



2011 Corporate Responsibility Report

Information from American Airlines' Corporate Responsibility Website¹ as of 1/9/13

¹ <http://www.aa.com/i18n/aboutUs/corporateResponsibility/main.jsp>

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I. Corporate Responsibility

A. Responsibility Comes First



With almost 88,000 full-time and part-time employees worldwide, we understand that our responsibility as a global citizen begins with our people and extends to communities around the world. Our sustained investment in responsible business practices takes many forms—from ethical governance to our commitment to diversity and inclusion, to our focus on safety, the environment, and giving back to our communities. We continuously strive to make a positive impact in the lives of our customers, employees, shareholders, and in the communities and environments where we live, work and play.

II. Message From The CEO

A. Message from Tom Horton, Chairman, President and CEO of AMR Corporation and American Airlines

2011 was a year of major transformation — and the beginning of a new chapter in the history of American Airlines.

On November 29, 2011, after much deliberation, the AMR Corporation Board of Directors moved to pursue a restructuring of the company. This was a difficult but necessary first step to restore American to industry leadership, profitability and growth as America's Flag Carrier. While the restructuring process will necessitate some painful decisions, I believe that it will leave us in a stronger position going forward and create the best outcome for the greatest possible number of people. American's goal is to complete a successful restructuring and put us on the path to renewal and growth as quickly as possible. Our confidence is rooted in the fact that, even before we began the restructuring process, we had the foresight to put into place several important building blocks for long-term success.

We have:

- Refocused our network on five cornerstone markets in the United States, with hubs in Dallas/Fort Worth, New York, Los Angeles, Chicago and Miami serving as gateways to hundreds of domestic and international locations and links to the networks of our global partners.
- Solidified American's alliances and partnerships with leading airlines around the world, which has allowed us to launch new routes, expand our reach and broaden our customer offerings.
- Announced in July 2011 the largest aircraft order in the history of the industry — one that promises to revitalize our fleet. We made a deal to take delivery of 460 Airbus and Boeing narrowbody jets between 2013 and 2022 — with options for 465 additional aircraft — putting us on track to have the youngest, most fuel-efficient fleet among our U.S. industry peers in roughly five years.
- Continued to introduce a host of innovative products and services to enhance the travel experience for our customers and position American as the premier airline of high-value travelers.

Despite laying these important building blocks for our future growth, we were unable to fully overcome the challenges of achieving a competitive cost structure and restoring American to a position of profitability. Quite simply, we have had a substantial cost disadvantage compared to our major competitors, who have used the restructuring process to overhaul their companies and become more competitive in every aspect of their businesses. This cost disadvantage, along with an uncertain economy and revenue picture, intense competition and volatile fuel prices, proved to be an insurmountable obstacle in meeting our strategic objectives.

Over the coming months, we will be moving quickly to implement major changes to our business to become a more flexible and efficient airline that better delivers for customers. This process has already begun and I invite you to [review our business plan](#) and follow our progress at www.restructuringamr.com.

While we go through reorganization and renewal, there will be significant changes at American. But one thing that will remain the same is our unwavering commitment to the values that have always defined American Airlines. We remain devoted to the highest standards of customer safety, security and satisfaction; energy efficiency and greenhouse gas emissions reduction; working to foster diversity and greater inclusion; maintaining strong relationships with all of our employees; and having a positive impact in the communities where we work, live and play.

We are humbled and honored to see our efforts receiving outside recognition. For the second year in a row, we were named the "Greenest" U.S. airline in the prestigious Newsweek Green Rankings. We also recycled over 10 million pounds of waste and cut our fuel use by 141 million gallons. For the 10th consecutive year, we achieved a 100 percent score on the Human Rights Campaign Corporate Equality Index. We launched numerous customer experience enhancements and reinvested in our fleet. Our commitment to communities was exemplified by a tremendous outpouring of employee and customer support in the wake of the Japanese earthquake and tsunami as well as by our continued contributions to a number of charitable organizations and our company-wide initiatives in support of veterans and military service members.

Finally, the safety of customers and our people is our most basic responsibility as an airline. We are more committed than ever to eliminating serious injuries and the potential for harm in our day-to-day operations. That's why we are redoubling our efforts to instill a safety culture at American and American Eagle through our *Partnership for Safety* and *Safety Starts with Me* initiatives.

For more than 80 years, American has fostered a proud tradition of serving not only the flying public, but also our employees and the communities that we call home. We have sought out the latest innovations, the best economic opportunities and the customer offerings that make flying on American a unique and memorable experience. We've always done so with a firm belief that these basic business principles must go hand-in-hand with an ironclad set of values and responsibilities. It is the continued adherence to these principles and values that points the way forward to a brighter future for American Airlines and all of its stakeholders.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'T' followed by the letters 'om'.

III. Performance And Goals

Commitment to Corporate Responsibility — Performance and Goals



We are proud of the progress we've made toward meeting our 2011 goals and in achieving recognition for excellence in customer service and safety, environmental performance, diversity and inclusion, and community engagement. Although we anticipate many changes in 2012 as a result of restructuring, we look forward to delivering on our steadfast commitment to corporate responsibility as we restore American Airlines to industry leadership, profitability and growth as America's Flag Carrier.

Customers

We seek to earn customer loyalty by meeting or exceeding our customers' expectations.

2011 Goals	Progress	2012 Goals
Further advance certification levels across all operational groups with regard to the FAA's safety management system (SMS) program	Achieved Level 2 certification for all operational departments included in our SMS program, with our Flight Services department now certified at Level 3	Advance beyond Level 2 in 2012 for all departments associated with our SMS Continue to improve our SMS to meet updates to Federal requirements
Continue improving on-time arrival and departure rates	Achieved our second best on-time arrival performance in the past five years American Eagle achieved a performance of just 0.7 percentage points under its best performance in five years	Focus investments in maintenance, airport resources and technology to improve on-time arrival and baggage handling
Continue to roll out enhancements to improve the customer travel experience, such as new technology that improves customer productivity	Announced a historic investment in fleet renewal, placing an order for 460 new Boeing and Airbus narrowbody planes to be delivered through 2022 Provided customers with access to more personalized flight options and amenities such	Continue to develop and deploy customer travel innovations Provide additional options to allow for customization of the travel experience for our Main Cabin customers

2011 Goals	Progress	2012 Goals
	as Preferred Seats, Inflight Wi-Fi and Priority Boarding	Focus investments to target Premium Customers
Further develop our joint business with British Airways, Iberia and Japan Airlines to provide a more seamless product for our customers	Commenced our joint business with Japan Airlines and deepened our cooperation with oneworld® partner Qantas Airways Increased codesharing with Cathay Pacific Expanded service at our cornerstone hubs with new domestic and international routes	Continue to strengthen our global network to serve customers' travel and connectivity needs Add airberlin to the oneworld alliance in 2012
Maintain focus on the Customer Blueprint by leveraging teams dedicated to Customer Experience Leadership	Paid \$8.6 million in rewards to 67,000 employees for their exceptional customer service	Improve the Customer Experience as demonstrated by key metrics resulting in greater financial rewards for employees
Environment		
<i>We act as good environmental stewards and implement innovative ideas and wise investments to minimize our environmental footprint.</i>		
Continue pursuit of excellence in environmental stewardships and disclosure	Received the best ranking, for the second year in a row, among U.S. airlines on <i>Newsweek's</i> annual Green Rankings list of the 500 largest publicly traded companies in America. American Airlines moved from No. 111 to No. 49, and was the top company in the transportation and logistics category	Enhance our reputation as an industry leader in environmental performance
Achieve a 134 million gallon annual rate of fuel savings through our Fuel Smart program	Exceeded our 2011 Fuel Smart goal by achieving an annual fuel savings rate of 141 million gallons Achieved greater fuel efficiency by optimizing our route selection, reducing fuel use, and by optimizing savings from existing initiatives	Achieve a 146 million gallon annual rate of fuel savings through our Fuel Smart program
Increase Utility Management Council energy savings to \$12.5 million annually	Met our goal of increasing energy savings to \$12.5 million annually Expecting to achieve the LEED® Silver certification of Admirals Club lounge renovation at San Francisco International Airport	Increase Utility Management Council energy savings to \$13 million annually
Implement initiatives that	Implemented initiatives that reduced waste by	Implement data collection

