American Airlines

2018 Corporate Responsibility Report

About American Airlines

Every day, more than half a million people depend on American Airlines to take them to the moments that matter most in their lives. We fly over borders, walls and stereotypes to connect people from different races, religions, nationalities, economic backgrounds and sexual orientations. We make the world a more connected and inclusive place. And we do it professionally and safely for more than 500,000 customers per day across five continents.

Together, American and American Eagle offer an average of nearly 6,700 flights per day to nearly 350 destinations in more than 50 countries. American has hubs in Charlotte, Chicago, Dallas-Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. We're a founding member of the oneworld® alliance, whose members serve more than 1,000 destinations with about 14,250 daily flights to over 150 countries. Shares of American Airlines Group Inc. trade on Nasdaq under the ticker symbol AAL. In 2015, our stock joined the S&P 500 index. Connect with American on our social media channels.

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Message from Our CEO

In 2018, our team celebrated five years since the merger of American Airlines and US Airways. With most of the integration work now behind us and $25 billion invested in our team and product, our efforts are poised to pay off. We made great strides in delivering a world-class customer experience, improving our revenue performance and taking care of our team members.

At the same time, 2018 presented challenges to our business as we faced rising fuel prices, difficult weather events, uncertain economic conditions in some parts of the world and the early stages of a government shutdown at the end of the year. We did not meet all our targets for operational performance, which we know had an impact on customer satisfaction.

But we are a team that collaborates, adapts and continues to move forward. We identified challenges and implemented action plans to adjust and correct. By the end of 2018, the hard work and dedication of our team members helped produce pre-tax profit of $1.9 billion, or $2.8 billion excluding net special charges.[1] Looking ahead, we will continue to focus on our bedrock principle that when we take care of our team members, they will take the best possible care of our customers, which, in turn, takes care of our great company.

We are guided by our three long-term strategic objectives:

- **Make Culture a Competitive Advantage:** Our team members are our most important asset. We've added more than 15,000 people to our team since the merger, and we're focused on supporting their professional growth by building a culture of learning and development. In 2018, we partnered with Harvard Business School Publishing to launch Harvard ManageMentor, which offers on-demand online courses with skill-building exercises and business development guidance for more than 40 topics.

  Our company's focus on inclusion and diversity has never been more deliberate. In 2018, we responded to feedback in this area by engaging an industry expert to look more closely at inclusion and diversity at American to highlight where we can better meet the needs of our team members, customers and the communities we serve. Some 75,000 team members completed computer-based implicit bias training in 2018, and all 130,000 will complete the training in 2019. We will roll out in-person implicit bias training for all team members beginning this year as well.

- **Create a World-Class Customer Experience:** Since the merger, creating a consistent and exceptional experience for customers across our network has been a top priority. We have invested billions in new products and services and have more than 500 customer-facing projects underway, with most of them taking place at our airports.

  We've also added more than 200 new routes and 41 new stations to our network over the past five years and combined more than 650 systems to help our team members serve customers better. On board our aircraft, customers now enjoy greater connectivity to high-speed Wi-Fi and enhanced entertainment, while visitors to our lounges in many airports are enjoying recent upgrades. All of this adds up to a more modern, comfortable and connected experience for our customers.

- **Build American Airlines to Thrive Forever:** With the merger of American and US Airways, we created the largest airline in the world, and we're committed to ensuring that our airline will continue to thrive, now and into the future. Achieving our financial objectives and investing heavily in airport infrastructure — such as our $1.6 billion project at Los Angeles International Airport (LAX) — will help us better serve our customers and team members while positioning our company for success for many more years to come.

  Thriving in the future also means being mindful of our environmental impacts as an airline and doing our part toward responsible energy use and fuel conservation. Currently, 100 percent of electricity purchased at our Dallas-Fort Worth-area facilities is from renewable sources. We've taken delivery of more than 500 aircraft since the merger, giving American the youngest fleet of any U.S. network carrier. And we continue to introduce new, more fuel-efficient aircraft into our fleet while retiring the same number of older planes.

Together, these three strategic objectives represent the important responsibility we have to protect the pride each of us has in American and to ensure that it lives on for those who will take care of this great airline long after we are gone.

With that in mind, we have organized our 2018 Corporate Responsibility Report around these themes to highlight our achievements and to acknowledge the work that remains. We've made tremendous progress to date, and we look forward to continuing the journey with you as we reach many more exciting milestones in the years ahead.

Sincerely,

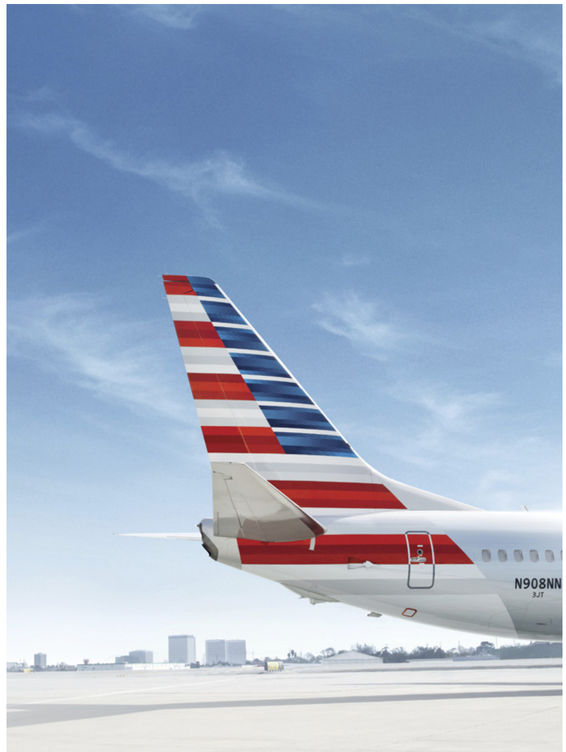
Doug

Doug Parker
Chairman and Chief Executive Officer

[1] Please see Annex I for a reconciliation of pre-tax profit excluding special items, a non-GAAP measure.

2018 Highlights and Awards

- Airline Passenger Experience Association (APEX): American was named a Five Star Global Airline by APEX.
- *Caribbean World* magazine: American was named Best Airline of the Year to the Caribbean in the 2018 Travel and Living Awards for the third consecutive year.
- Disability Equality Index® (DEI): American received the top score of 100 on the DEI and was named one of the 2018 DEI Best Places to Work for Disability Inclusion for the third consecutive year.
- FTSE4Good, the JUST ETF, and ECPI ESG indices selected American Airlines Group stock for inclusion in their sustainability focused funds.
- Global Traveler, the leading magazine for luxury business and leisure travelers, awarded American multiple awards in the annual Tested Reader Survey and Wines on the Wing Airline Wine Survey.
- Human Rights Campaign (HRC): For the 17th consecutive year, the HRC honored American with the highest possible rating in the prestigious Corporate Equality Index.
- Indeed, the world's No. 1 job website, named American to its 50 Best Places to Work list for the second consecutive year.
- The International SOS Foundation, which annually honors organizations and individuals making a significant contribution to protecting people while they travel or work remotely, presented American with the first-ever Duty of Care Award in the aviation category.



- *The Wall Street Journal*: American ranked No. 69 in the *Journal's* Management Top 250, which ranks the most effectively managed companies in the U.S. American had the highest placement of any airline.
- *Trazee Travel*, a web publication focused on travelers ages 18 to 35, presented American with two Trazees awards: Favorite International Airline and Favorite Airline Website. The **one**world® alliance was also honored as Favorite Airline Alliance.

Association Memberships

- Airlines for America (A4A)
- American Association of People with Disabilities
- Human Rights Campaign
- International Air Transportation Association (IATA)
- Latin American and Caribbean Air Transport Association (ALTA)
- National Minority Supplier Development Council
- National Urban League
- National Veteran-Owned Business Association
- Organization of Black Aerospace Professionals
- Regional Airline Association (RAA)
- United States Hispanic Chamber of Commerce
- Women in Aviation International
- Women's Business Enterprise National Council

Our Approach to Corporate Responsibility

Sustainability is at the core of American's business strategy. Our board of directors and leadership team are committed to our efforts to be responsible corporate citizens. We have a long history of transparency and disclosure and have produced an annual corporate responsibility report since 2007.

CORPORATE RESPONSIBILITY GOVERNANCE

In 2018, we formalized the internal oversight of corporate responsibility at American by establishing a committee of high-level leaders who meet on a regular basis to monitor global trends, determine our response to stakeholder inquiries, and assess risks and opportunities around specific environmental, social and governance (ESG) issues. This committee also offers recommendations to our senior leadership team regarding corporate responsibility strategy and engages on these topics with our board of directors.

STAKEHOLDER ENGAGEMENT

As part of our commitment to corporate responsibility, we believe in contributing to the well-being of our team members, shareholders, customers and communities. Specifically, we strive to understand their concerns and expectations as they relate to the ESG issues where we can make the biggest positive impact.

Stakeholder Group	Stakeholder Group Types and Frequency of Engagement	Strategic Relevance of Engagement	Key Issues Raised
Investors	• Regulatory filings, annual and quarterly reports, proxy statement • Quarterly earnings conference calls • Annual shareholder meetings • Press releases and online information • Responses to investor questionnaires and shareholder proposals • Ratings and rankings	Shareholders, analysts and potential investors need to have a clear understanding of our strategic framework and tactical plans to properly assess their investment in the company. By providing clear and timely information to this stakeholder group, we build confidence and establish relationships that position us for continued growth.	• Return on investment • Transparency and disclosure
Customers	• Customer correspondence • Online surveys • Visits to the corporate website and social media channels • In-person focus groups • Personal contact with frontline team members while traveling • AAdvantage® customer service	Our success as a business depends on anticipating the needs of our customers and exceeding their expectations. By establishing open lines of communication with our customers, we can identify and address areas of opportunity, deliver innovations to meet customer preferences, and position ourselves as the airline of choice for any type of traveler.	• Reliable and on-time performance • Reliable baggage service • Efficient cargo delivery • Inflight comfort and amenities, such as faster and more consistent Wi-Fi connectivity • Airport and facilities comfort and convenience

Our Approach to Corporate Responsibility (continued)

Stakeholder Group	Stakeholder Group Types and Frequency of Engagement	Strategic Relevance of Engagement	Key Issues Raised
Team members	• Employee Engagement Survey • Employee Business Resource Groups (EBRGs) • Direct dialogue, such as Town Hall meetings • Emails and announcements • Labor negotiations updates	Our team members are both the external face of the company and the internal heart of our operations. Our continuous, two-way communication with them ensures we effectively set expectations for performance, understand and respond to concerns and grievances, and maintain a working environment that is welcoming, safe, professional and productive.	• Competitive compensation and benefits packages • Workplace safety • Professional development opportunities • Inclusion and diversity
Communities	• Partnerships with governments and non-governmental organizations • Briefings to local, state and federal officials • Philanthropic activities and employee outreach to communities • Membership in various local chambers of commerce and related organizations • Contributions to nonprofit organizations	We are an integral part of communities around the world. By reaching out through both formal channels of engagement and informal interaction, we better understand the needs and concerns of the communities where we live, work and play. Through these interactions, we build relationships of trust and respect and are viewed as a valued member of the broader community.	• Employee volunteerism • Opportunities for financial or in-kind support
Industry and Trade Associations	Ongoing participation and board membership in trade associations and industry groups	Our industry involvement allows us to gain insight into core issues relevant to our own business and advocate jointly for regulations and policies that support a healthy, competitive industry. We also benefit from the opportunity to share noncompetitive technical expertise and operational knowledge that leads to better customer safety, service and overall efficiency.	• Creation of competitive marketplaces • Collaboration on efforts such as enhancing safety and encouraging investment in infrastructure
Regulators	• Ongoing engagement through permitting, compliance and reporting activities • Safety testing, audits and screenings	The airline industry is one of the most heavily regulated sectors today. We work with numerous regulatory agencies and bodies on a local, state, national and international level to ensure our operations are safe, environmentally sound and socially responsible. We also contribute to national and international public policy discussions.	• Safety and security initiatives • Cross-border travel facilitation • Certifications of new aircraft • Transparent disclosures

Our Approach to Corporate Responsibility (continued)

