable operations**

The safety of our customers and our employees is the foundation of all we do, and it provides us with a solid base for achieving industry-leading reliability and dependability. In 2014, we rolled out our "Are You Ready?" campaign, emphasizing the importance of employees anticipating and following through so that flights leave on time, baggage gets to its destination and customer expectations are met.

## **Engage our team members**

One of the many benefits of our banner year was our ability to hire 7,300 new employees. We also reached agreements with 24,000 of our flight attendants and 15,000 of our pilots for pay increases of 14 percent and 23 percent respectively. In addition, we recognized employees for exceptional customer service, with nearly \$24 million awarded through the Chairman's Award, the Above & Beyond program and our monthly Triple Play incentive.

Our employees had many opportunities to speak directly with leadership at quarterly State of the Airline meetings, Crew News and Town Halls. And they continued to drive community engagement, supporting our strategic causes

of education, human services and military and veterans' initiatives through their volunteerism and philanthropic contributions.

## **Returns for investors**

In 2014, we achieved record-breaking financial results that yielded benefits to investors, employees, customers and communities alike. Shareholders were rewarded with a 113 percent rise in the value of our stock and the first dividend in 35 years.

In addition to producing great returns for investors, we made significant capital investments in our facilities, including the new state-of-the-art 200,000 square-foot Robert W. Baker Integrated Operations Center near Dallas/Fort Worth Airport, scheduled to open in the third quarter of 2015. These projects in turn catalyze greater economic activity in our communities.

## **Look to the future**

As leaders in our industry, we are investing in securing our future success. Our single largest outlay last year—the acquisition of more than 100 new planes—was a quadruple win, for our employees, customers, shareholders and the environment. It enabled us to provide new comforts and amenities for customers and make our fleet more fuel efficient.

Our attention to environmental stewardship extends across our operations. Employees are engaged in reducing fuel use and lowering greenhouse gas emissions via our Fuel Smart program, flight attendants are recycling cans and other materials on board aircraft, and we are integrating high standards of environmental performance and healthfulness into the construction and renovation of our buildings and facilities.

As much as we have achieved, there is always more we can do. We are proud of how far we've come and excited by the promising path ahead. Our employees are working hard to return American to being the greatest airline in the world.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug", with a stylized, flowing script.

Doug Parker, CEO and Chairman

Since our last Corporate Responsibility Report, published in May 2013, we've completed the merger of AMR Corporation and US Airlines Group Inc. to form the American Airlines Group. This Corporate Responsibility report reflects the performance and operations of the American Airlines Group for the 2014 calendar year.

From 2007 through 2013, American Airlines used the Global Reporting Initiative (GRI) G3 Guidelines as the basis for our disclosures on environmental, social and governance performance. As part of our commitment to transparency we are transitioning to the GRI's newest standard, the G4 Guidelines. Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines included in this report are referenced in the GRI Table.

## • Financial Performance

Revenue category	Amounts in millions USD (except per-share amounts)
Mainline Passenger	\$30,802
Regional Passenger	\$6,322
Cargo	\$875
Other	\$4,651
Total operating revenue	\$42,650
Operating income	\$4,249
Income tax expense	\$330
Net Income	\$2,882
Basic Earnings	\$4.02 per share
Cash dividends declared	\$0.20 per common share

## Operational Data

Carrier type	Revenue passenger miles (millions)	Available seat miles (millions)	Passenger load factor (percent)	Departures (thousands)
Mainline	195,651	237,522	82.4%	1,144
Regional	22,219	28,135	79.0%	—

## Reliability Performance

### Customer Satisfaction

On-time performance <sup>1</sup>	Completion factor <sup>2</sup>	Mishandled baggage <sup>3</sup>	Customer complaints <sup>4</sup>
77.90	98.40	3.85	2.12

<sup>1</sup> Percentage of reported flight operations arriving on time as defined by the DOT

<sup>2</sup> Percentage of scheduled flight operations completed

<sup>3</sup> Rate of mishandled baggage reports per 1,000 passengers

<sup>4</sup> Rate of customer complaints filed with the DOT per 100,000 enplanements

## Environmental Performance

### Energy

Carrier type	Jet fuel consumption (millions of gallons)	Direct energy from jet fuel (millions of gigajoules)	Energy intensity* (gigajoules per million RTMs)	Indirect energy from electricity (millions of gigajoules)
American Airlines (Mainline)	3,644.4	518.2	26.6	2.9
Regional Flying (including wholly owned affiliates and contract flying)	687.6	97.8	43.8	0.1

### Greenhouse gas emissions (thousands of metric tons CO<sub>2</sub>)

Carrier type	Scope 1 (direct)	Scope 2 (indirect)	Scope 3 (employee commuting and aircraft delivery)	GHG intensity ratio (Scope 1 emissions per 1,000 RTMs)	GHG intensity ratio (Scope 1 emissions per million dollars of revenue)
American Airlines (Mainline)	35,142	500	184	1.61	1,109
Regional Flying (including wholly owned affiliates and contract flying)	6,621	19	—	2.95	1,047

### Air emissions

Carrier type	Nitrous oxide (NO <sub>x</sub> ) (metric tons from landing/take-off cycle)	Sulfur oxide (SO <sub>x</sub> ) (metric tons)	Ozone-Depleting Substances (metric tons)
American Airlines (Mainline)	19,567	1,435	29

## Waste

Carrier type	Regulated waste, including hazardous waste and universal waste (tons)	Non-regulated waste for hubs, maintenance and HDQ facilities only (tons)	Recycled materials and waste minimization (tons)
American Airlines and Regional Flying	1,161	21,237	4,846

## Water

Carrier type	Water consumption for major facilities, excluding airports (millions of gallons; from municipal water supplies)
American Airlines (Mainline)	467

## Noise

Percent of mainline aircraft certified as or meeting Chapter 3 noise limits	Percent of mainline aircraft certified as or meeting Chapter 4 noise limits
100%	86%

## Environmental Compliance

Environmental notices of violation	Environmental fines paid (thousands of dollars)
9	\$0.5

## Safety Performance

Injury Rate (Total recordable cases per 200,000 man hours)	Lost Day Rate
7.79	3.41