2011 Goals	Progress	2012 Goals
reduce waste by 326,800 lbs. annually, which is the weight of a B777	1.3 million pounds annually (exceeded goal by almost 1 million pounds)	systems to better track waste minimization efforts
Maintain progress in improving CO ₂ efficiency of aircraft by an average of 1.5 percent annually between 2005 and 2025	<p>Received FAA approval for cockpit use of iPads, saving paper and fuel</p> <p>Ordered 460 narrowbody jets from Airbus and Boeing to be delivered 2013 through 2022, putting us on track to have the youngest, most fuel-efficient fleet in North America in roughly five years</p> <p>Retired 21 MD-80 aircraft from service and introduced 15 Next-Generation Boeing 737-800s to our fleet</p>	<p>Achieve an Annualized Waste Minimization Rate of two million pounds</p> <p>Continue improving CO₂ efficiency of aircraft by an average of 1.5 percent annually between 2005 and 2025</p>
Employees		
<i>We strive to make our company a good place for good people to work and build a career by creating and maintaining a safe, collaborative, inclusive and respectful work environment.</i>		
Maintain our reputation as an industry leader in workforce diversity	<p>Achieved a 100 percent rating on the HRC Corporate Equality Index for the 10th consecutive year</p> <p>Received the Diversity Council Honors Award from the Association of Diversity Councils. American Airlines was the only airline to be listed as having one of the nation's top 25 diversity councils</p> <p>Recognized for exceptional diversity and inclusion performance by organizations including Black Enterprise, <i>Equal Opportunity Magazine</i> and <i>Diversity MBA Magazine</i>. View our full list of 2011 awards</p>	Continue investing in enhancing workforce diversity
Increase employee engagement in American's health and wellness program, <i>Healthmatters</i>	Introduced onsite wellness screenings to identify risks for diabetes, cholesterol and high blood pressure. Provided education about these chronic conditions. Deployed a public website to encourage spouse and domestic partner participation	Reach 40 percent employee participation rate in wellness programs, including health assessment and screenings
Enhance employee safety by expanding Partnership for Safety, American's employee safety program, to include additional departments	<p>Re-engineered Partnership for Safety to reflect our evolving approach to safety integration</p> <p>Strengthened external relationships with OSHA and other partners and established provisions for greater clarity around safety oversight</p>	<p>Implement an integrated safety refresher training for all management employees</p> <p>Reduce Lost Work Case injuries by five percent year-over-year</p>

2011 Goals	Progress	2012 Goals
	Achieved strong safety performance results, including a 13 percent year-over-year reduction in employee injuries and no repeat OSHA citations for the year	Receive no OSHA repeat citations in 2012
	Experienced one fatality when a ramp operator failed to properly engage a safety device and was fatally injured by a piece of heavy machinery	Redouble efforts toward goal of zero fatalities, and limit the number of accidents and injuries
Expand leadership training to include additional operational management levels	Offered the Leadership: Improving the Future Together (LIFT) training course for the second consecutive year, benefiting 786 employee participants American Airlines has been rated one of the 20 best companies for Leadership Development Programs in large corporations by <i>Leadership Excellence Magazine</i>	Maintain quality leadership training that is valued by employees. Achieve at least 75 percent of students rating leadership learning experience as excellent or very good
Continue bargaining in good faith with our labor unions	Continued collective bargaining negotiations in good faith with three primary labor unions Following the restructuring announcement, worked to put together comprehensive labor proposals to achieve necessary cost savings	Progress on our business plan to restore American to industry leadership, profitability and growth Create the best outcome for the greatest possible number of people
Communities		
<i>We are a part of the communities we serve and are deeply committed to supporting important causes and local economic development.</i>		
Continue investing in new infrastructure projects and upgrades to existing facilities	Completed construction of an Admirals Club lounge at San Francisco which is anticipated to receive the prestigious LEED® Silver certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design Made upgrades and improvements to airport facilities at Los Angeles International (LAX), New York LaGuardia (LGA), London Heathrow (LHR), Mexico City (MEX) and Brasilia, Brazil (BSB)	Continue investing in new infrastructure projects and upgrades to existing facilities
Continue to support	Continued with diversity mandates for Tier 1	Expand and strengthen the

2011 Goals	Progress	2012 Goals
supplier diversity efforts among key suppliers	suppliers	Diversified Supplier Program in cornerstone markets
Increase employee participation in the American Giving program	Employee contributions made through the American Giving program dropped slightly, to \$962,000 in payroll pledges Volunteer hours increased from 38,000 in 2010 to 41,000 in 2011	Reach \$1 million in donations through American Giving Increase reported volunteer hours to 50,000 Increase by 10 percent overall participation in both employee giving and volunteering
Maintain American's support for our four primary giving focus areas: Susan G. Komen for the Cure®, veterans, kids and community	Maintained support for our four primary giving focus areas: Susan G. Komen for the Cure, veterans, kids and community	Continue support for American's four primary giving focus areas Expand Kids in Need SM program to include all children's charities under the Kids in Need umbrella
Increase the number of customers who are aware of and participate in customer giving initiatives	Total customer giving in 2011 valued at \$7.3 million Included messaging in monthly customer communications Included cause-related ads in inflight magazines, such as <i>American Way</i> , <i>Celebrated Living</i> , <i>Nexos</i> and <i>Lattitudes</i>	Continue customer messaging, promotions and general awareness campaigns Promote customer giving through social media channels
Continue to support community disaster relief efforts in times of need	Continued disaster relief efforts, focused on Japanese tsunami, Haitian earthquake and U.S. tornado and hurricane cleanup efforts AAAdvantage® members contributed more than \$1.8 million to Red Cross relief efforts that aided victims of earthquakes, hurricanes, tornados, and wildfires around the world	Engage communities to help them better prepare for disaster relief efforts Stand ready to launch programs immediately in times of need, though we sincerely hope significant disasters do not occur in 2012

View a [complete list of awards and recognition](#) received in 2011.

IV. Customers

A. Progress

Delivering an Exceptional Customer Experience

American Airlines is focused on creating an exceptional customer experience throughout the entire travel journey. We continue to find new ways to listen to our customers as we seek to deliver what they value most – a more comfortable travel experience, the ability to stay connected and entertained, and seamless access to a large, global network. At the heart of all we do is continuing to earn the satisfaction and loyalty of our customers.

Highlights from our customer engagement and satisfaction initiatives in 2011 include:

Strengthening Our Safety Management System

- Through close cooperation with the Federal Aviation Administration (FAA) and Department of Homeland Security, we enhanced our SMS to maximize flight safety for our customers, improve collection of safety data, and streamline airport security measures.

Addressing Customers' Concerns And Interests

- American has improved performance in several areas important to our customers, including:
 - Automation of services to make traveling less stressful
 - Improved bag handling
 - More seamless travel experience with alliance partners
- For the second year in a row, American Airlines was **ranked among the most innovative companies** in the U.S. by *InformationWeek* for delivering automation solutions that improve the customer experience.

Expanding Our World-Class Product And Service Offerings

- We announced a **significant investment in fleet renewal**, placing an order for 460 new Boeing and Airbus narrowbody planes – the largest aircraft order in U.S. aviation history. These new aircraft will enable us to offer customers improved reliability and state-of-the-art amenities, such as inflight entertainment, increased overhead storage, reduced noise and more spacious cabins.
- We have increased our global reach through **strengthened alliances and partnerships**. In 2011, American commenced our joint business with Japan Airlines, further strengthening our presence in Asia. Additional alliance agreements were announced in 2011, including formal government approval of our joint business with Qantas Airways, broadening American's connectivity throughout North America, China, Europe, the Middle East, South America and the South Pacific. For more information on our routes and networks, please visit the [AMR Corporation at a Glance](#) section of this report.
- Customers can personalize their trip with more options than ever before through the Your ChoiceSM menu. Options such as Preferred Seats, Inflight Wi-Fi and Priority Boarding, Five Star Service and Admirals Club® one-day pass or memberships may be purchased online, a la carte or in packages.
- Our customers redeemed more than 166 billion AAdvantage® miles to claim awards for flights, upgrades, car rentals, hotel stays, auctions and merchandise.

Building Upon Our Culture Of Service

- We brought more **personalized travel experiences** tailored to American Airlines and American Eagle customers through the work of our Customer Experience teams.
- We recognized employee achievement by paying \$8.6 million in rewards to 67,000 employees for their exceptional customer service.