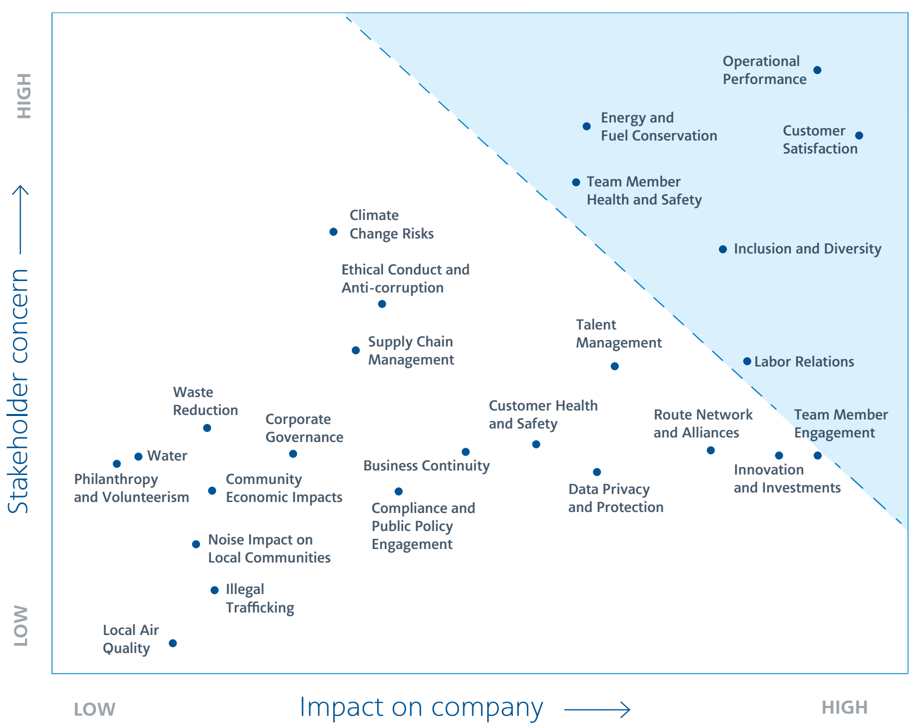
MATERIALITY

American undertook a materiality analysis in 2018 to identify the most important ESG and economic issues for the company. We considered the concerns and expectations of both our internal and external stakeholders to identify areas of risk and opportunity. To gain maximum insights, we also evaluated where the key impacts of material issues occur across our value chain, which has allowed us to more precisely define our scope of reporting while prioritizing strategic actions for each issue. This work builds on a preliminary issue prioritization and stakeholder document analysis first conducted in 2015. Going forward, this work will serve as a foundation for ongoing stakeholder engagement and the development of more targeted initiatives and messaging related to our corporate responsibility strategy.

As part of the 2018 analysis, in cooperation with an independent partner, we

- Identified and updated a list of all potentially material topics for American, based on changes in our business context and external environment since the first 2015 analysis.
- Conducted an internal survey to gauge the viewpoints of company leaders across our value chain.
- Reviewed a comprehensive set of stakeholder source materials, such as peer and industry reports, investor requests, ESG ratings and rankings criteria, and customer RFPs, among other documentation.

The results — mapped on the matrix below — identified six material issues for the company: **Operational Performance, Customer Satisfaction, Energy and Fuel Conservation, Inclusion and Diversity, Team Member Health and Safety, and Labor Relations**. We identify where impacts occur for each material issue in the Topic Boundary section (GRI 103) of the GRI Content Index on page 45.



The issues of highest priority are shown in the top right area of the materiality matrix. These results are helping to better define our corporate responsibility strategy and disclosure priorities.

Our Approach to Corporate Responsibility (continued)

CORPORATE RESPONSIBILITY GOALS

Following the materiality analysis, we identified corporate goals for each material issue that are in alignment with American's three strategic objectives. Going forward, we will track and disclose our continuous improvement against these goals and their related key performance indicators.

Inclusion and Diversity

Launch in-person implicit bias training for all team members systemwide.

Labor Relations

Achieve a joint collective bargaining agreement (CBA) with mainline fleet service and maintenance teams.

Propose industry-leading offers for mainline pilot and flight attendant teams and complete CBAs before contract amendable dates.

Team Member Health and Safety

Reduce on-the-job injuries for all team members systemwide.

Customer Satisfaction

Improve Likelihood to Recommend scores.

Operational Performance

Achieve improved systemwide operational metrics, including on-time performance percentage, completion factor percentage and mishandled baggage rate.

Energy and Fuel Conservation

Achieve an average improvement in fuel efficiency systemwide of 1.5 percent per year from 2014 to 2020.

Source 2.5 million gigajoules of cost competitive renewable energy by 2025 (equivalent to almost 20 million gallons of jet fuel).

Make Culture a Competitive Advantage

Our goal is to create an environment where our 130,000 team members feel supported so they can provide excellent care for our customers. In order to truly care for our teams, we must give them the tools, training and facilities they need to do their best work. We are developing innovative, inspiring and caring leaders who will continue to help American develop our corporate culture into a defining characteristic of our organization — and a competitive advantage.

To execute on this goal, we are focused on building four specific aspects of culture at American Airlines:

- **Culture of talent:** We are investing in our team members to ensure we are hiring the right people in the right roles with the right skills, so they can succeed and lead others to success.
- **Culture of learning:** We strive to grow personally and professionally by seeking opportunities to learn new skills and absorb new knowledge.
- **Culture of feedback:** We welcome input from our team members, customers and all stakeholders, creating a feedback loop that allows us to continuously improve.
- **Culture of recognition:** We give and receive appreciation to highlight the exemplary work of our team members.

TALENT MANAGEMENT

Since the merger in 2013, we have grown our team by more than 15,000 people and created a new hire orientation program that gives participants a sense of pride and excitement in their decision to join American. As they progress in their roles, we want them to feel fulfilled and challenged as they grow professionally. To that end, our Emerging Leaders Program focuses on succession planning and developing our internal talent pipeline. We currently have 250 team members in management roles participating, and, in the last two years, more than 50 have received promotions.

The global aviation industry is facing a pilot shortage. Within the next 15 years, 75 percent of the entire pilot workforce will retire. Segments such as military, cargo and certified flight instruction are already facing an imbalance in the flight supply, with more people leaving than joining. While American has not experienced a pilot shortage and has thousands of current and competitive pilot applications on hand, we feel a responsibility to keep the next generation excited about aviation and lift up tomorrow's pilots, particularly those who find flight training to be prohibitively expensive or otherwise out of reach. Some of our key initiatives to develop the pilot talent pipeline include:

- The **American Airlines Cadet Academy** is a first-of-its-kind integrated flight training program designed to help build the next generation of aviation talent. The Cadet Academy provides opportunities for financial assistance and a clearly defined path to becoming a commercial airline pilot. It makes flight training cost-effective, efficient and more accessible to aspiring aviators who wouldn't normally have the opportunity. We selected 200 candidates to go through the program in 2018.

- Our **Pilot Recruiting & Development** team works with kids of all ages to generate interest in the aviation industry through tours of airplanes, airports, and operational and training centers around the nation. The team focuses on opportunities for U.S. junior high through college students to sit in the flight deck of an aircraft, get a peek inside a flight training center or, in some cases, visit the airport in their hometown.

- We continue to partner with leading schools and nonprofit organizations that work to get kids interested in aviation careers. In 2017, American awarded a $25,000 grant to the **Tuskegee NEXT** organization, which provides youth with role models and a route toward aviation careers through flight training, life skills and educational assistance. Over the past two years, we have awarded 34 grants totaling $789,000 to flight schools, school districts and nonprofit organizations that generate innovative ideas for growing the nation's pool of pilots.

OH, THE PLACES WE'LL GROW

American Airlines is building a strong and diverse pipeline for the future. Since 2013, we've partnered with groups such as the Organization of Black Aerospace Professionals, Society of Women Engineers, Allies in Service and the National Black MBA Association. We also launched a partnership with W.H. Adamson High School in Dallas to help create IT career tracks for high school students. More than a dozen American team members moved their offices to the school, giving students a firsthand look at IT careers.

DEVELOPING OUR TEAM MEMBERS

Our leaders at American have no greater charge than making sure they are creating an environment that cares for our frontline team. Since the merger, leaders have completed 360,000 hours of new training focused on ways to support the front line. We are focused on training, education, recruiting, hiring and retention.

In 2018, we announced new resources to help team members develop professionally. In partnership with Harvard Business School Publishing, we now provide mainline team members access to Harvard ManageMentor, a trusted on-demand professional development resource. It covers 41 essential business topics, organized by American's leadership attributes, our three strategic objectives and Harvard's development categories. Each topic features a collection of concise lessons, videos and tools for fast and effective learning of new skills, such as how to lead teams more effectively, how to create an engaging presentation or how to improve time management. Once a course is completed, team members can print a certificate and keep track of their courses in our Learning Hub system.

Elevating our training

American's team members participate in our systemwide training, Elevate the Everyday Experience, on an ongoing basis. The training aims to inspire our frontline colleagues to provide service that will set American apart from our competitors. In 2018, the program expanded to all frontline team members, including customer service agents, reservations representatives, flight attendants and pilots. Some 30,000 team members completed the training in 2018. In 2019, we plan for up to 70,000 team members to participate.

Through the first six months of Elevate 2018 training, complaints to the Department of Transportation about American's customer service decreased 19 percent year over year. In addition, our customer surveys indicate an upward trend in scores specific to questions about the five Elevate behaviors — Acknowledge the Customer, Be Present, Show You Care, Proactively Communicate and Give Options. Even more importantly, our customers say they've noticed our team members smiling more, being more engaged and giving more options during interactions.

AMERICAN VOICE

We're committed to providing a great place for our team members to work — and that starts by listening to what they have to say. Beginning in 2017, we set out to supplement the other avenues we use for regular dialogue (such as town hall meetings) with a team member engagement survey called American Voice. This online platform gives every team member a quick and confidential way to tell us how they feel about working at American.

In 2018, to better understand survey insights and develop responsive action plans, 1,600 listening sessions were held with our team members systemwide, and 1,956 leaders were tasked with creating a company action plan. The plan covered three focus areas: ensuring team members have a clear understanding of the goals and objectives of American; ensuring team members have the appropriate training and development opportunities to help them grow professionally; and having leaders at American listen and seek to understand the frontline team member experience.

RECOGNIZING OUR TEAM MEMBERS

Our team members are our most valuable asset, and recognizing their work is an important part of our culture. In 2018, we awarded $11 million in cash and recognition points to thank team members for good work in supporting customers and their colleagues. We introduced or enhanced several programs to ensure we meaningfully recognize our team members for a job well done. For example:

- Since the merger, team members have received more than $25 million in recognition through our peer-to-peer recognition programs that highlight our team's everyday efforts, including the Above & Beyond (A&B) and Spot On programs. A new recognition site allows these programs to carry value in the form of points that can be redeemed in a rewards mall. Team members have received $11.5 million in A&Bs since 2013 and have been recognized for their "Spot On" work nearly 150,000 times since 2017.

- Almost 300 Reservations representatives and Customer Care managers were honored at the inaugural Global Reservations recognition banquet in April 2018. These hardworking team members represented the top 5 percent in global sales performance through the Reservations channel and went above and beyond to provide exemplary service to our customers.

- Since the merger, we've recognized 528 team members as Real American Heroes for saving a customer's or colleague's life or helping in life-threatening situations.

- Our Chairman's Award continues to be the most prestigious recognition and highest honor for team members who have dedicated stellar careers to American. In 2018, American celebrated more than 100 Annual Chairman's Award honorees for their longstanding commitment to our customers, the operation and their colleagues. Since the merger, 1,500 team members have been honored and awarded more than $8.2 million.

- At our Service Anniversary Dinner in August 2018, we recognized more than 450 team members celebrating 45 years or more (and pilots celebrating 35 years or more) of service with the company. Our 2018 honorees have contributed a combined 10,780 years of experience to our airline — and gathered plenty of memorable stories along the way.

BEST PLACES TO WORK

In 2018, Indeed named American to its 50 Best Places to Work list for the second year in a row. Companies are ranked based on the ratings and reviews listed on Indeed Company Pages for firms in the Fortune 500. Feedback relates to company culture, compensation advancement opportunities, and more.

Additionally, The Wall Street Journal ranked American No. 69 in its Management Top 250, which ranks the most effectively managed companies in the U.S. American had the highest placement of any airline on the list.

Employee Recognition Programs

Chairman's Award
Recognizes team members for significant contributions to the company. Winners are selected quarterly (receive $2,500) and annually (receive $10,000) for their outstanding work.

Spot Award
Leaders recognize team members for significant work made on a day-to-day basis with points to use on the recognition site.

Real American Hero
Recognizes team members who perform an act in a life-threatening situation. Winners receive $1,000 and a commemorative Real American Hero cape.

Above & Beyond
A simple thank you to team members for providing great service to customers and colleagues. These are entered into the quarterly State of the Airline drawing to receive up to $10,000.

eCards
All team members can recognize coworkers' important dates — birthdays, service anniversaries, life milestones or to simply say thank you.

Retirement Gifts
Retiring team members are honored for their commitment and contribution to the company with a gift.

Length of Service Pins
Team members receive service pins to mark milestone anniversaries — starting with one year of service, at five years and every five years after.

2018 Recognition by the Numbers

103,626 team members
registered in the recognition site

1.6 billion points
awarded through the recognition site in 2018

103 Annual and 386 Quarterly Chairman's Award Winners

Chairman's Awards recognize team members for significant contributions to the company. Winners are selected quarterly (receive $2,500) and annually (receive $10,000) for their outstanding work.