## Global Workforce and Diversity – Mainline

### Employees by Region

Region	2014 total	Female	Male
United States	91,596	41%	59%

Canada	224	64%	36%
Mexico, Caribbean and Latin America (MCLA)	3,867	62%	38%
Asia Europe	1,378	57%	43%
Total of all regions	97,065	42%	58%

### Employment Type

Type	2014 Total	Female	Male
Full Time	86,305	40%	60%
Part Time	10,760	56%	44%

### Employees by Workgroup

Workgroup	2014 Total	Female	Male
Flight Attendants	23,216	75%	25%
Maintenance and Related	14,355	5%	95%
Fleet Service	14,272	11%	89%
Pilots	12,932	4%	96%
Management and Professional	9,589	44%	56%
Passenger Service	9,168	74%	26%
International	5,469	61%	39%
Reservations	5,199	83%	17%
Administrative	2,318	82%	18%
Director and above	547	27%	73%

### Employees by age group

Age group	2014 Total	Female	Male
Less than 30 years old	7,356	55%	45%
From 30–50 years old	39,911	44%	56%

More than 50 years old	49,798	39%	61%
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#### Ethnic composition of our U.S. workforce

Ethnicity	2014 Total	Female	Male
Non-minority	61,371	39%	61%
African-American	12,498	50%	50%
Hispanic/Latino	11,098	38%	62%
Asian	4,244	44%	62%
American Indian/Alaskan Native	705	44%	56%
Native Hawaiian/Pacific Islander	319	41%	59%
Two or More Races	789	55%	45%
Ethnic minority total	29,653	44%	56%
Not Reported	572	38%	62%

#### Employee category for our U.S. workforce

Employee category	2014 Total	Female	Male
Management	10,136	43%	57%
Non-Management	81,460	41%	59%
Total Workforce	91,596	41%	59%

# Our Customers | American Airlines Corporate Responsibility

## Going for great

### Empowering employees to perform & making \$2 billion in investments

Our employees are focused on making American the #1 airline travelers want to fly, people want to work for and investors want to put their money in.

We're empowering our employees to perform at their peak, and they're giving customers the best travel experience possible. We're also enhancing the customer experience on the ground and in the air with the goal of restoring American Airlines as the greatest airline in the world in the eyes of our customers. To meet this goal, we're investing more than \$2 billion to give our customers a world-class travel experience.



### What we've accomplished

Just one year after closing our merger, customers are already enjoying a few of the many benefits:

- Access to both airlines' combined network through the world's largest codeshare
- A stronger-than-ever **oneworld** alliance, with 15 of the world's top international carriers operating more than 14,000 flights daily
- Reciprocal access to Admirals Club lounges and partners lounges
- Fully integrated cargo operations – ship to 339 destinations in 54 countries from nine U.S. cities under a single air waybill

### Where we're headed



Throughout 2015, customers will encounter even more of the benefits of our new airline and integration:

- New aircraft to position American's fleet as the most modern and fuel efficient
- New, modern interiors in existing aircraft
- Wi-Fi, in-seat entertainment and an expanded Business Class with fully lie-flat seats
- Enhanced customer experience, updated kiosks, signage and technologies
- Refreshed menus in Admirals Club lounges
- Combined frequent flyer programs
- Partnerships with other airlines to expand travel options

## **Perfecting our customers' experience**

To become the greatest airline in the world, the new American cannot just be a bigger airline – it has to be the best at consistently delivering what we promise. Our goal is to take our customers wherever they want to go, whenever they want, as easily and enjoyably as possible. We're working to improve every aspect of our customers' experience.

### **75th anniversary of The Admirals Club in New York**

#### **The industry's first VIP lounge**

In 2014, American Airlines celebrated the 75th anniversary of the industry's first VIP lounge, the Admirals Club lounge in New York, which forever changed the air travel experience. In 2015, we're redesigning our global network of lounges for 21st-century tastes.

Along with refining the facilities, we're expanding and updating our menu to include seasonal, regional and healthy fare as well as our offerings of wine and cocktails.



#### **The AAdvantage program – Best Elite Program**

With American Airlines, US Airways and our **oneworld** alliance partners, customers can redeem miles for travel to nearly 1,000 destinations worldwide.

In 2014, for the third consecutive year, the AAdvantage program won Program of the Year and Best Elite Program at the 26th Annual Freddie Awards. These awards, for achievements in the travel loyalty industry, are based entirely on member votes.



## Merging seatback magazines

This year, the award-winning *American Way* magazine will be tucked into the seatbacks of all American Airlines and US Airways flights, including those flown by our wholly owned regionals.

In March 2015, *Celebrated Living*, American's quarterly magazine for premium cabins, will make its first appearance across the fleet. And in June 2015, *Nexos*, American's bimonthly Spanish and Portuguese magazine for customers flying to Latin America and Spain, will be on all American and US Airways flights.



## Celebrating the World Cup with our customers

### When our customers have a great experience, so do our employees

When our customers have a great experience getting to where they're going our employees are proud to share in their excitement of travel.

Serving nine of the 12 Brazilian destinations that hosted the 2014 FIFA World Cup™ events, American was in the middle of the festivities. For the occasion, we added 11 flights a week to the 120 flights we usually offer to Brazil from five major U.S. cities.

Our MIA employees added to the buzz, wearing referee shirts and waving signs announcing boarding flights so fans watching games in the terminal area wouldn't miss their departures.

## Smoothing connections

American Airlines Group is the holding company for American Airlines and US Airways. At the end of 2014, the airlines operated an average of nearly 6,700 flights daily to nearly 350 destinations in more than 50 countries from hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C.

### Fifteen airlines make oneworld

American Airlines was one of four founding members of the global **oneworld** alliance, which now includes 15 of the world's highest-quality and most respected airlines. In 2014, US Airways, as part of American, joined the alliance, along with SriLankan Airlines and Brazil's TAM Airlines. **oneworld** now serves 994 destinations with 14,011 daily flights to 152 countries.