B. Safety & Security

At American, the safety and security of our employees and customers is our top priority. We continually seek ways to enhance programs, systems and processes, and work in close cooperation and collaboration with governmental and industry agencies. We depend on all employees — from senior management to individual ground and flight crew members — to remain vigilant and adaptable so that we can successfully address the ever-changing global security climate and fully leverage the flight and customer safety processes and technologies we have in place.

1. Safety Oversight at American

Our safety team is responsible for administering our corporate Safety Management System throughout the organization. The team analyzes the overall safety performance of our maintenance and inflight operations and is working toward the development of a Fatigue Risk Management System to mitigate pilot fatigue.

In 2011, updates to our Safety Management System (SMS) for American Airlines resulted in critically improved processes for:

- Inflight safety procedures
- Data collection
- Safety and security training

Increased stringency in these areas has yielded tangible results for customer and aircraft safety at American. In 2011, we safely transported more than 100 million customers to their final destinations without a serious incident.

2. Achieving FAA Certification

Through the evolution of our SMS, the Federal Aviation Administration (FAA) has been an indispensable partner in helping to identify safety and security issues. The FAA has introduced an SMS pilot project, in collaboration with many U.S. airlines including American, to identify industry best practices for implementation of safety management systems. This voluntary project establishes four levels of SMS to facilitate ongoing improvements.

In 2011, American Airlines moved to Level 2 SMS implementation for all operational departments. It is our goal to advance all departments associated with our SMS to Level 4 certification in 2012.

FAA SMS Certification Levels

- Level 1:** Complete a detailed gap assessment — comparing actual safety procedures with the objectives of their SMS – and then develop an action plan to address key shortcomings.
- Level 2:** Document SMS processes; initiate confidential employee reporting; provide SMS training for staff directly involved with SMS process and initiate training to other employee groups; apply Safety Risk Assessment to at least one known hazard; and update the gap assessment and implementation plan.
- Level 3:** Demonstrate that all SMS processes and procedures have been applied to at least one existing hazard. Complete all employee training on SMS.
- Level 4:** Continuously improve SMS processes. Refine predictive analysis to prevent unintended consequences from safety hazards.

3. Ensuring Flight Readiness

In 2011, the FAA released updated flight crew duty and rest requirements, aimed at minimizing incidents associated with pilot fatigue. The new rules, which will go into effect within two years, create a workday time limit for pilots depending on the type of flight and time of day a flight begins. A minimum rest period of 10 hours between shifts will be imposed, an increase of two hours over the previous minimum.

The new rule also includes a provision that allows airlines to develop a Fatigue Risk Management System (FRMS). FRMS provides an airline with an alternative way of mitigating fatigue based on data and methods validated by the FAA and continuously monitored.

In an effort to draw the best possible safety benefits from this new legislation, American hired a fatigue risk manager in 2011, whose role is to develop and implement the FRMS. Many of the components of FRMS have already been initiated at American, including a fatigue policy, reporting system, education program and Fatigue Review Committee.

In 2012, our goal is to fully implement FRMS in preparation for approval by the FAA. Implementation will ensure the proper management of risk associated with pilot fatigue, and will position American to take advantage of the provision that allows carriers to fly outside of the prescriptive rules for Flight and Duty Time using FRMS.

4. Partnering with Homeland Security

While it is imperative that we do all we can to ensure a fully secure travel experience for our customers and crewmembers, we also understand that customers deeply appreciate efficient and respectful screening procedures at security checkpoints. To this end, American and American Eagle collaborated with the Department of Homeland Security in 2011 to conduct testing of new security screening methods at our key hubs.

- **Pre-Check and Known Crewmember** — These risk-based security screening initiatives offer selected crewmembers and frequent travelers the option of expedited screening. Originally available at Dallas/Fort Worth (DFW) and Miami International Airport (MIA), these programs will be expanded to additional U.S. airports in 2012. American was one of two carriers to pilot test this program.
- **Global Entry (GE)** — Frequent American Airlines international travelers re-entering the United States can participate in the U.S Customs and Border Protection program that allows expedited clearance of pre-approved, low-risk travelers upon arrival in the United States. American has promoted GE participation through various marketing campaigns targeting over 900,000 potential customers in 2011 in an effort to improve the international arrival experience.

American is also coordinating with the Department of Homeland Security to reduce travel interruptions caused by lengthy waits during the customs clearing process. In 2011, American expanded its Express Lane at all U.S. international gateway airports. Customers at risk of missing their connecting flights are given a card that grants them access to a special passport clearance lane, and allows them "front of the line" access to clear TSA security screening.

5. Focusing on Dangerous Goods

Many items are regulated by the Department of Transportation as Dangerous Goods due to their potential inflight risk if not handled properly. Managing the transportation of Dangerous Goods is an interdepartmental effort, bringing together insights and expertise from environmental, security and logistics professionals within our company. In 2011, American's Dangerous Goods department was expanded to have greater management-level representation.

Department initiatives in 2011 included:

- Focused efforts on ensuring all Dangerous Goods are properly declared
- Further automated required pilot notification of Dangerous Goods shipments to enhance safety and facilitate compliance with regulations
- Worked with regulators to develop policies and procedures that ensure the highest level of safety without impeding the transport of Dangerous Goods

Many common items have the potential to be dangerous due to leaks, fumes or fires caused by temperature and pressure changes experienced during flight. Read more about [items that are restricted for travel](#), or that must be declared to the airline prior to flight.

6. Responding to Disasters and Emergencies

In 1993, American Airlines established its [Customer Assistance Relief Effort \(CARE\)](#) to provide compassionate, professional support and act as a liaison to passengers and families affected by aviation incidents, natural disasters and other emergency situations. The CARE program is made possible by a dedicated base of American Airlines and American Eagle volunteers who may be called upon, at any time, to assist with relief efforts around the world. With more than 1,260 volunteers speaking more than 50 languages, CARE has grown consistently since its inception, and has provided support to thousands of disaster victims.

In 2012, we plan to make further investments in the CARE program:

- Demonstrate corporate emergency response capability and preparedness by conducting small- and large-scale corporate emergency exercises, including collaborative drills with **oneworld®** alliance partners
- Expand recruitment efforts for the CARE team through regional workshops and engagement with Employee Resource and Diversity groups
- Enhance internal communication and visibility and increase training opportunities by expanding the use of computer-based training

7. Ensuring Passenger Health and Safety Onboard Our Flights

In the event that customers experience medical emergencies during flight, we are ready to step in and provide immediate care and assistance. While the majority of customers and crewmember injuries we encounter are minor – typically associated with turbulence while moving around the cabin or sitting without seatbelts – we are prepared for more serious health and safety incidents such as cardiac emergencies. In 1997 American was the first U.S. airline to install Automated External Defibrillators (AEDs) on its overwater aircraft fleet, and to provide lead flight attendants (Pursers) with training on how to utilize this state-of-the-art lifesaving equipment. To supplement onboard safety equipment and training expertise, American maintains a medical advisory staff, available 24 hours a day, to provide remote consultation to flight crews encountering emergency medical situations.

Every year these emergency preparedness measures save lives, and to honor those involved, American Airlines presents Golden Heart Awards to employees who assist customers in need with the use of an AED. In addition, the American Spirit Award is presented to Flight Attendants who demonstrate exemplary performance in cabin safety, medical and security events. These situations require critical thinking and quick reaction while simultaneously demanding professionalism, leadership and teamwork to avoid loss of life.

C. Listening to Customers

1. Gathering Customer Feedback

American Airlines always welcomes customer feedback as we seek to evolve our product and service offerings in ways most valued by our customers. We seek and collect customer input in a variety of ways, including listening to our employees who talk to and interact with our customers on a daily basis. This engagement takes place on multiple fronts – both online and in person – and we have developed many tools to stay connected with our customers' ideas, opinions and experiences. Our Customer Relations team responds to customers and channels their feedback to the proper departments within our company.

2. The Many Ways We Gather Customer Feedback

Online Surveys - More than 250,000 surveys are distributed online each month to American Airlines and American Eagle customers. These surveys solicit feedback on dependability, gate and onboard interactions, aircraft boarding, cabin interiors, baggage handling and other issues. Results are used to track the progress of our customer service efforts and gather feedback on new service enhancements. For example, information received from online surveys helped improve the self-service machine checked baggage process at LAX. By revising the layout of the machines we reduced wait times and improved customer satisfaction. In 2011, Spanish language surveys were introduced, with additional language surveys planned for 2012.