154,891
Spot On awards issued

Spot On allows leaders to recognize significant work as it is happening with points in the Recognition site, which can then be redeemed for gift cards and other merchandise.

1,718,792
Above & Beyonds awarded

A&Bs are a simple thank you to team members for providing great service to our customers and their colleagues.

Breakdown of A&Bs sent

315,112
by customers

570,769
by managers

1,403,680
from peer to peer

2,880
team members were awarded during the State of the Airline drawing.

343 Real American Heroes

A Real American Hero is a team member who helped during a life-threating event.

153,083
eCards sent

All team members can recognize coworkers' important dates — birth-days, service anniversaries and life milestones — or simply say thank you.

INVESTING IN OUR TEAM MEMBERS

As part of our commitment to our team members, we are always looking for new ways to invest in their future and well-being, both professionally and personally. Our aim is to ensure our total compensation and benefits are in line with industry leaders. In 2018, salaries, wages and benefits were our largest expense and represented almost 30 percent of our total operating costs.

Our benefits site, my.aa.com, allows team members to access helpful information, enroll in benefits, make edits to their 401(k) plans or find specialized care and support, such as mental health assistance.

In 2018, we continued to invest in team members and improve systems that further support their work. For example:

- We helped 15 team members grow their families through adoption, following our announcement in 2017 of our adoption assistance program for all U.S.-based mainline team members. The program provides up to $4,000 in expense reimbursements relating to the adoption process. This year, we expanded the program to all international team members.

- We set up the Team Member Service Center, a one-stop shop for team members to get support on everything from benefits to pay to travel. The center is open seven days a week.

- We launched a new world-class HR system — Employee Central — marking the first time since the integration that all team member data is available in one place. We also initiated the first phase of our new payroll system, which we will continue to roll out in 2019.

Looking ahead, American is partnering with a health benefits navigator service to bring team members personalized help for health care decision-making. Interested team members and their family members will be assigned a personal health assistant to help them manage their health, navigate the health care system and make the most of all the benefits programs and resources American offers.

LABOR RELATIONS

American respects our team members' rights to free association and collective bargaining. Labor relations for the airline industry are governed under the Railway Labor Act, which affords employees the right to be represented by a union and engage in collective bargaining, or to decline union representation. Approximately 85 percent of our active workforce are members of a union and covered under CBAs. As part of our aim to offer competitive total compensation and benefits packages to all our team members, we strive to work collaboratively with our union partners to negotiate industry-leading contracts. In 2018, there were no work stoppages or idle days due to strikes, lockouts or labor disputes.

In 2019, our goals are to achieve a joint CBA with the TWU-IAM Association for our more than 31,000 fleet service and maintenance team members and to complete CBAs for our flight attendant and pilot teams before contract amendable dates. Our contract with the Association of Professional Flight Attendants, which represents nearly 27,000 flight attendants, becomes amendable in December 2019, and our contract with Allied Pilots Association, which represents more than 15,000 pilots, becomes amendable in January 2020. More information on our U.S.-based airline employee groups that are represented by unions can be found in our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2018, pages 9 and 10.

TEAM MEMBER SAFETY

At American, we strive to be a world leader in safety and recognize that running a safe and secure operation is the key to our success. Safety must be the first and foremost consideration in every decision we make companywide. We believe safety is everyone's responsibility — from managers to frontline teams.

We rely on the sound judgment of our experienced team and our Safety Management System (SMS). Being accountable to each other means reporting hazards, safety concerns and incidents immediately, as well as any behavior that violates our policies, industry standards, regulatory requirements or the laws of the countries where we operate. Timely reporting of such information through the established nonpunitive safety reporting programs is essential. We have set up multiple safety reporting programs that team members can use to report potential hazards, including an Aviation Safety Action Program, General Hazard Reporting and our EthicsPoint Helpline. Our Safety Policy outlines our commitment to safety, as well as our expectations for the SMS.

As part of this safety management approach, we maintain a four-part team member injury reduction plan:

- **Governance and accountability:** Executive level oversight; team member safety teams; union partner engagement
- **Data alignment and acquisition:** Injury dashboards/reports; consistent investigations; root cause analyses; injury reporting
- **Injury prevention training and promotion:** Specialized trainings, such as ACS Lifting, Tech Ops/Flight Service, Spring Safety; Awareness, e.g., scenario videos; "Safety Snippets"; Quarterly Safety Stand Down meeting
- **Programs and initiatives:** Facilitation of at-risk behavior discussions; injury review standardization

A safe workplace for our team is the cornerstone of running a safe operation. American's Occupational Safety and Health (OSH) program includes an Employee Safety and Health Manual that establishes American's commitment and duty to providing a workplace that is free of recognized hazards, documents policies and procedures to comply with Occupational Safety and Health Administration (OSHA)-related regulations, and provides tools and information for employees to use to work safely and avoid occupational injuries and illnesses. In 2018, OSH department specialists visited 62 domestic stations to conduct special training on employee safety and compliance with OSHA regulations for more than 670 station managers and supervisors.

OSHA's Voluntary Protection Programs (VPP) recognize employers and workers who have implemented effective safety and health management systems and maintain injury and illness rates below national Bureau of Labor Statistics averages for their industries. VPP is focused on preventing fatalities, injuries and illnesses through a system that emphasizes hazard prevention and control, worksite analysis and training. Our Tech Ops — Tulsa Auxiliary Power Unit and Aircraft Wiring Center (AWC) facility was the first to become VPP-certified in 2016. Our four maintenance bases in Tulsa, Dallas-Fort Worth, Pittsburgh and Charlotte continued the VPP certification process in 2018, including undergoing rigorous onsite evaluations by teams of safety and health professionals.

WORK-FIT FOR SAFETY

To ensure our team members are prepared for the everyday physical demands of their jobs, last year we introduced Work-Fit in a number of our largest stations. Work-Fit is an independent program that works to advance safe physical work practices. With a focus on reducing injuries, it connects licensed athletic trainers with team members to discuss everything from proper lifting techniques to healthy diet options. For team members who may put off seeking treatment for an injury, a workplace location gives them easy access to help. Whether the job is lifting bags onto an aircraft or standing for an extended period to assist customers, Work-Fit provides helpful resources for all workgroups through group education, performance coaching and a focus on best practices. For example, in conjunction with the Work-Fit program, we filmed a series of scenario-based videos for team members on topics such as how to avoid trips and falls that will roll out in 2019.

INCLUSION AND DIVERSITY

American's commitment to supporting inclusion and diversity across our organization begins at the top. In 2017, our Chairman and CEO, Doug Parker, joined the CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. American is one of more than 250 organizations that have taken the pledge and committed to cultivating a workplace where diverse perspectives and experiences are welcomed and respected, where team members feel comfortable and encouraged to discuss inclusion and diversity, and where best practices can be shared.

Yet, in 2017, we heard from some customers that we had room to improve in this area. That feedback inspired us to take some concrete steps toward improvement in 2018:

- We engaged an industry expert to look more closely at inclusion and diversity at American to highlight where we can better meet the needs of our team members, customers and the communities we serve. Throughout this process, we've listened to the perspectives and experiences of more than 2,000 team members across the system and learned more about what other leading companies do that we might consider. We are also building a strategic action plan for the long journey – from career development to supplier diversity – to ensure we continue to find and retain dynamic, talented team members and partners.

- We implemented companywide implicit bias training to examine ways to recognize and mitigate implicit bias. The training started with our leadership team and expanded to the rest of the organization. Nearly 75,000 team members completed computer-based implicit bias training in 2018, and we are on track for all 130,000 to complete this training in 2019. We will begin to roll out the second phase of that process — a 90-minute in-person course for every team member — beginning in 2019.

- We began to overhaul our customer discrimination claims process and create a new customer resolution team that specializes in managing discrimination complaints to improve response, visibility and coordination across the company.

- We are sharpening our focus on team member concerns by increasing awareness of work environment policies and the process to report concerns. We are also working to continually improve our internal oversight and resolution of team member discrimination claims.

Since the merger, we've received multiple recognitions for our leadership and strengthened our commitment to inclusion and diversity. In 2018, we again received the highest score in the Human Rights Campaign (HRC) Corporate Equality Index for the 17th consecutive year — more than any other airline in the world. We are a member of HRC's Business Coalition for the Equality Act, a group of more than 100 leading U.S. employers that support the Equality Act, federal legislation that would provide the same basic protections to LGBTQ people as are provided to other protected groups under federal law.

We received the top score of 100 on the 2018 Disability Equality Index® (DEI), a score we have achieved since the DEI's inception in 2015. We were also named among DEI's elite group of Best Places to Work for Disability Inclusion for the third consecutive year.

DRIVING INCLUSIVITY FORWARD

We want all our team members to feel supported and free to be themselves at work. One of the most important ways we cultivate support for our team is through our Employee Business Resource Groups (EBRGs). These groups are dedicated to promoting cultural enrichment, supporting business success and engaging our team members in community service — and their numbers are growing fast. The number of EBRG chapters has more than doubled, from 68 at the time of the merger to more than 200 worldwide today. In the past two years alone, team member participation has increased by 22 percent.

Highlights in 2018 from our EBRGs include:

- Our Latin Diversity Network (LDN) EBRG celebrated its 20th anniversary. The LDN has expanded from five chapters to 17 in the past three years. More than 2,700 team members now participate with this EBRG in the communities we serve.

- It's Cool to Fly American helps children on the autism spectrum and their families become comfortable with the sensory experience of air travel. American and our Abilities EBRG launched the program in 2015 and holds dozens of events systemwide each year.

- Our African-American Diversity Network EBRG gave 60 Dallas-Fort Worth students a behind-the-scenes tour of the CR Smith Museum, where they learned about the airline industry and careers at American.

INTERNATIONAL LEADERSHIP PROGRAM

In September 2018, 11 team members celebrated their graduation from our International Female Development program for emerging leaders. The inaugural class hails from nine countries and includes women from Operations, Premium Services, Flight Service and Reservations. These team members were selected in a competitive process after being nominated by their managers, who committed to guide their career growth and development.

2018 International Female Development program graduates

Once admitted, team members participated in 28 different learning touchpoints, including executive coaching, leadership workshops and quarterly visits to American's headquarters, where they presented case studies and interacted with senior leaders. Each team member was also assigned a mentor and a business manager from the People department to guide her on her journey toward roles in management.

The program has now expanded to include male participants, with 17 new team members being inducted into the renamed International Development Program.

MIAMI PROUD

The Miami PRIDE EBRG formed in 2018 with an initial goal for American to participate in the Miami Beach Gay Pride Parade, which would be a first for the company. In collaboration with Miami's Regional Council, the group succeeded in its efforts and American became the official airline sponsor of the parade. More than 100 team members from all workgroups proudly donned their American Airlines PRIDE T-shirts and gave away branded items to the more than 100,000 spectators in the crowd on beachfront Ocean Drive. Flight attendants came dressed in uniform.

More than 100 American team members from all workgroups participated in the Miami Beach Gay Pride Parade in 2018.

CELEBRATING INCLUSION AND DIVERSITY

In September 2018, American recognized four team members, nominated by their peers, with the 10th annual Earl G. Graves Award for Leadership in Diversity and Inclusion. The award is dedicated to team members who are driving inclusion and diversity forward at work and in their communities:

- Alessia Giovannotti, Premium Customer Services Representative at London Heathrow, helped start the Professional Women in Aviation EBRG chapter in London, which grew to more than 100 members in only four months.
- Steve Sherrill, Facilities and Project Administration Manager in Dallas-Fort Worth, has been involved with EBRGs since 2002 and now serves as president of the Dallas-Fort Worth chapter of our PRIDE EBRG and as a global lead on our Diversity Advisory Council.
- Sonia Lopez, Reservations Manager in Lima, Peru, has led several community projects across Peru that benefit schools, hospitals and groups that make prosthetics for disabled children.
- Syed Masood, IT Senior Project Manager in Dallas-Fort Worth, pioneered a joint venture between the Islamic Circle of North America (ICNA) Dallas and American, successfully executing an annual recognition program to honor the contributions of Dallas-area public school teachers.

From left, Sonia Lopez, Syed Masood, Alessia Giovannotti and Steve Sherrill were recognized for their efforts in inclusion and diversity.

COMMUNITY IMPACT

American is proud to support the communities where our team members and customers live and work. As the world's largest airline, we embrace our responsibility to help create a brighter future for all, and giving back is core to our culture and our business.

Do Crew, American's volunteer program, connects current team members, retirees and friends of the airline with community-based projects that benefit nonprofit organizations around the world. Since 2014, team members have donated nearly 500,000 hours of their time to nonprofits through Do Crew, earning hundreds of millions of miles for charities of their choice. In 2018, team members collectively logged 186,768 volunteer hours and American donated more than 15.5 million miles to local charities on their behalf.

Our Flights for 50 program allows team members to make an even bigger impact in their communities. American team members who track 50 volunteer hours using the Do Crew website receive a Flights for 50 mileage award (the equivalent of 25,000 AAdvantage miles) for the nonprofit organization of their choice. Each team member can earn up to two awards per calendar year.