### Codeshare partners further ease connections

Codeshares give customers access to additional travel options on American to destinations beyond our current network. In 2014, American announced new or expanded codeshare agreements with several select carriers:

- Expanded codeshares with joint business partners British Airways, Iberia and Finnair on transatlantic flights and for destinations beyond European gateways.
- Expanded codeshare with **oneworld** partner airberlin provides customers easy access to major destinations throughout Germany and beyond.
- An agreement with Jetstar Japan to provide access to several Japanese cities.
- An agreement with Mexico City-based Interjet to give customers seamless connecting service to several of the most popular destinations in Mexico.

## Delivering for shipping customers

### Focused on providing great service to our shipping customers

Every day, shipping customers entrust us with unique and valuable shipments, from rally cars and semiconductors to fresh flowers and priceless artwork. American Airlines Cargo is proud to be a leader in the industry by providing our customers with one of the largest networks for shipping items. In 2014, our Cargo services generated \$875 million in revenue, a 6% increase from 2013.

In 2014, American Airlines Cargo and US Airways Cargo combined their 154 facilities and harmonized their products, culminating in Cargo being the first operations division to be fully integrated. Now officially merged, all cargo travels under a single waybill.

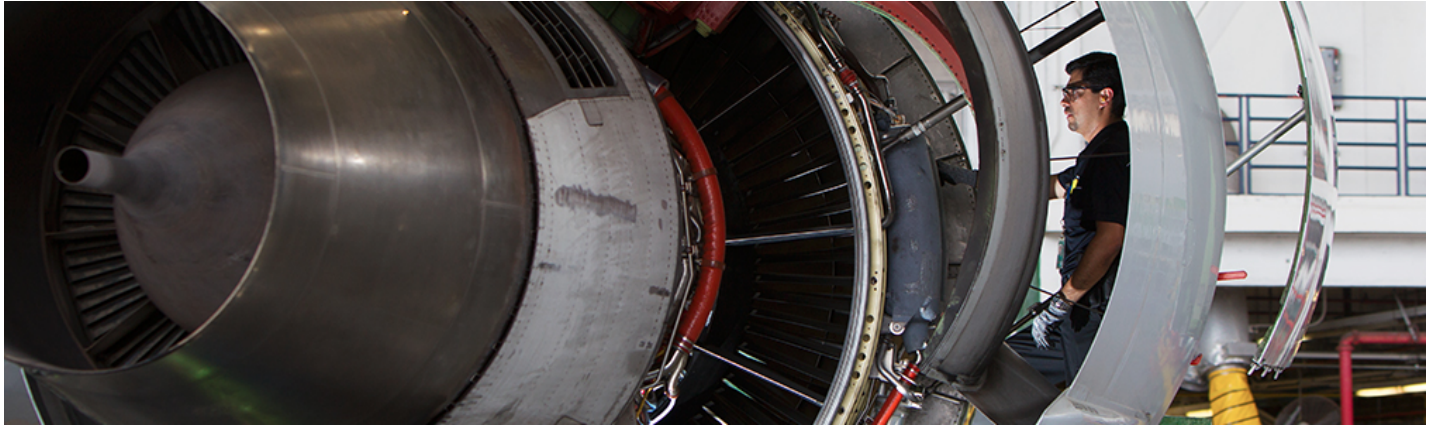
As our capacity to move our customers' cargo grows, so too does our ability to track and ensure its safety. From takeoff to landing, our FlightSafe service, using GPS and wireless sensor technology, can pinpoint the location and

condition of shipments. We also maintain partnerships with numerous trucking services, extending our network and offering customers more options for shipping their cargo.

### **Cargo named "Best in Americas" for 7th year in a row**

In 2014, American was named the Best Cargo Airline of the Americas for the seventh consecutive year by *Air Cargo News*, a leading air cargo industry publication. More than 25,000 supply-chain professionals decide each year's winner, and it is considered one of the most important honors in the industry.

# American Airlines Corporate Responsibility | Safety and Reliability



## Creating a safe workplace

### Employees are a top priority

We track safety analytics, Occupational Safety and Health Administration (OSHA) audit data, and investigations into injuries, near misses, ground damages and other incidents. By centralizing this information, we can better anticipate and eliminate safety risks and maintain full compliance.

While we continue to develop better information technology solutions to identify problematic practices and reduce risk, the key to safety will always be building and reinforcing a culture of compliance. A culture of compliance is at the core of the American way, and maintaining that culture means that employees are mindful of safety at all times and assiduously follow all safety policies and procedures.

### Commitment to collaboration

We work with regulators and outside partners to enhance our workplace safety practices. Lessons from regulators, labor unions or competitors can be priceless in preventing harm. Key sources of input include:

- Employee insights - Our employees are on the front line of critical safety issues, so we take their concerns very seriously.
- Union coordination - Unions, whose representatives join American's meetings with OSHA, play an invaluable role in advancing safety practices.
- OSHA collaboration - American managers meet with regional OSHA administrators from around the country, describing in detail the company's safety processes. Resulting improvements in communication can lead to fewer subsequent OSHA complaints.
- A strong safety record - Employee injury rates have declined to their lowest point in the past five years and aircraft ground damages are down almost 30 percent.



## **Getting home safe**

### **Workplace safety takes priority in Tulsa**

In 2011, employees at the Tulsa Maintenance and Engineering Base's Auxiliary Power Unit and Wiring Center (AWC) were selected to lead American's effort to obtain OSHA Voluntary Protection Program (VPP) certification for all maintenance facilities.

Since 2011, AWC employees have shown tangible results in their safety efforts. The facility had no OSHA recordable injuries in 2014 and is on track to earn its OSHA VPP certification in 2015.

"Becoming VPP-certified means we're running the safest and most reliable operation for our employees, to make sure no one is injured," said Mark Easton, managing director of Aircraft Overhaul. "We want to ensure everyone goes home safe to their family every day."

## **Fulfilling customer expectations**

### **Safety is the starting point to success**

With safety secured, we can focus on other key components of our customers' experience, including operational reliability and service quality.

In order to be the greatest airline in the world, we take our cues from our customers. Through online surveys, in-person focus groups, customer correspondence and social media, we keep informed about how we can improve our products and services. For example, our surveys solicit feedback on product cleanliness, gate and onboard interactions, aircraft boarding, cabin interiors, baggage handling and other issues.