Customer Focus Groups - More in-depth knowledge of customer behavior is often needed to help improve our customer service. Numerous customer focus groups centered on very specific issues are conducted to provide deeper insight into the factors that drive travelers' preferences. For example, focus groups have been used to design Dynamic Air Awards, which offer more options for elite status AAdvantage members to redeem their miles for award travel.

Customer Correspondence – Many customers contact us to tell us what they think about our products, performance and people. These comments are passed along to the departments and employees involved. Customer feedback is also tracked to identify emerging trends and monitor the effectiveness of new initiatives. In just one example, customer feedback helped American update its personal entertainment devices in premium cabins with new Samsung Galaxy Tab tablets that provide a library of entertainment options.

Social Media - Maintaining a strong, online social presence provides us the opportunity to connect with customers on a personal level. Using Facebook, Twitter, YouTube, Google Plus and blog participation, we maintain an open forum where our customers are invited to share their experiences and ask questions. Feedback from this engagement is shared and considered within our organization, and often results in improvements to our product and service offerings. As an example, a number of online discussions noted differences in the inflight service between American and our joint business partners. In response, we have better aligned our service by offering complimentary beer and wine on international flights between the United States and Europe, Asia and a number of South American countries.

Feedback from Frontline Employees - Flight Attendants are able to share valuable observations through their interactions with customers using an online reporting process. Their feedback on customers' favorite choice of meals and onboard products is used to improve our inflight service. As a result of customer requests for more nutritious food items, healthy alternative snacks were added to our food for sale menu.

3. Our Approach To Advertising

In collaboration with our advertising and promotions agencies, we very carefully review our global advertising materials to ensure they are fair and balanced with regard to audience segment, market positioning, and treatment of gender, diversity, environmental issues, ethics and religious beliefs.

- American hires advertising talent that represents all major ethnic groups and minorities, including but not limited to Hispanic, African American, Asian, Caucasian and persons with disabilities. Talent and roles are reviewed with internal diversity specialist teams to ensure that advertising segments are tailored to the needs, sensitivities and preferences of target audiences.
- Environmental safeguards are applied such as ensuring that coral is not damaged or perceived to be damaged in underwater filming.
- As advertising may relay unintentional stereotypes, political positions or religious views, careful consideration is given to ensuring message neutrality.

4. Options For Diverse Travelers

As a global airline, we understand and appreciate the diverse needs of our customers and we work hard to continuously listen to how those needs evolve over time. Over the past several years, American Airlines has developed and launched multiple digital platforms that provide customers from diverse backgrounds, unique travel insights and social based channels to engage with fellow travelers. Some of these initiatives have included:

- [AA.com\Rainbow](#) - Offering information on LGBT events, news and travel options (now also in Spanish and Portuguese)
- [BlackAtlas.com](#) - An interactive digital community for individuals interested in learning more about the Black travel experience
- [Aprendi.com](#) - A Spanish language user-content driven digital community designed to serve as a platform for sharing travel experiences

D. World-Class Products

American Airlines and American Eagle remain highly responsive to market demand and customer feedback. In fact, many of our product strategy and service enhancements are a direct result of these key inputs. In recent years, our customers' priorities have included automation to make traveling less stressful, improved bag handling and a more seamless travel experience with alliance partners.

Our product strategy is aligned with market demand and our customer priorities, which is why we strive to be competitive in our markets by providing:

- an extensive global network, in collaboration with our **oneworld** alliance partners
- one of the largest, newest and most advanced aircraft fleets in the world
- exceptional inflight amenities
- highly personalized service offerings
- excellent value and an array of product offerings for cargo customers

1. An Extensive Global Network

American Airlines and American Eagle, together with its **oneworld** alliance members, offer one of the most extensive global flight networks in the airline industry. Every day, we operate more than 3,300 flights carrying 300,000 passengers and 2.7 million pounds of cargo to destinations around the world.

The strength of our network is based upon the volume and diversity of business we attract in our five key markets: Dallas/Fort Worth, Chicago, Miami, Los Angeles and New York. Through our **oneworld** alliance network, American Airlines takes the reach of our business even further, and provides our customers with access to hundreds of global destinations and beyond. For more information on our network and the **oneworld** alliance, please see the [Profile](#) section of this report.

2. One Of The Largest, Newest And Most Advanced Aircraft Fleets In The World

With the largest aircraft order in aviation history, American announced plans to replace and modernize its narrowbody fleet with acquisition of 460 narrowbody jets over the next five years. With new agreements with Airbus and Boeing, customers will enjoy the latest technology and features including enhanced lighting options, additional overhead bin space, a modern, contemporary atmosphere, and an improved environmental footprint resulting from great fuel efficiency and reduced noise. Learn more about our [fleet renewal efforts](#).

We are also updating our existing Boeing 737 and domestic Boeing 757 aircraft to bring customers many of the enhanced features of new aircraft such as increased overhead bin storage, updated entertainment and powerport options, inflight Wi-Fi and refreshed cabin interiors. Our investment in new aircraft and ongoing refurbishment projects for our existing fleet will help improve reliability, consistency and predictability in our operations.

3. Exceptional Inflight Offerings

American Airlines keeps customers connected when flying by bringing cutting-edge technology and the latest inflight entertainment to the travel experience.

Inflight Wi-Fi

We're helping to keep our customers connected and productive, even at 30,000 feet. In 2008, we became the first U.S. airline to offer inflight Wi-Fi. By the end of 2011, American had extended Wi-Fi access to almost 300 aircraft in its domestic fleet including all 767-200 and select MD80 and 737 aircraft. We

recently announced plans to offer Wi-Fi on international flights operated by 777-300 aircraft. Learn more about [inflight Wi-Fi](#).

Entertainment on Demand

In August 2011, American became the first North American airline to offer a new Entertainment on Demand service allowing customers to purchase wirelessly streamed movies and TV shows from a robust inflight library to their Wi-Fi enabled laptop. Entertainment on Demand is currently available onboard American Airlines flights operated by 767-200 and select MD80 aircraft. The remainder of the Wi-Fi-enabled fleet, including additional MD80 and Boeing 737 aircraft, will be equipped with streaming video by the end of 2012. Learn more about [Entertainment on Demand](#).

Industry-Leading Premium Cabin Entertainment

The new innovative, Samsung Galaxy Tab™ 10.1 Android platform tablet, featuring a 10.1 inch screen, enables a customized viewing experience for customers traveling in a premium cabin on select transcontinental flights served with 767-200 and 767-300 aircraft, as well as international flights served with the 767-300 aircraft between the U.S. and Europe and South America. Customers can enjoy complimentary movies or TV shows, including sports, comedy and dramas. Learn more about [new tablets](#).

New and Refreshed Inflight Amenities

Responding to increased demand for premium flight services, we have introduced a suite of new inflight amenities in First Class and Business Class between the U.S. and Europe and Asia on 777 aircraft, and 767 aircraft to South America. Customer will enjoy our newly upgrade amenity kit containing top skincare products and other comfort essentials such as slippers and a lighter weight duvet. First Class customers traveling on a Boeing 777 will appreciate an added lightweight day blanket and a new turn-down service, complete with a quilted bed topper and comfortable pajamas. Learn more about [new amenities](#).

American Eagle Named Best Regional Airline

American Eagle was named Best Regional Airline in North America in the annual World Airline Survey by Skytrax, a London-based research organization that conducts the annual poll. The World Airline Awards, voted on by airline customers, are based on results from 18.8 million questionnaires, covering more than 200 airlines worldwide. Award winners are determined by measuring more than 35 aspects of passenger satisfaction for product and service standards, covering the experience across both airport and onboard environments.

4. Highly Personalized Offerings

To ensure ease and convenience throughout the travel experience, we continue to focus on developing products that are adaptable to meet the specific needs and individual preferences of our customers.

Your ChoiceSM Personalized Flight Options

It is now simpler than ever for American Airlines and American Eagle customers to create travel experiences that satisfy their particular needs. During the reservation process, customers can select travel option packages such as Preferred Seats, Group 1 Boarding, inflight Wi-Fi and access to Admirals Club lounges. Learn more about [Your Choice](#).