VOLUNTEERING ON THE SNOWBALL EXPRESS

It takes a village to make Snowball Express, a program of the Gary Sinise Foundation, a success. In December 2018, a substantial part of that village was made up of the nearly 1,000 American Airlines team members who volunteered their time to make the experience meaningful for children of fallen military heroes and their surviving parent or guardian. American team members transported 650 families — 1,722 total Snowball Express participants — from more than 80 cities worldwide on more than 100 chartered and commercial flights to Orlando, Florida, where they spent five days of fun and fellowship. During their trip, families visited Disney World and had direct access to complimentary resources, such as counseling services, mentoring, and a variety of therapeutic activities and entertainment. Learn more about the impact of Snowball Express in this video.

GIVING FINANCIAL SUPPORT

Since 2013, American has donated more than $110 million in cash and in-kind donations to charitable causes around the globe through strategic partnerships, fundraising events and cause marketing campaigns. In 2018, we donated more than $35 million in cash and travel value to support members of the military and veterans, health research, disaster response and children's well-being.

In recent years, American has also donated $3.6 million to nonprofits in the wake of natural disasters, along with 42,000 hygiene kits, 100,000 meals and 300,000 pounds of donated goods — all packed by team members. In 2018, American team members conducted one of the airline's largest disaster relief efforts by assembling 20,000 American Red Cross hygiene kits at the Phoenix cargo facility for victims of the deadly California wildfires.

American Airlines customers also have a history of giving generously to vital causes with the help of American. For nearly 25 years, American has partnered with UNICEF to collect more than $15 million from our customers in support of the Change for Good program, an innovative partnership that rallies the international airline industry to help improve the lives of millions of children around the world. Travelers on select international flights can donate unused U.S. and foreign currencies to help UNICEF provide lifesaving assistance to children in more than 190 countries and territories. Since 2015, participation has been up by 130 percent, and American flight attendants have raised more than $6 million to help children in need. Local UNICEF-supported programs include teaching children about health and nutrition through interactive play and using midwives to provide prenatal care to pregnant women. In 2018, six American team members went to Guatemala to see firsthand how these local programs, and the donations they are supported by, are making a direct impact in children's lives.

STANDING UP TO CANCER AS SUPERHEROES

To help team members in their fights against all forms of cancer, in 2016 we launched a $10 million collaboration with Stand Up To Cancer (SU2C).

In April 2018, we unveiled a very special aircraft as part of this collaboration: an Airbus A321T wrapped with a graphic of esteemed SU2C researchers and courageous American team members who have personally fought cancer, featured as superheroes. This first-of-its-kind visual collaboration is part of American's effort to bring greater awareness, raise much-needed funds to further research and save lives in the fight against cancer.

From left, Dr. Vinod Balachandran, cancer survivor and LAX Customer Care Manager Shandra Fitzpatrick, and Dr. Phillip A. Sharp stand in front of the A321T featuring the SU2C graphic.

Create a World-Class Customer Experience

To deliver world-class experiences to all our customers — especially premium customers who consistently choose American — we will continue to drive toward excellence, strengthen our network and grow where we have a competitive advantage. American is investing billions to significantly improving the customer experience — both on the ground and in the air. We have made investments in new aircraft at an impressive rate to bring customers a more modern, comfortable and connected experience, including enhanced onboard entertainment, dining choices and upgraded lounges.

We are also flying to more destinations than ever before. Since the merger in 2013, we've added 228 new routes and 41 new stations to our network, including to one new state, Montana, and eight new countries: Australia, Bonaire, Croatia, Czech Republic, Guyana, Iceland, New Zealand, and Saint Vincent and the Grenadines. In the summer of 2018, we flew 1,025 unique routes and operated almost 6,875 daily flights on a peak day.

OPERATIONAL PERFORMANCE

We know one of the most important qualities our customers expect of us is dependability. In addition to customer safety, our top priority is getting our customers to their destinations on time and with their baggage. Since the merger, we have made steady progress on improving our core operating metrics. In 2017, we recorded our best on-time departure performance since 2003 and our best mishandled baggage rate (MBR) since 1994.

In 2018, we fell short of our operational targets, but we implemented several new initiatives focused on improving aircraft dependability, maintenance and turn performance. These include taking consistent steps to confirm our fleet is ready to go each morning; properly resourcing our teams to turn aircraft efficiently throughout the day; and adjusting our planning processes to be ready to deliver smooth service during peak travel periods. We have already seen positive results from these efforts, including significant improvements in key operational performance metrics during the busy holiday travel period at the end of 2018 — and we carried that momentum forward into 2019.

DFW

EXPANDING EFFICIENTLY AT OUR LARGEST HUB

Dallas Fort Worth International Airport (DFW) is American's largest hub, with more than 800 daily flights to 30 countries. In 2018, we finalized a lease agreement that will allow us to expand our footprint at DFW in 2019 by moving some regional flying to 15 new gates in the satellite building at Terminal E and converting some regional gates at Terminal B to mainline gates. In July 2018, DFW received a letter of intent for a $180 million federal grant from the U.S. Department of Transportation and Federal Aviation Administration for two new end-around taxiways. End-around taxiways enable arriving aircraft to taxi around DFW's seven active runways rather than wait to cross them, ensuring less idle time and more efficient movement of travelers and commercial goods.

PRECIOUS CARGO

In addition to delivering passengers to their destinations around the world, our industry-leading Operations team provides more than 100 million pounds of weekly cargo lift to major cities in the United States, Europe, Canada, Mexico, the Caribbean, Latin America and Asia-Pacific. Since the merger in 2013, we have delivered more than 7 billion pounds of freight and mail. Over the years, we have pushed the edge of cargo technology to steadily and successfully grow this business. In 2018, cargo traffic increased by 4.3 percent year over year to 2.9 billion cargo ton miles. Thanks to new routes, strategic capacity planning, and exceptional teamwork, we broke records in three major categories despite this increased demand, including:

- Recording our best Flown As Booked performance in company history
- Moving 2 billion pounds of cargo across the world's largest network
- Earning more than $1 billion in revenue, a 13.8 percent increase year over year

MOVING MASTERPIECES

In June 2018, American Airlines Cargo transported priceless Spanish art from locations around the world to San Antonio for the city's tricentennial festivities, which celebrate the founding of the city in 1718 by Spanish Franciscan missionaries. Cargo was an official sponsor of the San Antonio Museum of Art exhibition, *Spain: 500 Years of Spanish Painting from the Museums of Madrid.*

Transporting these unique pieces of art, many of which had never been shown in the United States, required a special level of attention and handling. Our Cargo team members partnered with four freight forwarding specialists in four countries to ensure the paintings were handled with great care during every step of the process.

La Anunciación, ca.1650 by Bartolomé Esteban Murillo; © Museo Nacional del Prado, Madrid.

CUSTOMER SATISFACTION

An important part of ensuring that we provide a world-class experience for our customers is by listening carefully to them and taking appropriate actions in response. We have several ways customers can contact us to provide feedback, with the two most common being email and social media. We strive to respond to all complaints in a reasonable amount of time, and we consistently respond to 85 percent of customer contacts within 24 hours.

In addition to responding to communications in a timely manner, our Customer Advocacy team uses insights to drive strategic changes intended to ultimately improve the overall customer experience. We have many examples of instances where we were able to identify opportunities to better serve our customers through their feedback. For example:

- Following complaints about slow and inconsistent Wi-Fi connectivity, we contracted with a new high-speed satellite-based inflight Wi-Fi provider, ViaSat. As of the end of 2018, high-speed Wi-Fi is now available on more than 570 aircraft. The rest of American's long-term narrowbody aircraft will receive high-speed Wi-Fi in 2019.

- After receiving feedback about improving the customer experience for passengers needing wheelchair assistance, we launched a Disability Improvement project focused on increasing accessibility for passengers with disabilities. For example, in Los Angeles, American worked with the airport authority to install an elevator to enhance the travel experience of passengers in wheelchairs that use a shuttle bus to transfer between terminals.

- After learning about the challenges our customers were facing in getting timely refunds, we made process improvements and adjustments to our refund automation system. This has resulted in an improvement in the timeliness of refunds and decreased customer complaints.

In addition to relying on feedback, we are always striving to continuously improve our product and the experience of our customers. In 2018, for example, we continued to expand free live TV offerings — now on more than 270 domestic aircraft — and we continue to be the only U.S. carrier to offer it internationally.

SCORING AN 'A' FROM THE BBB

Customers reach out to American in several ways to resolve concerns regarding their travel experience. Others make their issues known through third parties. In July 2017, our Customer Relations team began working with one of those outside organizations — the Better Business Bureau (BBB) — to address how to better handle customer complaints. We have reviewed and addressed all feedback on the BBB's site and implemented new steps to ensure we are responding appropriately. As a result, in May 2018, American's rating on the site was upgraded to an A from the BBB.

ECONOMY FARES

To allow our customers to access American's unparalleled network while benefiting from our lowest fares that are competitive with no-frills carriers, in 2017 we rolled out our popular Basic Economy fare across the continental United States. In 2018, we expanded the program and now offer this option across the entire domestic network as well as most of the Atlantic, Caribbean, Mexico and Central America. We made several refinements to the program in 2018, including eliminating the carry-on bag restriction so passengers can bring both a personal item and a carry-on bag on the plane like other Main Cabin fares.

In 2018, we added Premium Economy to 103 aircraft. This fare option offers enhanced seating between business class and Main Cabin and includes benefits such as more legroom and free on-demand entertainment. We offer more Premium Economy seats than any other U.S. airline.

COMPETITIVE AADVANTAGE

We are focused on continuously improving our customer loyalty program, AAdvantage, which has been awarded Best Elite Program every year since the merger at the Freddie Awards, which honors loyalty programs as determined by frequent travelers. One of the great longstanding features of the program is the opportunity for AAdvantage members to earn miles by donating cash to select causes, making a difference in the lives of those in need.

In 2018, we introduced several new benefits for program members, including the ability to book award travel on the mobile app. Since the merger, members have redeemed more than 50 million awards miles across more than 20 airline partners to more than 1,000 destinations. We also introduced the digital wallet and promotions center, giving our members added control and flexibility with their rewards and benefits. In 2018, we introduced the new AAdvantage MileUp℠ card, which gives members the ability to earn miles on everyday purchases with no annual fee.

Flagship Lounge at LAX

LOUNGING AROUND

American was the first airline to introduce an airport lounge concept in 1939, and, today, we offer more than 55 lounges worldwide to improve the customer experience. With our premium customers in mind, we introduced the first Flagship Lounge and Flagship First Dining at New York's John F. Kennedy International Airport (JFK) in May 2017. Since then, we've opened additional Flagship Lounges at LAX, Miami International Airport (MIA) and Chicago's O'Hare International Airport (ORD) with Flagship First Dining at LAX and MIA. Our next Flagship Lounge and Flagship First Dining will open at DFW in 2019.

We're also making updates to Admirals Club lounges at many airports, including Charlotte Douglas International Airport (CLT), DFW, Boston Logan International Airport (BOS) and Pittsburgh International Airport (PIT). Team members at Paris' Charles de Gaulle Airport (CDG) celebrated the 30th anniversary of the Admirals Club lounge in July 2018. The lounge offers guests spa-like showers, high-speed Wi-Fi and complimentary food provided exclusively for American by the French family-run food supplier IMG.

CUSTOMER SAFETY

Our commitment to customer and flight safety cannot be overstated. We are focused on proactively identifying, analyzing, mitigating and eliminating risks and hazards that may cause accidents or injuries to our customers. An important part of how we do that is by continually monitoring and reporting safety-related issues. The Aviation Safety Action Program (ASAP) is a collaborative industry tool that enhances aviation safety through the analysis of voluntarily — and in some cases anonymously — reported safety events or discrepancies. The purpose of ASAP is to prevent accidents and incidents by encouraging frontline team members and airlines to report any and all safety information that can be used to identify and mitigate safety risks, rather than letting it go undocumented. In 2018, American Airlines recorded 10,834 ASAP reports.

In 2019, in cooperation with our union partners and the FAA, we will also be rolling out a Ground Safety Action Program (GSAP). Based on ASAP principles with a focus on ground operations, the policies and procedures will support team members in our ramp, cargo, tower and ground support equipment areas. GSAP is expected to launch in early 2019 in four locations — BOS, Orlando (MCO), Las Vegas (LAS) and LAX — and to every station by summer 2019.

As part of our commitment to ongoing monitoring and transparency, we are a registered participant in the IATA Operational Safety Audit (IOSA) program, an internationally recognized and accepted evaluation system designed to assess an airline's operational management and control systems of an airline. The IOSA audit creates a structured methodology with standardized checklists comparable on a worldwide basis, enabling and maximizing the joint use of audit reports. Results contribute to the continuous updating of standards to reflect regulatory revisions and best practices.