We also continuously monitor reliability metrics. By identifying challenges early, we are able to react quickly, ensuring the smoothest travel experience possible for our customers.

### **Before the flight: Safety begins long before take-off**

#### **Rested pilots and crew**

We're committed to eliminating the risk of pilot fatigue during flight operations. We combine education, pilot

reporting and other strategies to ensure pilots and crew are alert and ready for duty.

We continuously improve a Fatigue Risk Management System (FRMS). We rely on well-established research on sleep, alertness, circadian rhythms and fatigue physiology to determine fatigue risk, assess promising countermeasures and evaluate our overall fatigue management processes.

### **New aircraft technology**

We recently started installing the Rockwell Collins' MultiScan ThreatTrack weather radar on 737s. This radar enables pilots to analyze a thunderstorm as far as 320 nautical miles away — more than three times the distance of current radar. It also provides more information about thunderstorms, helping pilots determine which ones could pose safety threats.

Besides providing significant safety benefits, this powerful radar also enhances our pilots' route planning, helping everyone get to their destinations as comfortable as possible, and on time.

### **TSA PreCheck**

American is collaborating with the Transportation Security Administration (TSA) to expand access to the TSA PreCheck expedited screening process, available at more than 130 airports.

### **During the flight**

A safe, reliable, hassle-free trip is critical to the satisfaction of our customers. And when their flights and bags arrive on time, our customers are more likely to value our inflight service and other amenities.

We're aiming to lead in reliability and dependability — and we're on our way. The percent of scheduled flights completed without an interruption remained strong throughout the year, with many days having a 100 percent completion factor. The improvement was due in part to a cross-functional departure checklist and emphasis on preplanning.

When customers do encounter delays, either due to weather, air-traffic congestion or some reason within our control, our priority is to keep them fully informed while we work to get them on their way quickly.

### **After the flight**

We're continuing to introduce new processes and advanced technologies to ensure customers and their baggage gets to their destination on time, including:

- Expanded use of T-link software helps improve baggage handling for connections in gateway cities, including Dallas/Fort Worth (DFW), Chicago (ORD), Miami (MIA), Los Angeles (LAX) and Charlotte (CLT) for mainline and regional service. We plan to expand T-link to Philadelphia (PHL), Phoenix (PHX) and Washington D.C. (DCA) in 2015.
- Upgraded desktop software keeps track of all bags scheduled to be moving through a gateway. This includes keeping track of bags not yet scanned on outbound flights.

- Deploy Baggage Reroute Tool is a new software upgrade to help manage baggage when customers are rerouted across our combined system.
- Our ability to track bags in our system has improved by scanning them as they are loaded and unloaded from our aircraft, and we have equipped our employees to scan bags anywhere in our terminals.

## **Employees – Are you ready?**

To maximize our reliability, we're promoting an "Are you ready?" mindset among our employees with a few key imperatives:

- Start the day right
- Be sure people and equipment are in the right place at the right time
- Be accountable for compliance and consistency
- Make sure planes are maintained and ready
- Prepare for departure

## **Looking to the future**

### **Continuing consistent and reliable service**

As we work to complete our integration, it is imperative that we continue to improve on the operational foundation we've built. As part of this effort, we're making investments to ensure we have the proper resources available to deliver consistent and reliable service, such as:

- More employees will be added to ensure aircraft are ready for departure, bags are transferred on time and agents are available to help you on your way.
- Over \$90 million will be invested in new ground equipment, and many older pieces of equipment will be refurbished and modernized.
- Investments in new technology will further enhance operational efficiency.



# Our People | American Airlines Corporate Responsibility



## Putting our people first

### Striking balance in the work environment

Our employees are one of the many assets that make American the best airline in the world. They treat our customers with the highest level of service, ensure our flights depart and arrive on time, work diligently to get baggage safely to its destination and so much more.

Because we value our employees' contributions so highly, we strive to be the most desirable employer in our industry. We do this by providing competitive pay and benefits packages, ample opportunities for career growth and development, a diverse and inclusive working environment and the recognition our employees deserve.

Beyond the job, we encourage and support employee involvement in the communities we live and work. We seek out a variety of opportunities for our employees to be able to volunteer and contribute to their chosen causes, enhancing their lives and the lives of others around us.



## Pulling together to support United Way

### Tulsa employees compete for a cause

In 2014, American held a "Jet Pull" to raise money for United Way. In Tulsa, Oklahoma, more than a dozen employee teams, contributing \$200 each, competed to be the fastest to haul a Boeing 737-800, weighing some 47

tons, 15 feet. The Tulsa competition was one of seven held at hubs nationwide, adding to American's annual United Way contribution.

## **An American career**

### **Investing in employees is investing in the future**

We're committed to building a world-class team of aviation, business and service professionals. Starting with an engaging and inclusive work environment, we: encourage collaboration, training and development, celebrate our diversity and maintain an unwavering focus on health, safety and well-being. By continuously improving our performance in these areas, we can ensure the company's long-term success.

### **Welcoming new employees**

#### **American grew by 7,000 in 2014**

It is an exciting time for growth and opportunity at American. The significant new hires we made in 2014 demonstrated our commitment to the strength of our workforce as a driver of ongoing success. In total, we added more than 7,000 new team members across our global operations.

<b>New hires by workgroup</b>	<b>2014 total</b>
Flight Attendants	2,316
Fleet Service	1,130
Reservations	832
Pilots	801
Passenger Service	691
Management and Professional	544
International	522
Administrative	380
Maintenance and Related	254
Total	7,470

### **Benefits and beyond**

We're striving to make American the employer of choice – through benefit programs, health initiatives, contract negotiations and employee outreach and engagement.

- Throughout 2014, we reached agreements with the Association of Professional Flight Attendants (APFA) and

the Allied Pilots Association (APA). These agreements granted 24,000 of our flight attendants and 15,000 pilots' average pay increases of 14 percent and 23 percent, respectively. In addition to the pilots' first-year 23 percent raise, the contract provides a 3 percent annual wage increase for the next five years.