Deals and Fare Alerts Delivered Directly To Customers

In 2011, we launched DealFinderSM 2.0, the latest version of our automated fare-search application. Users simply enter the destinations they wish to visit, as well as their preferred airfares, and DealFinder

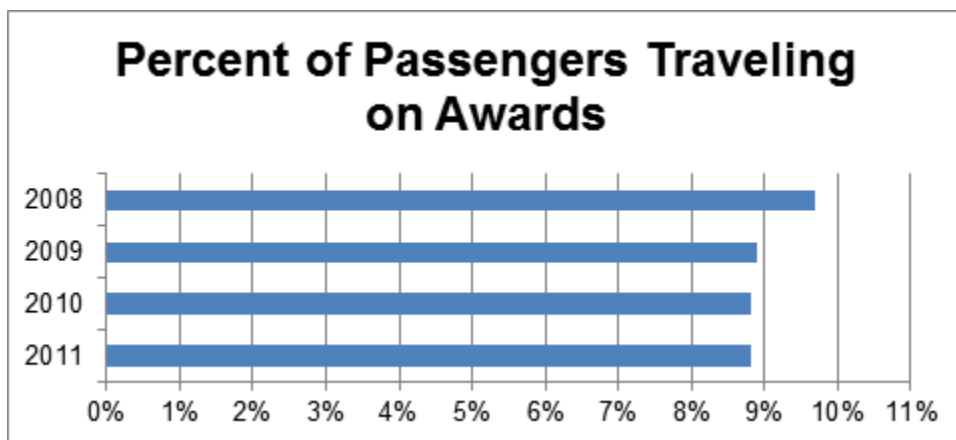
will automatically search for matching deals, sending fare alerts and discount options as appropriate. This technology significantly reduces the time required to search for airfares and is personalized to the needs of our customers. Learn more about [DealFinder 2.0](#).

American's Mobile Apps Lend Convenience to Travel

American Airlines leads the industry with its mobile apps and offerings and keeps customers connected from their favorite smartphones and tablets. The application's intelligent data display allows American to provide the most relevant day-of-travel information. This means that once a customer logs into the app, it knows and displays who the customer is and where they are going — from where and what gate they are departing, to where they will sit and where they are on the standby list. Learn more about [American's Mobile Apps](#).

5. AAdvantage Loyalty Program

Our passionate team, together with our outstanding AAdvantage members, made 2011 a record year. Members redeemed more than 166 billion miles to claim awards for flights, upgrades, car rentals, hotel stays and auctions. We celebrated the 30th anniversary of the AAdvantage program and thanked our members with a month of exclusive offers and prizes. We also found new ways to talk to our loyal customers and share the latest program offers by implementing AAdvantage Facebook and Twitter channels – another industry first among U.S. airline loyalty programs.



In 2011, AAdvantage members claimed more than 7.5 million awards for flights, upgrades and other rewards. AAdvantage members are also able to participate in a number of charitable causes that our company supports, by donating travel miles to those in need. Learn more about [AAdvantage](#)

6. Products For Cargo Customers

American Airlines operates one of the largest air cargo services in the world. We offer air cargo transportation on almost all of our flights, with options including:

- Priority Parcel Service - our fastest transport option
- Expeditefs - a priority service offering flight-specific routing
- Confirmedfs - providing real-time cargo traceability, while packages are en route
- ExpediteTC *Passive* - an advanced, temperature-controlled cargo system

We are able to reach virtually any country in the world with our cargo service by leveraging agreements through our **oneworld** alliance partners. American in 2011 was named "Best Cargo Airline from The Americas" by the London-based publication *Air Cargo News*. This marks the fourth consecutive year that American has received the award. To learn more about our cargo services, visit [AA Cargo](#).

E. Service

1. Our Guiding Principles

As a [legacy airline founded in 1934](#), American's approach to the customer experience has certainly evolved with time, but rests upon longstanding "basics" that we always aim to provide. Safety, dependability, cabin cleanliness, efficient baggage handling and employee professionalism underscore all of our efforts to create a positive travel experience for our customers.

Recognizing the importance of service consistency, we developed the Customer Blueprint in 2008 to combine our core customer service priorities with a set of guidelines for making the American Airlines travel experience more personalized and engaging for our primary customer groups. As our company evolves, the Blueprint provides guidance and a foundation from which to launch new and exciting customer experience initiatives in the future.

The Customer Blueprint Our Customer Experience Road Map		
	Customer Loyalty	
Customer Objective	Best deliver what premium customers value	Deliver fair value to all nonpremium customers
Customer Reputation	Maximize the time and minimize the hassles (including resolving issues)	Deliver competitive price/value for budget-conscious travelers
	Recognize premium customers and offer consistently differentiated experience	Create customizable experiences by offering à la carte products and services
	Have the best network/schedule (biased toward premium customers)	Allow nonpremium customers to maximize time and productivity for a fee
Customer Satisfaction Consistently Deliver the Basics for All Customers		
<ul style="list-style-type: none"> <li style="width: 30%;">>> Safety <li style="width: 30%;">>> Cleanliness <li style="width: 30%;">>> Basic courtesy/ professionalism <ul style="list-style-type: none"> <li style="width: 30%;">>> Dependability/reliability <li style="width: 30%;">>> Baggage handling 		

2. Customer Experience Teams

To maintain customers' loyalty and confidence, we feel it is essential that the Customer Blueprint be implemented consistently throughout our company. To accomplish this goal, we rely on the help of nearly 250 Customer Experience (CE) teams, integrated throughout our organization. CE teams are composed of employee volunteers with expertise in a variety of work functions who all share a passion for excellence in customer service. With representation in more than 15 Working Groups and Steering Committees throughout American and American Eagle, the CE teams influence high-level management initiatives affecting customer engagement, new products and services, and employee training.

We reward our employees with cash payments for their contributions to customer experience performance goals. For every month these goals are met, employees are eligible for *Customer Experience Rewards* of up to \$100. In 2011, we paid \$8.6 million in rewards to 67,000 employees for their exceptional customer service.

Customers Acknowledge Employee Efforts

Since 2007, the Applause program has allowed our premium customers to formally recognize American Airlines and American Eagle employees who provide exceptional customer service. In 2011, more than 162,000 Applause certificates were awarded to employees serving a range of functions, including Flight Attendants, Airport Agents, Premium Service and Reservation Agents. Employees receiving certificates are eligible for monthly drawings for AAdvantage miles gift cards.

3. Measuring Success

At American, providing a positive customer experience is more than an aspiration. We have developed more than 35 metrics – encompassing areas such as onboard service, price and value, cabin condition, dependability and baggage handling – to evaluate the effectiveness of our Customer Blueprint. Monitoring this information allows us stay in tune with industry best practices and create gap analyses to assess our own performance from a broader perspective. This analysis has helped direct a number of goals and near-term initiatives at American. Based upon our customer research in 2011, we have determined:

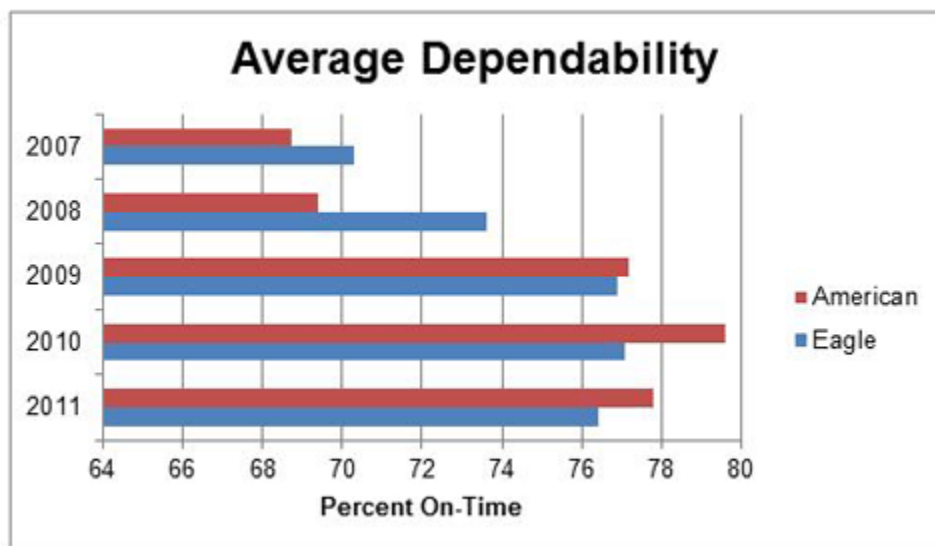
- American Airlines and American Eagle are overdue for "Premium Economy" offerings on domestic and international flights. Our competitors have seen a positive consumer response to this additional seating option, and American is now planning to initiate its own "Main Cabin Extra" seating on select flights starting in 2012.
- Only half of American's "premium customers" sit in First Class. To better serve this customer group, American and American Eagle are exploring a number of high-value customer initiatives to expand the availability of premium amenities beyond the front of the cabin.