RESPONDING TO EMERGENCIES

American's Customer Assistance Relief Effort (CARE) team members stand ready to assist our customers in the event of any emergency. More than 5,000 volunteer CARE team members across 100 departments are trained to provide compassionate, professional assistance to our customers and colleagues in the event they are affected by an aircraft emergency on any flight operated by American Airlines or American Eagle.

To ensure we are always prepared, American has quarterly corporate emergency response drills for American's mainline operations and annual emergency drills for each of our regional airline partners. Various scenarios related to aviation accidents or security incidents are used to help prepare for any type of event.

Circumstances in the workplace can happen without warning. The ability to identify and quickly respond to these situations can make a huge difference. To help prepare our team members to better handle these unforeseen situations, in 2018 American launched a voluntary computer-based training course called Keeping American Secure. This course was designed to help team members identify common behaviors of dangerous people before they harm themselves or others, share resources for threatening or potentially violent circumstances, and provide information about survival strategies in a variety of emergency situations.

SAFETY THROUGH TECHNOLOGY

In 2018, American became the first airline to work with the Transportation Security Administration to launch a new state-of-the-art, 3D computed tomography (CT) scanner at the security checkpoint in Terminal 8 at JFK. CT technology more effectively detects threats, enhancing aviation security for team members and customers.

American has also launched automated screening lanes at ORD, DFW, LAX and MIA. These new lanes incorporate innovative technology and screening station modifications that enhance security effectiveness while decreasing the time travelers spend in line at the checkpoint.

Build American Airlines to Thrive Forever

Since the merger of American Airlines and US Airways more than five years ago, we have made strategic investments in our team and our product while managing risks in ways that will secure our financial strength for the long term. We are making historic investments in innovation, breaking ground on new airport modernization projects and expanding our route network and partnerships around the world. Looking ahead, we will finalize our integration and continue to responsibly manage our assets like owners.

Our team members' hard work helped produce pre-tax profit of $1.9 billion, or $2.8 billion excluding net special charges, in 2018[1]. These results brought our profit sharing pool to $175 million, which was distributed to team members in March 2019.

INVESTING IN OUR FACILITIES

We're making major improvements to the travel experience — both onboard our planes and at our airports. We're making significant financial contributions to the more than $50 billion in airport capital improvement projects approved, funded and underway at our hubs. In addition, our Corporate Real Estate (CRE) and IT teams have systematically analyzed our facilities to identify spaces that were long overdue for improvement. We have refurbished more than 1,100 team member spaces around the system, including individual work areas, break rooms and reservations offices. CRE also has more than 500 customer-facing projects underway.

The highlights from 2018 include:

- **DCA:** In Arlington, Virginia, the Metropolitan Washington Airports Authority and Ronald Reagan Washington National Airport (DCA) are undergoing a $1 billion upgrade. When completed in 2021, two new security checkpoints will connect all the concourses on the secure side, and a new 14-gate regional concourse will replace the ramp and busing operation at gate 35X. This new facility will provide regional travelers with direct, enclosed access to planes via jet bridges, spacious gate areas, diverse seating options with integrated power outlets, new concessions and an Admirals Club.

- **DFW:** Construction is underway on the Terminal E satellite, where American will open 15 new gates and relocate some of the Terminal B operation to expand its footprint at DFW when it opens in the second quarter of 2019. Improvements include refreshing ticket counters and gate areas, refurbishing restrooms and office space, and installing new ramp lighting and moving walkways. We will also open a Flagship Lounge and Flagship First Dining in Terminal D by mid-2019.

- **LAX:** In October 2018, American and Los Angeles World Airports broke ground on a $1.6 billion modernization project to reimagine LAX Terminals 4 and 5, marking American's largest individual investment at an airport in its 92-year history. When completed, the new facility will have open and efficient check-in and security processing areas, more inviting gate areas with increased seating and access to modern amenities, and greater ability for airline operations to quickly adapt to and incorporate rapidly evolving new technologies. We will also modernize the workspace of American's 7,300-plus team members at LAX with renovated break rooms, multi-use meeting rooms and new team gathering spaces.

- **LGA:** We are completely redeveloping our terminal (including team member break rooms and workspaces) at LaGuardia Airport (LGA) through a $5.1 billion public-private partnership with the Port Authority of New York and New Jersey and LaGuardia Gateway Partners. In 2018, we unveiled the first new section of Terminal B, where we now occupy three of 11 gates.

- **MIA:** A newly renovated Admirals Club and Flagship Lounge, complete with a new Flagship First Dining area, recently opened at MIA, along with more than $5 million worth of upgrades to team member work spaces.

- **ORD:** Major renovations will occur over the next few years, including a new hangar for American with high-tech features and upgraded team member spaces. The six-bay structure opened in January 2019 and can hold two additional narrowbody aircraft, which will increase overnight workload capacity, expedite maintenance and return aircraft to the air faster. It also features two production control rooms, an aircraft parking lot and updated work centers for team members.

[1] Please see Annex I for a reconciliation of pre-tax profit excluding special items, a non-GAAP measure.

INTEGRATING OUR TEAM

We continue to fulfill our integration plan following the merger of American and US Airways. Since 2013, we have co-located American and US Airways at more than 140 airports around the world, rebranded gates, ticket counters and signage at 340 airports, and combined more than 650 systems. We combined the two airlines' reservations systems into a single computer platform and integrated our pilot groups and fleet of aircraft into one Flight Operating System in 2015 and 2016, respectively. In October 2018, American accomplished the largest and most complicated integration project to date, representing another major technological and operational milestone: flight attendant operational integration (FOI).

Prior to FOI, our flight attendants were limited to flying only on their legacy airline's aircraft, but now they can fly together on the same aircraft. Along with providing a more flexible work environment for our flight attendants (including new pay processes and training schedules), the change means we can re-crew without worrying about which aircraft flight attendants can fly. This helps us get back on track faster following weather events or aircraft swaps, improving the experience for our customers. As of November 2018, flight attendants were able to transfer to any base within our network, with more than 1,000 flight attendants expected to move to new bases.

Largest integration project to date for American	**29,000** team members brought together
A massive effort involving more than **6.2 million hours** of work	**1.1 million** hours of training delivered

INVESTING IN OUR NETWORK

Over the next 20 years, more than half of the world's new air travelers are expected to come from the Asia-Pacific region, and American is stepping up to meet that demand. Our flights to the region are our longest, and they are critical to attracting and retaining customers. Since 2013, American has doubled the number of routes we serve in the Asia-Pacific region, and we're investing heavily to ensure those traveling between Asia-Pacific and the U.S. have the network and connections they need on the best product American can offer.

In 2018, American launched 28 new flights across its network, including 12 flights to the Caribbean, five flights to Miami and two new ways get to Sarasota, Florida(SRQ). American also introduced a sixth destination in Cuba with service to Antonio Maceo International Airport (SCU) in Santiago de Cuba, and new service to Durango International Airport (DGO) in Mexico. Beginning in the summer of 2019, we will offer 18 new domestic and Canadian routes. These new routes are in addition to previously announced seasonal service to Europe, including being the only U.S. airline to travel nonstop to Bologna, Italy (BLQ), and Dubrovnik, Croatia (DBV).

As we continue to introduce new domestic and international routes, we'll also open new stations. This year, we've opened stations in Reykjavik-Keflavik, Iceland (KEF); Budapest, Hungary (BUD); Prague (PRG); Bonaire (BON); Panama City, Florida (ECP); and Cheyenne, Wyoming (CYS), to name a few.

SUPPLY CHAIN

Our commitment to running an efficient and profitable business extends to the responsible management of our supply chain. We procure high-quality, cost-competitive goods and services from more than 10,000 suppliers across the enterprise. The most significant elements of our supply chain include jet fuel, aircraft and aircraft parts, inflight food and beverages, technology, and office supplies.

Key criteria for doing business with American includes providing the best value in terms of price and quality, as well as having a deep understanding of the airline industry, being financially stable and certifying an ethical supply chain. These expectations are clearly outlined in our Standards of Business Conduct for Suppliers, as well as on an accompanying Supplier Management Portal. To ensure suppliers meet our standards, we include a risk matrix in our standard requests for proposal, which asks about their policies and practices around labor, business ethics, the environment, health and safety. We monitor supplier performance against these criteria and assess potential risks, such as supply chain disruptions.

To further align our corporate responsibility goals and values with our sourcing decisions, we moved forward on several exciting new supplier partnerships in 2018. For example:

- **Healthier food:** Listening to customers asking for lighter tasty food choices on flights, we partnered with Zoës Kitchen to introduce a new healthy food-for-sale menu in the Main Cabin on most domestic flights longer than three hours. The new additions include fresh, wholesome selections inspired by the flavors of the Mediterranean, including Zoës signature hummus and The Grüben sandwich of sliced turkey, crunchy slaw and feta spread.

- **Less waste:** We have replaced all plastic straws in our lounges with biodegradable, eco-friendly straws, and we will soon begin transitioning to all eco-friendly flatware in lounges. In the air, we have eliminated all plastic straws and offer a stir stick made of sustainable and environmentally friendly bamboo. By making these changes, American will eliminate more than 71,000 pounds of plastic per year. Next, we are pursuing the sourcing of cost-neutral biodegradable materials where possible.

Supplier diversity

At American, we champion our relationships with diverse suppliers, including small and minority-owned, women-owned, veteran-owned, service-disabled veteran-owned, disability-owned, and LGBT-owned businesses. In 2018, we did business with more than 1,500 diverse and small businesses. We also participated in more than 40 supplier diversity events around the United States that provided networking opportunities through matchmaking sessions, business fairs and other events.

Supplier Diversity Awards and Recognition

- *Black EOE Journal* 2018 Best of the Best Top Employers and LGBTQ+ Friendly Companies: Recognizing companies that are leaders in promoting the advancement of African-Americans in all aspects of business and employment to ensure equal opportunity.
- Business Equality Network 2018 LGBTQ Business Equality Excellence Award: Recognizing major employers that have made supply chain diversity and an inclusive workplace a matter of both policy and practice.
- Dallas/Fort Worth Minority Supplier Development Council Buy Those That Buy Us™ Best Practice Award: Recognition for the achievements in the utilization of minority-owned businesses in the supply chain.
- Government Procurement Conference Outstanding Support Award: National conference fostering business partnerships between the federal government, its prime contractors, and small, diverse and women-owned businesses.
- Minority Business Network USA 2018 Best of the Decade: Honoring leaders who consistently drive progress and innovation in the supply chain.
- National Business Inclusion Consortium Best-of-the-Best Corporation for Inclusion: Honoring corporations for their commitment to America's diverse employees and business owners, including LGBTQ, people of color, women and people with disabilities.
- United States Hispanic Chamber of Commerce The Million Dollar Club: Corporations that have invested a minimum of $25 million to upward of $1 billion or more in contracts with Hispanic-owned companies.
- *U.S. Veterans Magazine* Best of the Best Top Veteran-Friendly Companies, Top Supplier Diversity Programs: Recognizing corporations offering employment, business and supplier opportunities for veterans, transitioning service members, disabled veterans, spouses and veteran business owners.
- Women's Enterprise USA Top Leaders in Corporate Supplier Diversity: Influential companies that have demonstrated their commitment to supplier diversity and the inclusion of women's businesses.

BUSINESS ETHICS

Our commitment to running a great airline is founded on a value system we all share, based on integrity, honesty and the absolute dedication that every decision we make is responsible and ethical. American's Chief Ethics and Compliance Officer (CECO) has overall responsibility for our compliance program. The CECO reports to the Executive Vice President of Corporate Affairs, who reports to American's Chief Executive Officer. American's Board of Directors exercises oversight of the Business Ethics and Compliance Program and has delegated to the Board's Audit Committee the lead role in fulfilling this responsibility. The Standards of Business Conduct provide our team members with the information and tools needed to follow the law, seek advice when needed and report possible misconduct. The Standards provide guidance about key business issues and offer real-life responses to situations team members may face.

ETHICS POINT HELPLINE

All our team members have a responsibility to themselves, their colleagues, our customers and our company to conduct business legally and ethically in accordance with our values and our Standards of Business Conduct. Team members are encouraged to bring any questions or concerns about potential violations to their manager or supervisor, the Business Ethics and Compliance Office, or our EthicsPoint Helpline, which is accessible by phone at 877-422-3844 or online at aa.ethicspoint.com.

Information on the EthicsPoint Helpline is included in the annual web-based compliance training and certification that all key team members and contractors must complete. In addition, posters promoting the EthicsPoint Helpline are posted systemwide in locations frequented by team members, such as in break rooms and common areas.

The helpline is available toll-free 24 hours a day, seven days a week. Calls are answered by trained specialists from an independent third party and reports can be made in any language for the locations where we fly. Reports to the helpline can also be made through an independent, third-party web portal. In 2018, we received 2,433 reports, approximately 56 percent via phone and 44 percent via web. The company reviews and investigates all reports and strives to maintain confidentiality. Retaliation is not tolerated. We investigate all allegations of retaliation.