- We have also provided a 16 percent increase to non-represented employees level 1–4 since the merger closed.

## **Our benefits**

Every employee has unique needs, so we offer full-time employees an array of benefits to provide them with the support they require to reach their full potential, at work and at home:

- Medical, dental and vision coverage
- Health Spending Accounts and Flexible Spending Accounts
- Life, accident and disability coverage
- Employee assistance program
- Auto, home and group legal insurance
- 401(k) retirement plans and company contributions

## **Health and wellness**

Healthy team members are the most productive in every aspect of their lives. That's why we encourage our employees to make positive, proactive decisions concerning their health and lifestyle.

- Our comprehensive Healthmatters Wellness program provides online tools and educational materials to help employees manage and improve their health. Employees can also schedule free biometric screenings, take online health assessments and consult with nurses, dieticians and lifestyle coaches.

# **Training and development**

## **Empowering employees to perform**

The challenges of completing the airline merger have provided significant opportunities to our employees; including but not limited to: a path to industry-leading skills and opportunities and industry-competitive compensation and benefits.

We empower our staff with the tools they need to perform at their best, and to better manage shifting responsibilities and new challenges. Practices include:

- Engaging collaboratively - To do their jobs well, our employees must have the tools and information they need. We're cultivating an environment of coordinated, collaborative teamwork and mutual respect that makes it easier to support one another.

- Communicating effectively - American Airlines is a bigger organization now than ever, so the quality of our communication matters. We're striving to make our communications candid, frequent, informative and accessible.
- Elevating success - As responsibilities shift in the new organization, we're helping managers navigate the complexities of their new roles, for example, by encouraging the exchange of successful management strategies.

## **Flight service pushes us forward**

### **Workplace progress fueled by flight attendants**

Flight attendants have unique, valuable perspectives on the jobs they do every day, so we're tapping into their insights to help improve the experiences of our employees and customers.

In June 2014, more than 250 flight attendants gathered in Fort Worth to kick off the first combined Flight Attendant Involvement Teams program. These volunteers, including union officers, worked with Flight Service leaders and other departments to find solutions to key issues facing our airline.

The event included seminars on team dynamics, brainstorming and root-cause analysis (determining the cause of a problem and fixing it). From catering issues the launch of new customer experience initiatives, flight attendants weighed in. The teams now meet monthly to achieve goals identified at the first session.



## **Rewarding extraordinary employees**

American continues to reward and offer growth opportunities to long-standing employees as well as new hires. In 2014, we combined our recognition programs, awarding nearly \$24 million to employees through the Chairman's Award, the Above & Beyond program and our monthly Triple Play.

- Chairman's Award. This award reflects our gratitude to and acknowledgment of employees who have displayed exemplary efforts through company challenges. Each quarter, employees can nominate team members for their

outstanding achievements. Colleagues then select the winners from the nominees, who receive a plaque, a pin and a check for \$1,000. Department vice presidents then choose 100 employees from the quarterly recipients as winners of the Annual Chairman's Award. Annual winners receive \$5,000 apiece. In 2014, there were 270 quarterly Chairman's winners, awarded \$1000 each.

- The Above & Beyond program rewards employees that deliver service of truly exceptional quality. Each quarter, 720 employees are nominated either by their managers or by customers to be recognized with a reward ranging from \$250 to \$10,000. In total, more than \$2 million was given out in 2014 to employees through this program.
- Triple Play bucks - Employees can earn \$50 per month for each #1 overall ranking we earn compared with our biggest domestic competitors (Delta, Southwest and United) in on-time arrivals and baggage and customer satisfaction. If we don't make those targets, in certain circumstances employees can still get a \$50 payout if our flights reach our departure target.
- Our Length of Service program, providing pins and recognition from supervisors, celebrates employees' milestone anniversaries, beginning at five years of service. Throughout our operations, 19,281 employees with milestone anniversaries celebrated a combined 425,000 years of service in 2014.
- At our annual Service Recognition Celebration, which honors our longest serving employees, the company recognized 342 employees with 45 or more years of service.
- The Earl G. Graves Award for Leadership, created in honor of former board member and entrepreneur Earl G. Graves, recognizes individuals who have made a lasting impression as role models and leaders in diversity at work and in the community. The winner is selected from companywide employee nominations.
- Customer Cup. Each quarter, American's Customer Cup recognizes locations that deliver exemplary customer experience, as determined by dependability scores and customer-survey results. Domestic and international locations compete against smaller locations to win the cup for display.
- Champion's Cup - The annual "Super Bowl" of Customer Experience, the Champion's Cup recognizes the top domestic and international Customer Cup winners from 2014 that achieved the most improved dependability metrics year over year.
- Airport Customer Service All Stars - Adopted from US Airways, the annual All Stars program recognizes top performers in our airport locations. Each year, 27 All Stars are invited to participate in a special recognition celebration with our leadership team.

## **Diversity and inclusion**

### **Connecting the people and places of the world**

As a leading global airline, the new American plays an important role in connecting the people and places of the world. Because of this role, we feel it is particularly important for our employees to reflect the diversity of our global operations and the customers and communities we serve.

American's inclusive work environment starts with board- and executive-level commitments to continually enhance the diversity of our workforce. We recognize that diversity and inclusion are a source of competitive advantage and business success.

Different backgrounds, cultures and experiences provide broad perspectives that enrich our work culture, decision-making and business strategy. We believe individual differences, combined and focused, can contribute to stronger results for our employees, our customers and our shareholders. We also believe maintaining a diverse workforce is critical for attracting and retaining the best employees.

## **We're turning heads**

American continues to earn recognition for its commitment to diversity and inclusion in the workplace.

- American once again earned a perfect score in the Human Rights Campaign 2015 Corporate Equality Index. Companies like American that earn a perfect score are also recognized as "Best Places to Work for LGBT Equality."
- In 2014, for the sixth consecutive year, American's Diversity Advisory Council was recognized as one of the Top 25 Diversity Councils. The Diversity Council Honors Award recognizes the outstanding contributions and achievements of employee Diversity Advisory Councils in promoting diversity and inclusion within their companies.
- The U.S. Hispanic Chamber of Commerce (USHCC) honored American as Corporation of the Year at its 35th Annual National Convention and Business Expo. USHCC presents this award to corporations that champion Hispanic enterprise and demonstrate that diversity and inclusion initiatives are both principled and profitable.