We also continue to invest in improving flight dependability and baggage handling as part of our longstanding customer enhancement efforts.

4. Providing Efficient, On-time Service

Our customers count on us to get them to their destination on time, every time. To continue improving our on-time departure and arrival performance, numerous initiatives are now underway. We are addressing maintenance issues that have contributed to delays by investing in aircraft modifications that improve operational dependability.

We are also refining our data tracking methods to have an increased focus on whether our customers arrive at their final destination as scheduled, rather than looking solely at whether aircraft arrive on time. This perspective has led us to reconfigure block times and add gates at our hubs — improving arrival performance, and helping passengers and their bags get to connecting flights. Initial results from these efforts have been very promising.



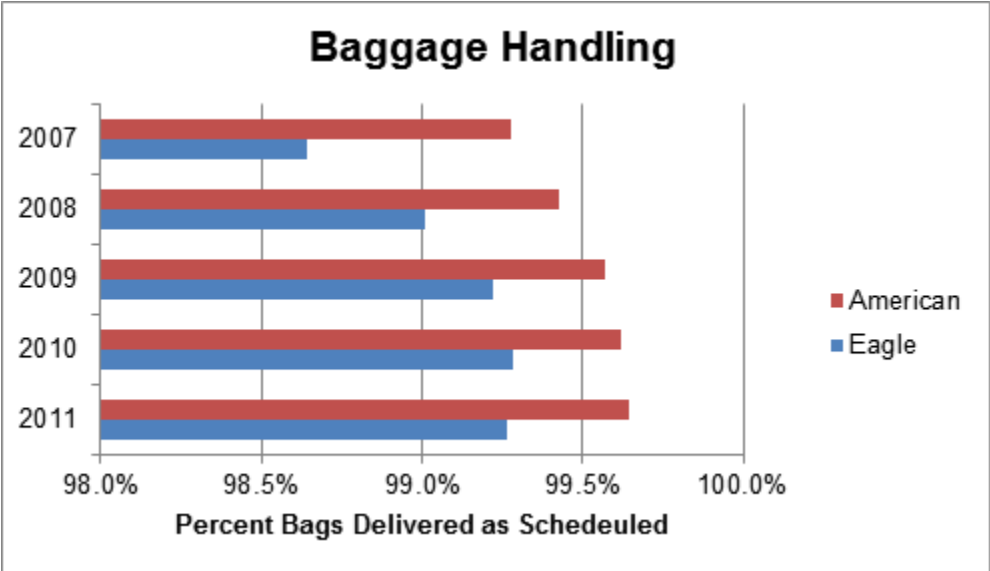
Sometimes Our Schedules are Truly in the Hands of Mother Nature

Record snowfall and sub-zero temperatures in January and February of 2011 caused major air travel disruptions across much of the United States — even prompting temporary shut-downs at DFW and Chicago O'Hare, our two largest hubs. But despite the wintry conditions, American's ground crews worked tirelessly to get travelers on track to their destinations.



5. Streamlining Our Baggage Handling

In 2011 we introduced IT enhancements to the RampLink hand-held devices that our baggage handlers use for the tracking and efficient loading of luggage. As a result of this initiative and others, we have seen steady improvements in ensuring all bags are on the proper flight, before departure time. RampLink enhancements will be expanded to international locations in 2012.



6. Service With A Personal Touch

In the increasingly crowded travel industry, frequent flyers are all too aware of how impersonal many airline services have become. At American, we want to change that. Customer service and satisfaction rank among the top issues affecting the success of our company – and with that in mind, we feel it's our obligation to ensure that a personal, human touch is always a part of our business.

In 2011 we have sought to bring more personalization and customer-employee interaction to the services we provide. This effort included "own the moment" training for our airport agents. We also launched an inflight video series featuring the faces and stories of American Airlines employees who make our customers' travel experiences possible. Engaging our customers in this way, we are able to express our gratitude for their business and loyalty, while wishing them a hearty "Welcome aboard."

V. Environment

A. Progress



Investing In Environmental Stewardship

We are committed to designing and implementing innovative programs and initiatives to reduce our impact on the environment. In addition to contributing to a more sustainable future, we view this investment in environmental stewardship as a tremendous opportunity to meet our strategic objectives to **Fly Profitably and Invest Wisely**. Over the past few years, we have saved millions of dollars and avoided significant amounts of emissions and waste through programs such as Fuel Smart, as well as our utilities and waste reduction initiatives.

Highlights From Our Environmental Initiatives In 2011 Include:

American Makes History With Fleet Renewal

AMR Corporation made history in 2011 with the largest aircraft order the industry has ever seen. The 460 new planes ordered from Boeing and Airbus will dramatically reduce costs, as they are more fuel-efficient and will require less maintenance than a more mature fleet. This strategic investment, supported by favorable financing from both manufacturers, will help maximize the financial flexibility of the company while providing a state of the art travel experience for our customers. By 2017, we will have established the **youngest and most fuel-efficient fleet** of all our major competitors.

Waste Minimization Team Reduces Waste By More Than 1.3 million Pounds

The newly established Waste Minimization Team surpassed by almost 1 million pounds its first year goal to achieve annual waste reduction of 326,800 pounds. We set our initial waste-minimization goal based on the weight of a Boeing 777 aircraft, and are excited to have made such significant progress in this area. Further efforts will be supported by a more robust steering committee composed of vice presidents from across the organization.

American Named As "Greenest Airline" by Newsweek Magazine

For the second year in a row, AMR Corporation received the **best ranking among U.S. airlines** in *Newsweek's* annual environmental list of the 500 largest publicly traded companies in America. American Airlines shot up the Green Rankings list from No. 111 to No. 49, and is the top company in the transportation and logistics category.

Environmental Performance and Goals

	Performance			Goal	
	2009	2010	2011	2011	2012
Fuel Smart Annual Savings Rate Improvement	108 million gallons	123 million gallons	141 million gallons (exceeded goal by 7 million gallons)	134 million gallons	146 million gallons
Utilities Management Council Savings	\$10 million in savings	\$12 million in savings	\$12.5 million in savings (met goal)	\$12.5 million in savings	\$13 million in savings
Annualized Waste Minimization Rate	*	*	1.3 million pounds of waste reduced (exceeded goal by almost 1 million pounds)	326,800 lbs.	2 million lbs.
Water Reduction	**	**	**	**	30 million gallon reduction

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

**Initial water reduction goal set in 2012.

B. Managing Our Footprint

AMR is committed to safeguarding the earth's environment through the ongoing development and implementation of sustainable business practices. To help us address challenges and develop innovative solutions that will decrease our environmental footprint, we have established three strategic focus areas for our efforts:

- **Climate and Energy** - Our largest potential impact results from the burning of jet fuel. We have established programs and initiatives and made significant investments to maximize fuel efficiency, reduce greenhouse gas emissions, and minimize energy use across our fleet.
- **Utilities Management** - Our ground facilities, offices and airport infrastructure contribute to our environmental footprint with regard to energy, materials and water use, and related emissions and waste. Our Utilities Management Council focuses on sharing best practices and implementing initiatives to minimize resource use and identify cost savings throughout our system.
- **Waste Minimization** - Our operations inflight and on the ground generate significant amounts of waste. Through source minimization, reuse, recycling and reclamation, we are dramatically cutting the amount of materials that end up as waste.

As always, we consider full compliance with all applicable environmental laws and regulations as the minimum acceptable level of performance for our company. We established an Environmental Management System (EMS) at American Airlines almost 20 years ago and a similar EMS at American Eagle 10 years ago. The EMS is modeled on the ISO 14001 standard and helps us meet our compliance objectives and continuously improve our environmental performance. The EMS incorporates our environmental policy and outlines procedures for planning, implementation and training, audits and corrective actions and management review. The EMS covers American's U.S. operations. Environmental compliance at international operations is managed locally within each country.

In 2011, we performed 32 internal audits of our airport operations. We aim to audit all maintenance bases, major airport operations and smaller airport operations on a risk-based schedule — approximately once every three years.

Our compliance performance has been consistently strong. No environmental fines, penalties or notices of violation were issued to American or American Eagle in 2011.