MANAGING DATA PRIVACY

American's business requires the processing and storage of personal data relating to our customers, team members, business partners and others. We have a comprehensive privacy program dedicated to ensuring American processes personal data appropriately and responsibly. While the privacy program is run by the Global Privacy Office, it is a team effort with involvement from senior leaders on the Privacy Council, Privacy Liaisons who are members of key business units, and all of our team members who are trained and responsible for adhering to American's privacy requirements, which we base on applicable laws and generally accepted privacy principles. Our customer privacy policy can be found at aa.com/privacy.

COMBATING HUMAN TRAFFICKING

American is committed to respecting human rights, including combating illegal human trafficking and child exploitation. As a prominent part of the worldwide travel industry, we conduct our business in a manner that protects human rights and the rights of children within our sphere of influence. We have adopted responsible workplace practices and endeavor to conduct our business operations free from complicity in human rights abuses.

American's commitment to human rights is outlined in our Standards of Business Conduct, which require all of American's team members and suppliers to uphold the human rights of all persons, including permanent and temporary team members both domestically and internationally. American's policies and other information on human trafficking, including links to educational and training resources, are available to all team members on our intranet site.

On National Human Trafficking Awareness Day in January 2018, American signed ECPAT-USA's Tourism Child-Protection Code of Conduct, a voluntary set of business principles to prevent child sex tourism and trafficking of children. Signing the code formally recognized our longstanding commitment to help frontline team members identify and report signs of human trafficking, and we continue to raise awareness of the issue among our team.

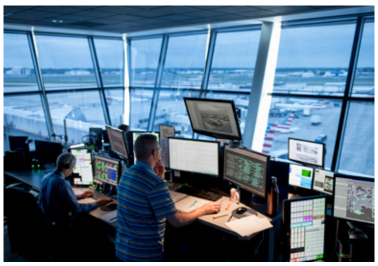
American has provided initial and recurrent human trafficking awareness training to our flight attendants for several years. American also provides anti-trafficking training to team members with relevant purchasing responsibilities, including training teams that conduct on-site visits to American's international suppliers to learn how to recognize signs of human trafficking and what action they should take if they suspect human trafficking.

After announcing our intention to sign ECPAT-USA's Code, we also initiated plans to conduct similar anti-trafficking training for our pilots and airport customer service team members. As a result, in 2018 we put mandatory human trafficking awareness training in place for all of our frontline team — approximately 26,000 flight attendants, 15,000 pilots and 18,000 airport agents.

Think Forward, Lead Forward

An important part of how we are Building American Airlines to Thrive Forever is by "thinking forward and leading forward." By that we mean considering how we can best contribute to a vibrant future for our company, our industry and all our stakeholders. This includes delivering the right future products, in cooperation with the right partners, through the most connected network. By being nimble and proactive, we are setting a new standard for delivering value to the market quickly and efficiently.

We also know that today's team members, customers and investors demand more from top companies like American. Increasingly, exemplary customer service, great value and a leading business model are not enough to engage and inspire them. They want to see companies operating responsibly, innovating new solutions and embracing their roles as leading corporate citizens. As the world's largest airline, American is committed to doing its part to promote a sustainable future for generations of travelers to come.



INNOVATING FOR THE FUTURE

American has an ongoing partnership with the FAA and NASA to develop the future of airspace and optimize ramp and gate management for maximum efficiency.

Team members in American's Hub Control Center at CLT are working with FAA and NASA engineers to reimagine tomorrow's airspace and operations management. This includes the Airspace Technology Demonstration 2 program, a five-year project to streamline arrivals and departures and improve ground operations to increase safety and efficiency.

Current systems rely on radar but tracking planes on the airport surface remains a blind spot that can leave planes idling as they wait for an open gate or in line to take off. The new system uses GPS and satellite technology to incorporate real-time data across all systems and allow coordination among the ramp, air traffic control tower, terminal and Control Center. This information will give air traffic controllers the tools to make better decisions to reduce congestion in the air and on the ground. Planners can also use this data to more precisely develop schedules, reducing push, taxi and take-off times.

Simultaneous advancements are being made on aircraft as well. In May 2018, American announced that it will equip its entire Airbus A321 fleet with ACSS SafeRoute Automatic Dependent Surveillance-Broadcast (ADS-B), a next-generation surveillance technology. ADS-B incorporates both air and ground data to give air traffic controllers a more accurate picture of an aircraft's position from gate to gate. American's fleet of Airbus A330s is already equipped with ADS-B technology.

Our goal with these complementary projects is to improve the flow of aircraft by taking real-time snapshots of what's happening on the ground, allowing us to provide a better travel experience for our customers and improve fuel efficiency and safety conditions on the tarmac.

THINKING FORWARD TO NEW TECHNOLOGIES

We are committed to innovating toward solutions that equip our team of 130,000 with the tools they need to make their jobs easier and safer. Since the merger in 2013, we:

- Became the first airline to equip customer-facing team members with mobile tablets to use on board. The technology makes their jobs easier and providing better customer service through iSolve, a tool that empowers team members to solve problems and offer on-the-spot compensation — in the form of AAdvantage miles — to customers for inconveniences at the first point of contact.
- Created SAFE, a new tool that helps Tech Ops team members safely manage parts and maintenance of more than 900 aircraft.
- Became the first airline to launch electronic flight bags, replacing 40-pound flight manuals with Apple iPads, saving $1.2 million in fuel annually.
- Built a new, user-friendly Travel Planner for team members and retirees to list for flights and check in from a mobile device.

Think Forward, Lead Forward (continued)

SUSTAINABLE OPERATIONS

At American, we recognize that aviation has an impact on the environment. The demand for air transportation is expected to nearly double by 2036, according to IATA. As this demand grows, so too will related environmental risks, costs and externalities. Emissions from aircraft and ground support equipment increase pollution, affect local air quality and impact the climate. We consume materials that reduce natural resources and produce waste. Water withdrawals are needed as part of the maintenance of aircraft, and spills may occur that affect local water quality. And aircraft noise affects the communities we serve. American is committed to safeguarding the environment, and we are doing all we can to proactively minimize these impacts, recognizing that the success of our efforts will affect future generations.

American's environmental management system (EMS) provides a systematic approach for complying with environmental regulations and managing a broad range of issues, including air emissions, hazardous waste disposal, underground tanks and aircraft water quality. The EMS is modeled on the ISO 14001 standard and aligns closely with our FAA-approved Safety Management System (SMS). The EMS is overseen by the Company Operations Standards Board, which is made up of senior executives of the company. We continually review and update our EMS and provide rigorous training on it.

As part of our audit process, Environmental Coordinators at each location perform periodic self-audit and inspections to ensure compliance with environmental regulations. In addition, American's Environmental Department performs more in-depth audits of our largest locations. In 2018, American performed 10 of these audits.

Lessening the environmental impact of our operations is top of mind at American and has been for a long time. American's flight attendants kicked off the airline industry's first onboard recycling program in 1989. And when we build a new facility, or upgrade existing facilities, we strive to use environmentally friendly construction practices, including seeking Leadership in Energy and Environmental Design (LEED) standard certification.

ENVIRONMENTAL POLICY AND COMMITMENT

American and its regional affiliates operating as American Eagle are committed to safeguarding the earth's environment through the ongoing development and implementation of sustainable business practices. The Chief Executive Officer and each team member are responsible for ensuring compliance with the airline's Environmental Management Manual. Station and functional management at all locations and subsidiaries shall implement policies and procedures to comply with this policy statement. All companies associated with or owned by American Airlines have an obligation to operate ethically, responsibly and within the law. Environmental regulations apply equally to all personnel of the Company without exception.

NEW GOLD STANDARD IN FORT WORTH

When it's completed in 2019, American's new headquarters in Fort Worth, Texas, at the Robert L. Crandall Campus, will be among the most modern corporate centers in the area. Support staff and leaders will be closer to our frontline colleagues, sharing the home of American's Flight Academy, DFW Reservations, Integrated Operations Center (the 149,000-square-foot facility that serves as the combined airline's mission control), the Training & Conference Center and more.

The new buildings are designed to meet the LEED Gold standard. There will be more than 10,000 parking spaces on the perimeter of the broader campus, but the car-free interior campus is designed to encourage team members to walk and bike between buildings, spend time in the fresh air outdoors and interact with their colleagues. We have planted 3,500 trees across 300 acres, which include 90 acres of woodlands, 8.3 miles of trails, a small pond and free bicycles for our team members.

Think Forward, Lead Forward (continued)

CLIMATE CHANGE RISKS

In its latest report published in October 2018, the U.N. Intergovernmental Panel on Climate Change (IPCC) called for "urgent" and "unprecedented" action to reduce carbon dioxide emissions to avoid the worst impacts of climate change. The aviation industry accounts for an estimated 2 percent of global carbon emissions.

- American supports the ambitious targets set by the IATA to mitigate CO_2 emissions from air transport:
- An average improvement in fuel efficiency of 1.5 percent per year from 2009 to 2020
- Carbon-neutral growth through a cap on net aviation CO_2 emissions from 2020
- Reduction in net aviation CO_2 emissions of 50 percent by 2050, relative to 2005 levels

FUEL CONSERVATION

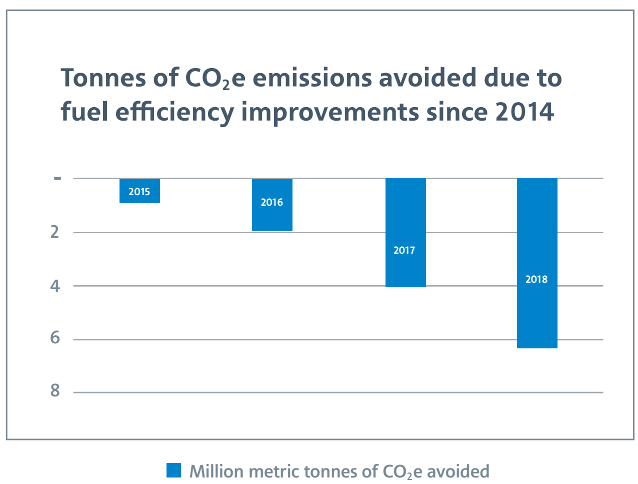
We strive to maintain a fuel-saving culture at American through education, teamwork and advocacy. Through our team member-led Fuel Smart program, we are always looking for ways to reduce fuel burn and increase efficiencies in our machinery, such as optimizing planned aircraft arrival fuel and reducing aircraft weight by removing unnecessary items. We continue to focus on improving the quality of data available to measure our fuel savings across our fuel savings categories.

In addition to Fuel Smart, we have implemented a fuel conservation program for our regional carriers that focuses on reducing auxiliary power unit use, employing single-engine taxiing and optimizing reserve fuel. Wholly owned and contracted regional carriers represent about 17 percent of American's total fuel consumption. The program is managed by American's team that is responsible for regional oversight. In addition, this team is working with a consultancy to help analyze fuel consumption data and develop and implement targeted training programs for our regional carriers.

Since the merger in 2013, we have also been leading an unprecedented fleet renewal program that is keeping American's fleet the youngest among U.S. network airlines. We have:

- Taken delivery of more than 500 aircraft and retired virtually the same number, giving American the youngest fleet of any U.S. network carrier.
- Inducted three new efficient aircraft types into American's fleet to replace retiring models: the Boeing 787-8 and -9 and Boeing 737 MAX 8, which improve fuel efficiency by up to 20 percent over similarly sized aircraft. We ordered 47 additional Boeing 787s in 2018.
- Introduced the Airbus A321neo as of 2019, which will replace retiring Boeing 757s. This versatile aircraft adds about 400 nautical miles in range thanks to improved fuel burn from its new engines.

These efforts, as well as other operational improvements, have helped us to continue reducing the emissions associated with each passenger and each pound of cargo we carry. Over the past four years, American emitted almost 6.4 million metric tons of CO2e less than it would have if its fuel efficiency had remained at the 2014 level.



Think Forward, Lead Forward (continued)

ENERGY USE

Sustainable and commercially viable alternative jet fuels (SAJF) also have the potential to play a significant role in helping American be more fuel-efficient, further reduce our emissions and meet the rising global demand for air travel while pursuing carbon neutrality. Along with other key stakeholders, we are participating in industry efforts to accelerate the adoption of sustainable alternative jet fuels.

We have been using renewable energy in several of our North Texas facilities since 2015. As of October 2017, 100 percent of electricity purchased at our headquarters campus and DFW terminals and facilities is from renewable sources. At the end of 2018, the Environmental Protection Agency announced that American is ranked 46th on its list of the largest Fortune 500 company green power users.