## **Community connection**

### **Spreading citizenship around the globe**

With global business comes global responsibility. We recognize that our scale and connectedness endows us with a unique ability to support charitable action through direct corporate contributions, as well as through collaborations with our customers and team members.

Our mission is to bring value to all of the places we work and the lives we touch. We also seek to engender a spirit of good citizenship in both our employees and our customers. In 2014, we made significant contributions to our host communities and to the causes we believe in.

### **Giving in action**

Team member volunteerism and engagement in the community is very important to our corporate culture. Their efforts enrich the communities we operate in and the lives of those involved.



## Education

Supporting future generations, the Education Foundation awards direct scholarships to employees' children. Since 1990, when the foundation began, we have awarded more than \$5 million in grants and scholarships. Additionally, our Kids in Need program supports organizations such as the Marine Corp Scholarship Foundation—the nation's oldest and largest provider of need-based scholarships to military children.



## Kids

Since 1989, the American Airlines Miles for Kids in Need<sup>SM</sup> program has provided members of the American Airlines AAdvantage<sup>®</sup> loyalty program the opportunity to donate their unused AAdvantage miles to children and their families for air travel. The program partners with many of the world's leading child-focused organizations, including the Dana-Farber Cancer Institute, the Cystic Fibrosis Foundation and the Marine Corps Scholarship Foundation. Our other efforts for children include:

- In 2014, the 20th anniversary of American's partnership with the U.S. Fund for UNICEF's Change for Good program, more than 3,000 employees—primarily flight attendants—collected donations from American's customers on international flights. To date the program has raised \$10.7 million.
- Together with the Something mAAgic Foundation<sup>®</sup>, American provided travel for 36 children and their families to travel to Give Kids The World Village<sup>®</sup>, a 70-acre children's resort in Kissimmee, Florida.



## **Those who serve**

A large share of American Airlines and US Airways pilots and other employees are active or veteran military. Accordingly, we have a long tradition of supporting our armed forces with special airfares, giving to nonprofit organizations and employee engagement in a variety of activities. These include:

- Each December, American sponsors the Snowball Express, bringing up to 2,000 family members of armed forces members who died in service on an all-expenses-paid vacation to Dallas/Fort Worth. With pilots and flight attendants volunteering their time, American provides air transportation to and from the event.
- American Airlines and the Dallas Mavericks have partnered for the past nine years to host Seats4Soldiers, which provides free travel to wounded service members to enjoy a pro basketball game at American Airlines Center in Dallas.
- In 2014, American sponsored Sky Ball to raise funds to support troops and their families. The funds raised go to the Airpower Foundation, which supports education, job fairs for veterans and events to honor veterans.

## **Partnerships and programs**

We can't do it alone – our employees work together and with many outside resources to accomplish our great level of giving.

- Do Crew employee volunteer program - Enables employees to volunteer their time with a variety of nonprofit organizations. Employees can sign up and volunteer for a project or log hours individually. Either way, for every 50 hours they volunteer, the benefitting charitable organization can receive a Flights for 50 reward, which is 25,000 AAdvantage<sup>®</sup> miles.
- Puppies in Flight - Our partnership with Assistance Dogs International supports employees who volunteer their time and travel benefits to help acclimate aid dogs and their disabled human partners to air travel.
- We promote PINK - American Airlines and its employees go "PINK" to fund research for and raise awareness of breast cancer. In October 2014, American held its annual "Be PINK" campaign, a month-long, employee-led initiative to raise funds for breast cancer research and awareness. The employees' campaign appeared in print, on the web and at the airport. In 2014, we raised close to \$1 million to support the cause through the generosity of employees, customers and corporate contributions.



# Investors | American Airlines Corporate Responsibility



## Merger yields positive results

### Investments lead to improvements

In the first full year of our merger with US Airways, we had record-breaking financial results that have yielded benefits for our employees, customers, shareholders and communities.

We've reached collective bargaining agreements with tens of thousands of our employees, provided raises and hired more than 7,000 new employees. Our customers are seeing the benefits of integration in billions of dollars in investment in new and remodeled aircraft, terminal areas and amenities. Our investors have benefitted, as our stock price has doubled since the merger. We've initiated a multibillion-dollar stock buyback and we've issued the first dividend in 35 years.

For our communities, our success has meant a surge in economic activity as our hiring, ramped-up purchasing and infrastructure investments ripple outward.

As American continues to build on its new foundation, we aim to sustain and enlarge these positive impacts for all our stakeholders.



## An economic engine

### American continues its DFW legacy

When Dallas/Fort Worth International Airport (DFW) opened in 1974, American was the first commercial airline to land on one of its three runways. Over the years, American Airlines, which now operates 85 percent of departing flights at DFW, has been a catalyst for growth. In 2014, as DFW celebrated its 40th year, the airport was deemed an “economic engine” for North Texas, handling 60 million passengers a year, employing some 60,000 people on-site and contributing some \$31 billion to the local economy. It is now in the midst of a \$2 billion infrastructure improvement project.

## **Rewarding shareholders**

### **Merger enhances American value**

The new American has the breadth and capabilities to compete more effectively and profitably than ever in the global marketplace. The merger enables us to continue to grow and enhance shareholder value through a broader network of strategically located hubs that enable quick connections and a mix of modern aircraft that can efficiently serve the markets to which we fly, all of which will attract more customers.

In 2014, we reported record quarterly and annual profits. We were also able to deliver on our goal of generating returns for our investors by repurchasing \$1 billion in shares and paying a quarterly cash dividend—the first since 1980. The early successes of our merger earned us *Airfinance Journal's* Overall Deal of the Year.

### **Record-breaking financial results**

In 2014, American saw financial gains like never before – benefitting employees, customers, shareholders and the community.