Environmental Policy And Commitment Statement

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

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

The company is committed to:

- Complying with all environmental laws and regulations
- Maintaining procedures and systems that ensure required environmental laws and regulations are met or exceeded
- Communicating appropriate environmental information to affected employees, customers, contractors, the public, regulatory authorities and emergency response authorities

- Safeguarding the earth's environment by adopting sustainable business practices, technologies and procedures that take energy use, pollution prevention, water conservation, other emissions and conservation of natural resources into account
- Engaging our stakeholders, including customers, suppliers and shareholders, in our effort to reduce our environmental footprint
- Reporting publicly our environmental performance, including greenhouse gas emissions, on an annual basis
- Striving to continuously improve our environmental performance

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

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

C. Climate and Energy

1. Climate Change And American

As an airline operating a fleet of more than 900 aircraft, the company consumes a significant amount of jet fuel. The burning of this fossil fuel during flight generates carbon dioxide, a greenhouse gas (GHG). We recognize the importance of this issue and understand that it is a high priority concern for many of our stakeholders.

2. Climate And Weather

The ultimate effects of climate change are as yet unclear, including the extent to which climate change may be related to more variable and severe weather events. Nevertheless, we are managing our exposure to such risks by investing in resources and technology tools that allow us to better mitigate impacts of adverse weather activity. We also continuously monitor weather activity as part of our normal business operations and act quickly to adjust schedules to maintain safety and minimize travel disruptions for our customers.

It is one of our highest priorities to effectively manage our fuel consumption and associated GHGs. We make many of the company's most critical decisions, including decisions about aircraft acquisition, aircraft modifications and other investments, based largely on their impact on fuel use and associated GHG emissions.

We have established a four-pronged strategy to maximize fuel efficiency and minimize GHG emissions:

- Continued attention to our [Fuel Smart program](#)
- Investment in [new aircraft and aviation technology](#)
- Promotion of the development of innovative technologies and solutions
- Support of investment in air traffic control

For complete disclosure regarding our measurement, management, risk profile, goals and performance regarding carbon emissions, please visit our [Carbon Disclosure Project response](#).

Our Performance	
Greenhouse Gas Emissions (metric tons CO ₂)	2011
Scope 1	26,851,000
Scope 2	463,000
Scope 3*	123,000

*Estimate based on average commute length and average fuel efficiency.

Over 98 percent of our direct (Scope 1) GHG emissions are related to the consumption of jet fuel. Our indirect (Scope 2) emissions, which are related to the purchase of electricity, make up the majority of our remaining emissions. Employee commuting (Scope 3) emissions are very small in comparison with our direct emissions.

Employee travel for business on American Airlines flights, and any associated GHGs are included as Scope 1 emissions rather than broken out as separate Scope 3 emissions. Although emissions from ground-level employee commuting are minimal, we have implemented programs to help reduce this

environmental impact. Employees have the option to purchase discounted mass transit passes or to purchase transit passes using pre-tax payroll deductions.

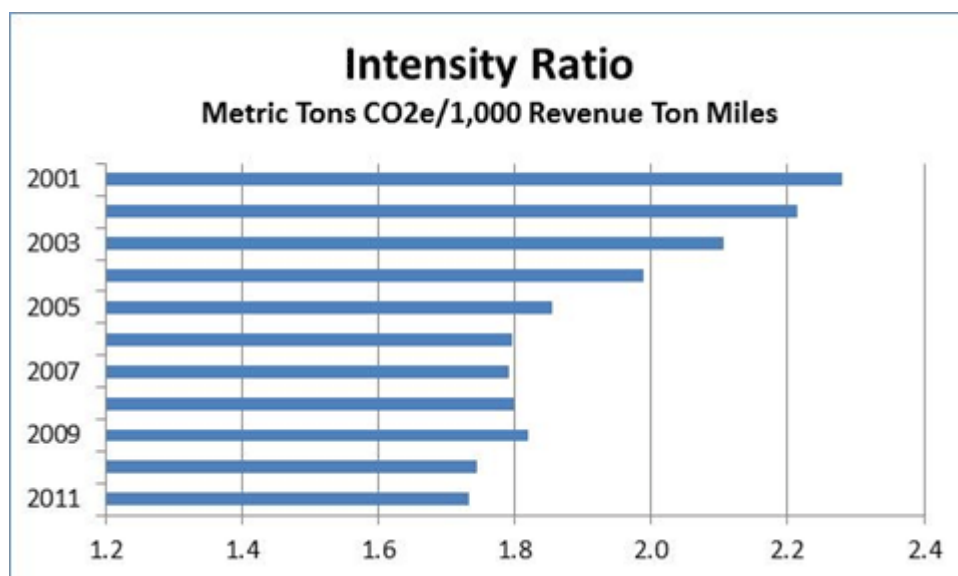
3. GHG Reduction Goals

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

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

At American, we have established a 20-year goal to reduce our GHG intensity ratio by 30 percent between 2005 and 2025.

Our intensity ratio compares the amount of CO₂ we emitted with the work we performed as measured by revenue ton miles (RTMs), which is the weight of passengers and cargo we are paid to transport. Our intensity ratio decreased 6.6 percent between 2005 and 2010, which puts us behind the pace needed to meet our 20-year GHG efficiency goal.



4. Participation In The European Union Emissions Trading Scheme

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

Although American believes the EU ETS violates international law, we are complying with applicable requirements. We have made clear, however, that we are complying under protest given significant legal concerns. For complete information about American's position on the EU ETS, please visit the [public policy section](#) of this report.

5. Saving Millions With Fuel Smart

Established in 2005, Fuel Smart is the cornerstone of our fuel conservation efforts. It encourages employees to search out fuel-saving opportunities and make them part of everyday routines. Since 2005, we have invested more than \$300 million in fuel-saving initiatives, such as winglets, high-speed tugs and ground power units. This investment of capital, as well as the time and efforts of employees, has resulted in approximately 700 million gallons of fuel savings since the program began, worth \$1.5 billion at prevailing fuel prices.

Given that a one-cent increase in the price of a gallon of fuel translates into an additional \$25 million annual cost for American Airlines, Fuel Smart will continue to be an important part of reducing costs as well as reducing GHG emissions. To put this into context, consider that jet fuel costs jumped from an average of \$2.31 per gallon in 2010 to \$3.01 per gallon in 2011 & raising our annual operating costs by approximately \$2 billion.

6. Fuel Costs And Consumption

Fuel Costs And Consumption

Year	Gallons Consumed (in millions)	Average Cost Per Gallon (in U.S. dollars)	Total Cost (in millions of U.S. dollars)	Percent of AMR's Operating Expenses
2011	2,756	\$3.013	\$8,304	33.2
2010	2,764	\$2.316	\$6,400	29.3
2009	2,762	\$2.010	\$5,553	26.5

Employees suggest and implement Fuel Smart ideas that offer the greatest financial impact. In 2011, we concentrated specifically on achieving greater fuel efficiency by optimizing our route selection, reducing fuel use while aircraft are parked (through such actions as shutting down aircrafts' auxiliary power units and using available ground power and pre-conditioned air equipment instead), and through new initiatives such as replacing heavier cargo containers onboard aircraft with lighter weight containers. Utilizing the lighter weight cargo containers will save approximately 1.5 million gallons of fuel each year. We also introduced new technology. For example, we received FAA approval for use of iPads in cockpits. This shift toward paperless cockpits has multiple benefits, including fuel savings by eliminating the weight of manuals, which is estimated to save nearly 500,000 gallons of fuel annually.

Read more about these and other impactful initiatives on our [Fuel Smart website](#).

7. Investing In A New, Modern Fleet

In 2011, American Airlines took decisive action in moving forward with its fleet renewal efforts. In July 2011, we placed the largest aircraft order in aviation history: 460 narrowbody jets from Boeing and Airbus to be delivered in 2013 through 2022. As part of this order, American will take delivery of the latest generation single-aisle aircraft from Boeing and Airbus. Expected in 2017, the Boeing 737MAX and Airbus A320neo aircraft will be powered by next generation engine technology and will provide significant fuel efficiency gains over today's current models. These aircraft will enable us to establish American's fleet as the youngest and most fuel efficient among our competitors.

- In 2011, we retired 21 MD-80 aircraft from service and introduced 15 next generation Boeing 737-800s to our fleet. Compared with the MD-80s, these new 737s offer a 35 percent improvement in

fuel economy on a seat-mile basis, and come with elegant Boeing Sky Interior enhancements, such as LED ambient lighting effects and modern cabin styling.