Renewable Electricity Purchased (MWh)	2018	2017	2016
- Purchased through utilities (sourced from wind)	53,272	28,136	22,159
- Purchased indirectly (sourced from wind)	154,046	82,979	55,521
Total Direct and Indirect	207,318	111,115	77,680

We are also working to reduce our electricity consumption. For example, we are in the process of retrofitting hangar facilities with high-efficiency LED lights that use significantly less energy. We have completed relighting projects at our line maintenance hangars at SFO, DCA, and the Wheel and Brake Center at the Tulsa Maintenance Base, and we are in the process of relighting hangars at JFK, LGA and Philadelphia International Airport (PHL).

CLEANER AIR

Local air quality is an important issue in the communities we serve. As American procures new ground support equipment (GSE), we seek opportunities to purchase equipment with lower emissions. At the end of 2018, 26.1percent of American's mainline and regional GSE fleet was either electric powered or used lower emission propane. Here are some of our recent fleet efforts around the system:

- At BOS, American pledged to replace 115 diesel powered GSE with electric over the next several years
- DCA added five electric pushout tractors and 12 electric belt loaders in 2018 to its existing fleet of almost 100 electric GSE vehicles
- In California, our GSE fleet continues to exceed the annual emission standards
- Our regional carriers continue to add to their fleet of electric GSE. In 2018, almost 50 percent of the new GSE acquired at regional stations was electric powered

BREATHE EASY

The air we breathe in an aircraft is a mix of fresh air and re-introduced air that is continuously filtered and circulated throughout the cabin. All of American's aircraft use HEPA filters that can trap air particles less than a micron in diameter. Several of our long-haul aircraft have carbon activated filters in addition to the HEPA filters which have the benefit of removing gases that can cause odors. We aim to install these additional filters on our remaining fleet.

Think Forward, Lead Forward (continued)

WASTE AND RECYCLING

Managing our waste is not only vital for meeting our environmental compliance commitments, but also for lowering our overall environmental impact. We carefully manage hazardous waste to secure proper disposal, to comply with all regulatory handling and disposal requirements and to ensure team member and public safety.

Stations and maintenance facilities have implemented numerous initiatives to recycle materials, including cardboard, plastic shrink-wrap, scrap metals, aircraft tires, acrylic aircraft windows, used oil, and pallets. We've also implemented a program to reuse the plastic rollers that hold the paper tickets inside the self-service ticket machines at our airlines. After the ticket stock is used, the eight inch plastic rollers are boxed up and returned to our ticket supplier to be used again. In 2018, over 20,000 plastic rollers were returned for reuse, avoiding 6.3 tons of waste.

Our onboard recycling program generates about 400,000 pounds of aluminum cans annually, along with considerable amounts of plastic and paper. All proceeds from our inflight recycling program go to The Wings Foundation, a charitable organization administered by active American Airlines flight attendants to assist fellow flight attendants in critical need of financial assistance due to illness, injury, disability or catastrophic event.

MANAGING WATER RESOURCES

American works to protect local waterways by taking precautions to avoid spilled contaminants and by taking immediate and appropriate steps in the event that a spill occurs. We also have implemented an extensive water testing program to ensure the water loaded on every flight meets the strict drinking standards set by the U.S. Environmental Protection Agency.

Water is used in many of our maintenance processes and we take steps to reduce its use when possible. For example, American washes each aircraft engine at least once a year to improve performance and reduce wear and tear that can occur with the accumulation of dirt and oil. The water used to clean the engines is recycled in a closed loop process by filtering the water and mist leaving the engine to remove contaminants, and reusing it to clean the engine. In addition to avoiding additional water consumption, engine washes can reduce fuel consumption by up to 1 percent.

INNOVATIVE SOLUTIONS

Four years ago, Tulsa's Maintenance and Engineering Center planted more than 500 hybrid poplar trees as part of a remedation project to treat groundwater. This process, called "phytoremediation," uses the inherent capacity of natural systems to purify groundwater without the use of additional chemicals or expensive engineering.

Using a unique ID "barkcode," American personnel continue to evaluate and monitor the phytoremediation system to document its success in controlling groundwater constituents and flow. The minimally invasive, environmentally sensitive strategy has the added benefit of creating a green space for all team members to enjoy.

An environmental engineer takes a poplar tree core sample to evaluate the biological response to phytoremediation.

Performance Tables

Financial Performance[1]	2018	2017	2016
Revenue			
Passenger	40,676	39,131	37,045
Cargo	1,013	890	785
Other	2,852	2,601	2,312
Total operating revenue	44,541	42,622	40,142
Total operating expenses	41,885	38,391	35,082
Operating income	2,656	4,231	5,060
Income tax provision	472	2,113	1,623
Net Income	1,412	1,282	2,584
Basic earnings per common share	$3.04	$2.62	$4.68
Cash dividends declared per common share	$0.40	$0.40	$ 0.40

[1] In millions USD, except per-share amounts.
Source: 2018 Form 10-K

Operational Data	2018	2017	2016
Mainline and Regional			
Revenue passenger miles (millions)	231,160	226,346	223,477
Available seat miles (millions)	282,054	276,493	273,410
Passenger load factor (percent)	82.0	81.9	81.7

Source: 2018 Form 10-K

Operational Performance	2018		2017		2016	
	Mainline	**Regional**	**Mainline**	**Regional**	**Mainline**	**Regional**
On-time performance[1]	78.4%	76.6%	80.3%	77.9%	79.4%	77.9%
Completion factor[2]	98.5%	96.3%	98.6%	97.3%	98.8%	97.0%
Mishandled baggage[3]	3.83		2.95		3.38	

[1] Percentage of reported flight operations arriving less than 15 minutes after the scheduled arrival time.
[2] Percentage of scheduled flight operations completed.
[3] Rate of mishandled baggage reports per 1,000 passengers on domestic operated flights.

Performance Tables (continued)

Environmental Performance	2018		2017		2016	
	Mainline	Regional	Mainline	Regional	Mainline	Regional
Energy						
Total energy consumption[1]						
Jet fuel consumption (millions of gallons)	3,644	428	3,579	371	3,596	339
Electricity consumption (MWhs)	638,424	40,222	658,916	29,777	679,761	24,210
Energy from jet fuel (millions of gigajoules)	518.2	60.8	509.0	52.7	511.3	48.1
Energy from electricity (millions of gigajoules)	2.3	0.1	2.4	0.1	2.4	0.1
Energy intensity (gigajoules per million RTMs)[2]	22.2	47.5	22.3	45.8	23.0	45.9
Direct purchase of renewable energy (millions of gigajoules)	0.17	0.02	0.09	0.02	0.07	0.01
Percent of energy from renewable sources	0.03%	0.04%	0.02%	0.03%	0.01%	0.03%
Emissions						
Greenhouse gas emissions (thousands of metric tons of CO2e)[1]						
Scope 1 (direct)	36,037	4,239	35,391	3,671	35,553	3,360
Scope 2 (indirect – location based purchased electricity)	306	22	310	16	326	15
Scope 3 (indirect – all other)[3]	15,569	9,212	237		214	

[1] In 2018, American and owned regional airlines transitioned to using The Climate Registry methodology to estimate GHG emissions. The 2017 and 2016 GHG and energy-related emissions and data were restated to reflect this change.

[2] This ratio includes energy from jet fuel and electricity.

[3] In 2018, we expanded our measurement of Scope 3 emissions to include additional categories of emissions. As such, 2018 emissions are not comparable to 2016-2017 figures.

Performance Tables (continued)

Environmental Performance	2018		2017		2016	
Mainline	Mainline	Regional	Mainline	Regional	Mainline	Regional
Total normalized emissions[1]						
GHG Intensity (Scope 1 emissions from jet fuel per 1,000 RTMs)	1.53	3.28	1.54	3.16	1.58	3.17
GHG Intensity (Scope 1 emissions per million dollars of revenue)	904		916		969	
Other air emissions (metric tons)						
Nitrous oxide (NOx)[2]	16,864	2,390	15,718	2,279	16,018	2,283
Hydrocarbon (HC)[2]	841	285	896	177	1,031	191
Carbon monoxide (CO)[2]	8,006	3,140	7,986	2,912	8,334	3,016
Sulfur content of jet fuel	992	116	974	101	979	92
Ozone-Depleting Substances	14.5		7.4		14.6	
Hazardous waste (US tons)						
Landfill	607	25	609	27	614	25
Recovery (energy from waste)	135	16	128	17	145	17
Water						
Water use at major facilities, excluding airports (millions of gallons)[3]	457		430		467	
Noise						
Percent of aircraft certified as or meeting Chapter 3 noise limits	100%	100%	100%	100%	100%	100%
Percent of aircraft certified as or meeting Chapter 4 noise limits	97%	100%	95%	100%	94%	100%
Environmental Compliance (Mainline and Regional)						
Amount of environmental fines and penalties (thousands of dollars)	$4.8		$4.8		$54.7	
Number of environmental notices of violation	9		7		9	

[1] In 2018, American and owned regional airlines transitioned to using The Climate Registry methodology to estimate GHG emissions. The 2017 and 2016 GHG and energy-related emissions and data were restated to reflect this change.
[2] From landing/take-off cycles
[3] From municipal water supplies

Performance Tables (continued)

Safety Performance	2018		2017		2016	
Safety data	**Mainline**	**Regional**	**Mainline**	**Regional**	**Mainline**	**Regional**
Injury Rate (Total recordable cases per 200,000 man hours)	9.21	7.55	8.43	8.13	8.12	9.70
Occupational disease rate	1.17	0.30	0.32	0.98	0.30	
Lost Day Rate	5.43	3.88	4.89	3.88	4.62	4.77
Work-related fatalities	0	0				

Community Impact	2018	2017	2016
Global Giving			
Cash[1] donations and in-kind (miles) donations (millions USD$)	35.0	34.8	23.5
Volunteer Support			
Total volunteer hours (thousand hours)	186	155	125

[1] Cash includes cash contributions and the value of mile donations from American and its customers, as well as proceeds from American's charity events.

Gender Diversity	Total		Female		Male	
Employment Contract	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Permanent employees	107,003	106,704	42%	42%	58%	58%
Employment Type						
Full-time	94,635	94,096	40%	40%	60%	60%
Part-time	12,367	12,608	54%	54%	46%	46%
Employees by Region						
US	101,176	100,898	41%	41%	59%	59%
Canada	297	279	54%	56%	46%	44%
Mexico, Caribbean, Latin America	3,967	3,981	60%	61%	40%	39%
Europe and Asia	1,562	1,546	53%	54%	47%	46%

Performance Tables (continued)

Gender Diversity	Total		Female		Male	
Employment Contract	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Employee Category						
Director and above	504	556	33%	31%	67%	69%
Management and professional	12,461	12,767	43%	43%	57%	57%
Administrative	2,650	2,702	78%	78%	22%	22%
Passenger Service	9,978	10,433	75%	74%	25%	26%
Reservations	4,731	5,180	83%	82%	17%	18%
Maintenance and related	14,617	14,483	5%	5%	95%	95%
Fleet Service	17,157	16,838	13%	12%	87%	88%
Pilots	13,671	13,432	5%	5%	95%	95%
Flight Attendants	25,407	24,507	74%	74%	26%	26%
International	5,826	5,806	58%	59%	42%	41%

Performance Tables (continued)

Age Composition of Employees	Total		Female		Male	
Employee Categories	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Under 30 years old	10,147	9,769	55%	52%	45%	48%
From 30-50 years old	30,471	30,796	41%	41%	59%	59%
Over 50 years old	60,558	60,333	39%	38%	61%	62%

Ethnic Composition of U.S. Employees[1]	Self-Identified Minority		Self-Identified Non-Minority		Not Reported / Identified	
Employee Categories	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Director and above	18.7%	17.8%	79.0%	80.6%	2.4%	1.6%
Management and professional	40.4%	39.0%	58.0%	59.8%	1.6%	1.3%
Administrative	47.7%	46.0%	49.8%	52.4%	2.5%	1.6%
Passenger Service	55.6%	54.8%	42.6%	43.7%	1.9%	1.6%
Reservations	56.0%	56.1%	42.9%	42.9%	1.1%	1.0%
Maintenance and related	28.2%	27.1%	70.2%	71.5%	1.6%	1.4%
Fleet Service	57.5%	57.1%	38.1%	38.7%	4.4%	4.2%
Pilots	7.9%	7.3%	85.0%	90.2%	7.1%	2.6%
Flight Attendants	30.6%	30.1%	65.9%	68.7%	3.5%	1.2%

[1] Mainline employees only. Diversity data is for U.S. workforce only since diversity tracking is prohibited by law in some other countries.