- Record revenues of \$42.7 billion
- Record operating profit of \$4.2 Billion; net income of \$2.9 Billion
- \$1 billion share repurchase program completed
- \$2 billion share repurchase program authorized (announced January 2015)
- Significant stock price appreciation
- First dividend since 1980

## **Full integration on the horizon**

### **Milestones mark progress**

Over the past year, the merger progress has become visible to customers. Our operations at more than 100 airports were colocated, almost half our combined fleet of aircraft has the new American livery and we've integrated our cargo operations.

We've also completed an enormous amount of work that's hidden from the public eye. We've signed pilots and

flight attendants to joint collective bargaining agreements that cover nearly 40,000 union-represented employees and we achieved a Single Operating Certificate from the FAA in early 2015. We completed safety assessments for 1,500 processes, issued 13,000 pages of policies and trained 105,000 employees and contractors.

Throughout 2015 we'll reach several more important merger milestones. First on the list are our combined frequent flier programs. Later in 2015, we'll move to a single reservations system. This is a huge undertaking, and it has prompted additional hiring and intensive employee training.

## **Integration milestones, 2015 and beyond**

Post-integration goals and initiatives will take us into 2016; continuing our refined legacy of the best airline in the world.

## **Investing in infrastructure growth**

As we continue to enlarge our footprint and enhance existing facilities, we are investing in infrastructure across our global network, investments which are in turn catalysts for other infrastructure projects.

Here are some highlights of recent facility upgrades that are generating construction jobs and broadening our economic impact:

- Expansion of Terminal F at Philadelphia International Airport (PHL). The state-of-the-art baggage claim area will make picking up bags easier while expanded checkpoint facilities in the ticketing building will double passenger screening capacity, shortening passenger wait times.
- Dallas/Fort Worth International Airport (DFW) continues its multiyear renovation project that will make it easier to park, check through security and locate checked bags. In 2014, at Terminal A, the focus of many of our flights, several gates and a new light-rail station that connects travelers to downtown Dallas were completed.
- To accommodate our growing schedule, we have added gates at Los Angeles International Airport (LAX) and will be completely renovating the Admirals Club there.
- Washington D.C.'s Reagan National Airport (DCA) will begin improvements that will facilitate connections between American's concourses and an all-new terminal for regional flights.
- We began construction in 2014 on the 200,000 square-foot Robert W. Baker Integrated Operations Center (IOC) near DFW Airport. When completed, it will house more than 1,400 employees who plan and dispatch American's 1 million annual mainline flights.

## **Managing risk**

### **Strong corporate governance structures allows independence**

We're committed to strong corporate governance. Some of the practices that demonstrate this commitment include electing board members annually and ensuring that all board members, with the exception of Chairman and CEO

Doug Parker, are independent.

We train all management and certain non-management employees through our Business Ethics & Compliance Program and annual Compliance Certification. The company's Standards of Business Conduct address many areas of our business practice, including illegal or unethical conduct, antitrust, anticorruption, intellectual property, conflicts of interest, and workplace conduct.

# Environment | American Airlines Corporate Responsibility



## Looking to the future

### Reducing our environmental impact

By proactively addressing environmental imperatives, we can chart a course for success in what is increasingly a resource-constrained world. Our efforts—in the air and on the ground—to operate more sustainably are also in line with the expectations of our employees, customers and shareholders.

## A renewed fleet

### 600+ new airplanes for the new American

Our investment in new aircraft is helping us to develop the youngest fleet of any U.S.-based international carrier by retiring older, inefficient models and replacing them with more fuel-efficient upgrades.

We're burning less fuel, reducing emissions and cutting energy costs. The new models are also quieter—inside and out—improving passenger comfort and reducing the impact of noise on communities near airports where we operate.

### Aircraft upgrades

In the coming years we expect our already-advanced fleet to continue to operate as the best in the world. Plans include:

- Modern, more efficient aircraft - We expect to add 114 new aircraft to our fleet in 2015 and 84 new planes in 2016.
- Engine upgrades - We are enhancing planes not ready for retirement. American was the first airline to begin retrofitting its Boeing 777 Rolls Royce engines with performance-improvement packages.
- Regional Jet upgrades - We are also deploying new, larger models of regional aircraft. In 2014, we added 15

Bombardier CRJ-900 NextGen aircraft to the fleet and announced orders for an additional 24. These 76-seat aircraft feature oversized overhead bins, all-leather seating and inflight Wi-Fi. The average capacity of our regional fleet will continue to rise, as we expect to retire smaller regional jets, including more than 20 44-seat Embraer ERJ-140s throughout 2015.

## **Reducing greenhouse emissions**

### **Making a concerted effort to cut down on carbon dioxide**

The aviation industry accounts for an estimated 2 percent of global carbon dioxide emissions. We are working to decrease these emissions, and we believe concerted action is required by all the world's aviation players toward this end.

The airline industry has already made tremendous progress in reducing emissions. U.S.-based airlines have improved their fuel efficiency by 120 percent, reducing the emissions of 3.4 billion metric tons of carbon dioxide between 1978 and 2012.

But we know more must be done. In October 2013, the United Nation's International Civil Aviation Organization (ICAO) signed a landmark agreement to cap emissions from international aviation at 2020 levels, with carbon-neutral growth thereafter. American supports this industry-wide goal and the collective process by which it will be implemented.

As we work toward ICAO's vision of carbon-neutral growth post 2020, we depend on outside stakeholders to achieve this goal. Government investment in upgrades to existing and NextGen air traffic control are vital, as is ongoing research and innovation by suppliers of our aircraft, engines and related components. Most importantly, the global aviation industry as a whole needs continued support to develop low-carbon alternative fuels.

## **Shrinking our carbon footprint**

Our consumption of fuel—jet fuel in the air and diesel and gasoline on the ground—is not only our largest expense; it's also the biggest source of GHG emissions from our operations. We are constantly on the lookout for innovative ways to reduce both costs and emissions. Our efforts range from the very visible, to the sometimes overlooked:

- **Winglets** - We've installed small vertical additions to the ends of wings on many of our planes. The devices improve a wing's lift, cutting down on the amount of fuel needed to fly. American installed winglets on more than 240 of our active aircraft, resulting in more than 66 million gallons of annual fuel savings and roughly 700,000 tons of avoided CO<sub>2</sub> emissions.
- **One-engine taxiing** - One engine is enough to move planes on the ground. Powering down to one engine while taxiing reduces fuel consumption by a significant amount. For our combined fleet, we've saved roughly 3.3 million gallons of fuel annually and avoided more than 35,000 tons of CO<sub>2</sub> emissions.
- **Shaving weight** - The less weight you need to lift, the less fuel is needed. That simple truth inspired an initiative

to use 1-pound iPads instead of the bulky 35-pound trunks filled with three-ring binders that were previously used for the information that flight crews are required to carry. Pioneered by American, the move to Electronic Flight Bags translates into immediate weight savings and jet-fuel savings of roughly 400,000 gallons per year.

- Paperless cabins - American flight attendants also began using eManuals—a lightweight 5.3-inch Samsung tablet to replace a nearly 5-pound paper manual—in September of 2014. The move will save American nearly \$650,000 in fuel annually, and reduce the amount of CO<sub>2</sub> emissions by 2,100 metric tons each year.

## **Flying smarter**

The new American is at the front line of the Federal Aviation Administration (FAA) NextGen program, an industry-wide effort to improve the efficiency of aircraft operation. For example, upgrades to systems that control navigation and flight are guiding planes to land via a smooth glide path rather than by descending in a series of steps, which requires more fuel because of the need to level off at each plateau. NextGen promises to improve safety, speed up trips, reduce delays, and reduce noise for people living and working near airports.

## **American's environmental upgrades**

- Upgrades to arrival paths at Phoenix Sky Harbor International Airport (PHX) and Ronald Reagan Washington National Airport (DCA) save some 300 pounds of fuel and cut 1,000 pounds of CO<sub>2</sub> emissions on each flight, adding up to 1 million gallons of fuel saved and 11,000 tons of CO<sub>2</sub> cut annually. Optimizing the airspace at our Charlotte-Douglas International Airport (CLT) hub will help reduce carbon emissions by up to 59,000 metric tons each year and save more than \$10 million in fuel costs.
- Cleaner ground vehicles - Low-emission shuttle buses that transport passengers between concourses in Philadelphia International Airport (PHL) are using 75 percent less fuel than the diesel-powered vehicles they replaced in 2010.
- Greener fuels - On the ground, we're already seeing the benefits of biofuels. At three stations, including our Philadelphia hub, American uses a biodiesel blend for trucks and other vehicles in its ground service operations. The effort reduces CO<sub>2</sub> emissions by some 70 metric tons annually.
- Simpler paths - Simply shortening routes can have a big impact too. At PHL, the operations team reconfigured a formerly circuitous route that catering vehicles followed. By repositioning access points, we cut the drive by 4.2 miles each way, saving time, fuel and expense. Multiplied by tens of thousands of trips per year, that adds up to about 263,000 fewer miles of driving—comparable to the distance from the earth to the moon.

We hope that renewable sources will someday replace today's jet fuel and further lower the carbon footprint of flight. American Airlines is a member of the Commercial Aviation Alternative Fuels Initiative (CAAFI), an industry consortium working to develop sustainable and viable bio-based alternatives to conventional jet fuel.

## **Managing resources**

### **Raising awareness on all energy usage**

We're taking many steps to reduce fuel consumption and CO<sub>2</sub> emission, including acquiring new fuel-efficient planes, making fuel-saving changes on existing aircraft and adjusting flight routings. But, to address our full impact on the environment, we must look beyond fuel. In our buildings, we also use energy, as well as water, lubricants and other materials with implications for the environment. We must also minimize and dispose of waste associated with our operations. We are scrutinizing all of these areas as we strive to lessen our total impact on the environment.

## **Recycling on land and in the air**

The bulk of our waste-reduction efforts take place away from our aircraft, in our offices, maintenance and other operations centers. We're working to cut down our impact in those areas, as well as in-flight.

### **On the ground**

- In Dallas/Fort Worth, American partnered with DFW to expand our recycling at back offices and break rooms and to relocate recycling bins for the convenience of ramp workers and cleaners. The effort led to the collection of 200 tons of recyclables in the first year.
- At our maintenance centers, we collect waste oil, metals and even worn aircraft windows, and we sell the material to recycling partners rather than sending it to landfills.
- In our offices, we minimize paper use and send out e-waste—such as decommissioned computers, phones and other tech gear—for the recovery of valuable plastics, metals and other materials.

### **In the skies**

- Starting with aluminum cans, American's flight attendants kicked off the industry's first onboard recycling program in 1989. We have since recycled tens of millions of aluminum cans.
- In 2014, we increased inflight aluminum recycling to 470,000 pounds, or 14 million cans.
- Revenue generated from this program goes to the flight-attendant-run Wings Foundation, which helps flight attendants in times of need.
- American also recycles paper and plastic as part of its inflight-recycling program.

## **Focusing on compliance**

### **Employee training keeps efforts on track**

Our commitment to reduce our environmental impact is anchored by our compliance with environmental regulations. Over 20 years ago, American established an environmental management system (EMS) to provide a systematic approach to complying with these regulations. To ensure the EMS is helping us meet these obligations, we:

- Completed a thorough review of our EMS in 2014 and took several steps to strengthen our environmental



oversight process

- Continue to model our EMS after ISO 14001, with a focus on process improvement
- Aligned our EMS more closely to our Safety Management System, which is an FAA-approved process, and added more formal processes for reviewing the data collected and for assessing and elevating identified risks
- Designated our Environmental Operations Standards Board to oversee the EMS

The foundation to our EMS is employee training. We continuously review and update our environmental training, which is made up of annual online instruction for airport personnel and covers environmental awareness, including more detailed in-class training for environmental specialists. In 2014, almost 45,000 employees completed more than 52,000 hours of environmental training.

To ensure we meet the highest compliance standard, our audit program evaluates the performance of stations and facilities. Audit locations are selected based on several factors, including size, level of risk and the elapsed time since a locations' last audit. In 2014, we completed 22 environmental audits of stations and maintenance facilities.