Performance Tables (continued)

New Employee Hires[1]	2018	2017
Total	6,471	6,783
New Employee Hires by Region		
US	5,930	5,913
Canada	48	45
Mexico, Caribbean, Latin America	277	552
Europe and Asia	216	273
New Employee Hires by Gender		
Female	2,961	2,871
Male	3,510	3,912

[1] Excludes contingent workers and interns

Employee Turnover	Employee Turnover[1]		Turnover Rate[2]	
	2018	**2017**	**2018**	**2017**
Voluntary	4,010	3,415	3.7%	3.2%
Involuntary	1,855	1,063	1.7%	1.0%
Total	5,865	4,479	5.5%	4.2%
Turnover by Region				
US	5,328	3,744	5.3%	3.7%
Canada	38	36	8.5%	8.8%
Mexico, Caribbean, Latin America	292	248	6.8%	5.7%
Europe and Asia	207	192	13.2%	11.9%
Turnover by Gender				
Female	2,632	1,750	5.9%	3.9%
Male	3,233	2,500	5.2%	4.0%

[1] Excludes contingent workers and interns
[2] Turnover rate = total terminations count/total headcount

About this Report

Thank you for your interest in our 2018 Corporate Responsibility Report, which reflects the operations of the American Airlines Group for the 2018 calendar year ending Dec. 31, 2018. This report has been prepared in accordance with the GRI Standards: Core option. We also include additional information and data on our business operations that is relevant to our stakeholders. GRI Standards disclosures can be found in our GRI Content Index on pages 42-47.

EXTERNAL ASSURANCE

SCS Global, a leader in third-party environmental auditing and greenhouse gas management, verified our Scope 1 and 2 emissions. The external assurance statement for our 2018 emissions can be found on page 48.

Visit our website at aa.com.

For inquiries, contact mediarelations@aa.com.

GRI Content Index

GRI 102: GENERAL DISCLOSURES 2016*		
Disclosure	**Description**	**Cross-Reference or Answer**
Organizational Profile		
102-1	Name of the organization	American Airlines Group Inc.
102-2	Activities, brands, products and services	American Airlines Group (AAG) is a holding company whose primary business activity is the operation of a major network carrier through its principal wholly-owned mainline operating subsidiary, American.
		About American Airlines, page 2
		2018 10-K, pages 5-8
102-3	Location of headquarters	Fort Worth, Texas
102-4	Location of operations	Where We Fly
102-5	Ownership and legal form	American Airlines Group Inc. (AAG), a Delaware corporation, is a holding company and its principal, wholly-owned subsidiaries are American Airlines, Inc. (American), Envoy Aviation Group Inc. (Envoy), Piedmont Airlines, Inc. (Piedmont), and PSA Airlines, Inc. (PSA).
		2018 10-K, page 5
102-6	Markets served	Together with our wholly-owned regional airline subsidiaries and third-party regional carriers operating as American Eagle, our airline operates an average of nearly 6,700 flights per day to nearly 350 destinations in more than 50 countries. As of Dec., 2018, we operated 956 mainline aircraft and are supported by our regional airline subsidiaries and third-party regional carriers, which operated an additional 595 regional aircraft. American is a founding member of the oneworld alliance, whose members and members-elect serve nearly 1,000 destinations with 14,250 daily flights to 150 countries. Our cargo division provides a wide range of freight and mail services, with facilities and interline connections available across the globe.
102-7	Scale of the organization	2018 10-K, pages 5-14
102-8	Information on team members and other workers	Workforce and Diversity performance table, pages 37-39
102-9	Supply chain	Supply Chain, page 26
102-10	Significant changes to the organization and its supply chain	Supply Chain, page 26
102-11	Precautionary principle or approach	American has not adopted the precautionary principle approach but has a comprehensive risk management plan in place. See page 27.
102-12	External initiatives	American Airlines supports and subscribes to the following externally-developed initiatives: Airlines for America, CDP, Chief Executives for Corporate Purpose, Commercial Aviation Alternative Fuels Initiative, FTSE4Good, Human Rights Campaign Equality Index, IATA, Regional Airline Association.
102-13	Membership of associations	Association Memberships, page 4

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GRI Content Index (continued)

GRI 102: GENERAL DISCLOSURES 2016*		
Disclosure	**Description**	**Cross-Reference or Answer**
Strategy		
102-14	Statement from senior decision-maker	Message from our CEO, page 3
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Code of Ethics Risk Management, page 27
Governance		
102-18	Governance structure	Corporate Governance
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, pages 5-6
102-41	Collective bargaining agreements	Approximately 84% of employees are covered by CBAs with various labor unions. 2018 10-K, page 8
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, page 5-6
102-43	Approach to stakeholder engagement	No engagement was undertaken specifically as part of this report. Stakeholder Engagement, pages 5-6
102-44	Key topics and concerns raised	Stakeholder Engagement, pages 5-6
Reporting Practice		
102-45	Entities included in the consolidated financial statements	A. American Airlines, Inc., Envoy Aviation Group Inc., PSA Airlines, Inc., and Piedmont Airlines, Inc. B. Regional airlines and operations (including our wholly-owned subsidiary Envoy) are not covered in this report, unless otherwise noted.
102-46	Defining report content and topic boundaries	In selecting the content for inclusion in our 2018 report, we have used the Global Reporting Initiative (GRI) reporting principles of materiality, sustainability context, stakeholder inclusiveness, and completeness. Materiality, page 7

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GRI Content Index (continued)

GRI 102: GENERAL DISCLOSURES 2016*		
Disclosure	**Description**	**Cross-Reference or Answer**
Reporting Practice		
102-47	List of material topics	• Diversity and Equal Opportunity • Non-discrimination • Energy • Labor/Management Relations • Economic Performance • Occupational Health and Safety
		Materiality, page 7
102-48	Restatements of information	American adopted three new accounting standards as of January 1, 2018, which requires a restatement of financial data. We have also updated our methodologies for tracking and measuring environmental metrics and data may differ from prior years.
102-49	Changes in reporting	This is our first report aligned with our material issues and our first report adhering to the GRI at the "Core in accordance" level.
102-50	Reporting period	Calendar year 2018
102-51	Date of most recent report	Calendar year 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	American Airlines Media Relations, mediarelations@aa.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI Content Index	GRI Content Index, pages 42-47
102-56	External assurance	About this Report, page 41

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GRI Content Index (continued)

GRI 103: TOPICS AND TOPIC BOUNDARIES 2016*		
Material Topic	**Management Approach**	**Relevant External Entities**
Organizational Profile		
GRI 201: Economic Performance 2016	Build American Airlines to Thrive Forever, page 24	Communities, Customers, Policymakers, Investors, Suppliers
GRI 302: Energy 2016	Sustainable Operations, page 30	Communities, Customers, Policymakers, Investors, Suppliers
GRI 402: Labor Management/Relations 2016**	Labor Relations, page 13	Communities, Customers, Policymakers, Investors, Suppliers
GRI 403: Occupational Health and Safety 2016**	Team Member Safety, page 14	N/A
GRI 405: Diversity and Equal Opportunity 2016**	Inclusion and Diversity, page 15	N/A
GRI 406: Non-discrimination 2016**	Inclusion and Diversity, page 15	N/A

GRI 200-400: TOPIC-SPECIFIC DISCLOSURES 2016*			
Topic	**Disclosure**	**Description**	**Cross-Reference or Answer**
Economic			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Performance table, page 34
	201-2	Financial implications and other risks and opportunities due to climate change	2018 10-K, pages 13-14, 28-29
			Sustainable Operations, page 30
GRI 203: Indirect Economic Impacts 2016**	203-1	Infrastructure investments and services supported	Investing in Our Facilities, page 24
	203-2	Significant indirect economic impacts	Community Impact table, page 37
GRI 206: Anti-Competitive Behavior 2016**	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2018 10-K, page 39
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental Performance table, page 35
	302-3	Energy intensity	Environmental Performance table, page 35
	302-4	Reduction of energy consumption	Environmental Performance table, page 35
GRI 303: Water 2016**	303-1	Water withdrawal by source	Environmental Performance table, page 35

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**Additional disclosures not related to material GRI topics.

GRI Content Index (continued)

GRI 200-400: TOPIC-SPECIFIC DISCLOSURES 2016*			
Topic	**Disclosure**	**Description**	**Cross-Reference or Answer**
Economic			
GRI 305: Emissions 2016**	305-1	Direct (Scope 1) Emissions GHG emissions	Environmental Performance table, page 36
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Performance table, pages 35-36
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Performance table, pages 35-36
	305-4	GHG emissions intensity	Environmental Performance table, pages 35-36
	305-5	Reduction of GHG emissions	Environmental Performance table, page 36
	305-6	Emissions of ozone-depleting substances (ODS)	Environmental Performance table, page 36
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental Performance table, page 36
GRI 306: Effluents and Waste 2016**	306-2	Waste by type and disposal method	Environmental Performance table, page 36
GRI 307: Environmental Compliance 2016**	307-1	Non-compliance with environmental laws and regulations	Environmental Performance table, page 36
GRI 401: Employment 2016**	401-1	New employee hires and employee turnover	Workforce Performance table, page 40
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Our employees are regularly informed about changes affecting their work and American's operations.
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety Performance table, page 37
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Talent Management, pages 9-10
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Workforce and Diversity table, pages 37-39

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**Additional disclosures not related to material GRI topics.

GRI Content Index (continued)

GRI 200-400: TOPIC-SPECIFIC DISCLOSURES 2016*			
Topic	**Disclosure**	**Description**	**Cross-Reference or Answer**
Economic			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	American treats this data as confidential company information. Examples of how we are incorporating inclusion and diversity into our culture can be found on page 15.
GRI 412: Human Rights Assessment 2016**	412-2	Employee training on human rights policies or procedures	Risk Management, page 28
GRI 413: Local Communities 2016**	413-1	Operations with local community engagement, impact assessments, and development programs	Community Impact, page 17
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Managing Data Privacy, page 28

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**Additional disclosures not related to material GRI topics.

External Assurance Statement

GHG Verification Statement

VERIFIED by SCS GLOBAL SERVICES
CARBON FOOTPRINT

Verification Scope

The SCS Greenhouse Gas Verification Program has conducted a verification of American Airlines Group, Inc. (AAG), EY2018 GHG emissions based upon the following scope:

- Geographic Boundary: 150 domestic airports and 100 international airports, 20 maintenance facilities, 15 cargo facilities, 15 vehicle shops, 5 reservation offices, AAG main campus headquarters (5 buildings) and about 5 credit union locations
- Boundary: Operational control of wholly-owned airlines (includes 3 regional carriers under American Eagle)
- Emissions Scope: Scope 1 & 2
- Emissions: CO2, CH4, N2O, HFCs
- Sources, Sinks, Reservoirs: Scope 1 emissions includes jet fuel from flights, jet fuel from engine tests, diesel/gasoline/LP from ground equipment, natural gas and heating oil associated with heating facilities, and GHGs included in our purchased chemicals. Scope 2 emissions includes electricity
- Level of Assurance: Limited
- Materiality: +/-5% quantitative threshold for direct and indirect emissions, qualitative based upon requirements specified within referenced criteria

Verification Objectives

- Evaluate the organization's GHG inventory based per the level of assurance and materiality specified, including assessment of any significant changes and the organization's GHG-related controls
- Evaluate conformance with specified verification criteria

Verification Criteria

- TCR General Reporting Protocol for the Voluntary Reporting Program, Version 2.1, January 2016
- TCR General Reporting Protocol for the Voluntary Reporting Program, Updates & Clarifications March 2018
- ISO 14064-3: 2006 Specification with guidance for the validation and verification of GHG assertions

Verification Opinion

Based upon the reporting scope, criteria, objectives, and agreed upon level of assurance, SCS has issued the following verification opinion:

☒ Positive Verification – Prepared in all material respects with the reporting criteria

Signature: Tavio Benetti
Lead Verifier: *Tavio Benetti*
Approved: *May 3, 2019*

Signature:
Independent Reviewer: *Nicole Muñoz*
Approved: May 9, 2019

EMISSIONS SUMMARY (tonnes CO2e)					TOTAL (tCO2e)
SCOPE	CO_2	CH_4	N_2O	HFCs	
SCOPE 1	39,887,028.43	360.61	335,252.16	53,812.00	40,276,453.20
SCOPE 2 (Location)	326,540.00	681.00	1,196.00	-	328,417.00
SCOPE 2 (Market)	326,540.00	681.00	1,196.00	-	328,417.00
TOTAL (Location)	40,213,568.43	1,041.61	336,448.16	53,812.00	40,604,870.20
TOTAL (Market)	40,213,568.43	1,041.61	336,448.16	53,812.00	40,604,870.20

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended (the Securities Act), the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about our plans, objectives, expectations, intentions, estimates, and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on our current objectives, beliefs, and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth in our Annual Report on Form 10-K for the year ended December 2018 (especially in Part I, Item 1A. Risk Factors, and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations), and other risks and uncertainties listed from time to time in our other filings with the Securities and Exchange Commission. There may be other factors of which we are not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. We do not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions, or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statements.

ANNEX I

*We use pretax profit and net profit excluding special items (non-GAAP financial measures) to evaluate the company's current operating performance and to allow for period-to-period comparisons. We believe these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measure of other companies and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP.

[1] Reconciliation to GAAP Net Income:

E. Pretax Income	$1.9B
K. Income Tax Provision (E x 24%)	-$454M
J. GAAP Net Income (E + K)	**$1.4B**