- Having completed purchase agreements with Boeing, American will begin to introduce 42 all-new 787-9 Dreamliner aircraft to its fleet in 2014. The 787 is 20 percent more fuel efficient than similarly sized aircraft and will offer the longest-range nonstop flights of any plane in our fleet.
- Also scheduled for delivery beginning in 2012 are ten Boeing 777-300ERs. These aircraft offer improved efficiency and performance characteristics over their predecessors, and are intended to extend American's network options.

Read more about our [fleet renewal efforts](#).

8. Innovating To Ensure A Sustainable Future

American Airlines closely follows innovations in technological solutions for reducing its carbon and overall environmental footprint. We invest in or participate in pilot programs to test new equipment and develop alternative fuels, and partner with our industry peers to support promising developments. For example, in June 2011, American was named the "launch customer" for the Boeing's evolutionary ecoDemonstrator Program, designed to test and accelerate the market readiness of new fuel efficiency, carbon reduction and noise abatement technologies.

We view the development of alternatives to fossil fuel-based jet fuel as a future opportunity to further minimize our GHG emissions. We therefore participate in organizations such as CAAFI (Commercial Aviation Alternative Fuels Initiative), which brings together key stakeholders to support the development and deployment of environmentally sustainable fuel for commercial aviation. We also support the efforts of industry associations, including those of A4A (Airlines for America) and IATA (the International Air Transport Association) to promote the development of alternative fuels with lower life-cycle emissions than traditional petroleum-based jet fuel.

9. Recycling Waste Into Biofuel

American Airlines has signed a letter of intent with Solena Fuels and is negotiating an agreement along with other major U.S. carriers to purchase biofuel made from recycled waste. This new biomass fuel source would be used on flights from San Francisco Bay Area airports including Oakland, San Jose and San Francisco. Solena's Northern California biomass-to-liquids plant will produce up to 16 million gallons of jet fuel per year from 550,000 tons of recycled agricultural and urban waste.

Although American does not currently use biofuels in regularly scheduled flights (in part because of limited availability and high cost — about three times that of traditional fuel), the company plans to pilot this project and continue monitoring technological advances in alternative fuels in coming years.

10. Supporting Investment In Air Traffic Control

American's ability to reduce GHG emissions will also depend on investment by governments in modernizing air traffic control systems. For example, in the United States, the FAA oversees the implementation of NextGen, a comprehensive overhaul of the National Airspace System. The goal of NextGen is to make air travel more convenient and dependable, while ensuring that flights remain as safe, secure and hassle-free as possible. As part of NextGen improvements, the FAA is building the capability to guide and track air traffic more precisely and efficiently to save fuel and reduce noise and pollution.

Read more about the [NextGen Air Transportation System](#) on the FAA website.

D. Other Impacts

1. Utilities Management

Our environmental impacts are not limited to flight operations. We also know that we need to be responsible stewards of all of our ground facilities, including offices, maintenance bases and airport infrastructure. Our goal is to minimize energy, water and waste wherever we operate around the world.

In pursuit of this goal, we established the Utility Management Council in 2005 to share best practices in environmental initiatives at American offices and facilities. The Utility Management Council is composed of Facilities Maintenance Managers from the 10 stations across the American Airlines network with the highest utility costs.

The Utilities Management Council meets several times a year, and includes participation by Transport Workers Union representatives. Together, Council members raise issues, discuss challenges, and share approaches to developing innovative solutions to minimize impacts. Since the Council was formed, it has identified \$12.5 million in annual savings to the company. These savings have been realized through a mix of projects big and small, involving the participation of employees throughout our organization.

One of the more significant projects in 2011 was the replacement of computers throughout the company. The new computers and monitors help reduce electricity consumption and associated emissions by more than half. Old computers and monitors were also recycled through a certified recycler. We will continue to pursue energy, materials, water and waste reduction initiatives in the future through Council efforts.

Admirals Club Expected To Be Certified To LEED® Silver

A refurbished Admirals Club lounge opened in April 2011 in conjunction with the renovation of Terminal 2 at San Francisco International Airport (SFO). This lounge is expected to be awarded Leadership in Energy and Environmental Design's (LEED) Silver certification by the U.S. Green Building Council (USGBC). LEED is a rating system used by the USGBC to track and rate the "greenness" of a building. The LEED system recognizes performance in key sustainability areas including sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation in design, and regional priority.



The SFO Admirals Club lounge is designed to mirror the charm of the San Francisco Bay Area and showcases views of Golden Gate Park and the Northern California landscape. Guests utilizing the lounge will experience natural color walls decorated with recessed panels of bamboo and reconstituted zebra wood, ample seating and free Wi-Fi. Other unique sustainability features include:

- Water Use Reduction - Low-flow water fixtures were installed to reduce water use by 20 percent
- Air Quality Improvement - No chlorofluorocarbon (CFC)-based refrigerants were used
- Energy Reduction - The innovative design of the electrical and mechanical systems helps reduce environmental and economic impacts
- Waste Reduction - Construction and demolition debris were redirected back into the manufacturing process, reducing disposal in landfills and incineration facilities by 75 percent
- Recycled Content - Recycled content building products were used in construction and materials throughout the Club
- Recyclables Collection - An on-going recycling program was established to reduce waste generated by customers and employees

- Alternative Transportation - Travelers have convenient access to a pedestrian bridge to the AirTrain, which connects to Bay Area Rapid Transit (BART)

2. Minimizing Waste

Whether it is aluminum cans onboard our planes, copy paper in our offices or used parts in our maintenance facilities, we know it is our responsibility to reduce the amount of waste related to our operations. Just as our customers participate in recycling programs at home, we have launched important initiatives to reduce, recycle and repurpose materials across our organization — and to take a hard look at our processes and operations to identify where we can prevent waste at its source.

To deliver on our objectives to be responsible stewards with regard to materials and waste, we established a Waste Minimization Team in 2010. The team includes representatives from a broad range of operational departments and efforts are overseen by a Steering Committee of vice presidents.

3. Progress Toward Goals

Our initial efforts to minimize waste have been tremendously successful. In 2010, we had set a goal of recycling 326,800 pounds of waste — the weight of a Boeing 777 aircraft. In fact, by the end of 2011, we had surpassed this goal by nearly 1 million pounds!

Now that we have a year under our belt, we have expanded our 2012 waste minimization goal to 2 million pounds. We will also continue to refine our ability to measure and manage waste at American through the implementation of a new data collection system.

In all our waste minimization efforts, we seek to engage with and involve employees. One effort over the past year has been an initiative to broaden the scope of employee participation, especially with regard to the recycling of onboard magazines.

We have expanded inflight magazine recycling to 82 percent of our stations and have launched the collection of unused international customs forms so that they can be reused.

Other initiatives have focused on introducing the use of recycled and/or certified paper for magazines, menus and boarding passes; reusing pieces of equipment such as the dowels that hold paper in self-service boarding pass machines; and recycling wheels from baggage carts.

Read more about [American's efforts to reduce, reuse and recycle](#).

E. Data

Environmental Performance	2011	2010	2009
Jet Fuel Consumption (millions of gallons)	2,756	2,764	2,762
Greenhouse Gas Emissions (metric tons CO2e)			
Scope 1 (direct)	26,851,000	27,035,000	26,923,000
Scope 2 (indirect)	463,000	486,000	451,000
Scope 3 (employee commuting) ¹	123,000	-	-
Nitrous Oxide (metric tons from LTO cycle) ²	6,484	6,627	6,797
Ozone-depleting substances ³	48,505	64,555	48,442
Recycled materials (tons) ⁴	5,030	4,280	3,215
Waste			
Regulated waste (tons) ⁵	1,185	1,338	1,333
Non-Regulated waste (Maintenance & HDQ facilities only — tons)	3,552	-	-
Water consumption (millions of gallons - AA major facilities excluding airports)	533.2	546.2	522.7
Noise (cumulative margin below Chapter 3 noise limit)	-3.97	-3.93	-3.86

1/ Data estimated in 2011. No estimate for 2010 or 2009

2/ Landing takeoff

3/ From the World Meteorological Organization's "Scientific Assessment of Ozone Depletion: 2006"

4/ Increase in recycling reported can be partially attributed to better tracking of data

5/ Regulated waste includes hazardous waste, universal waste, and other regulated waste

VI. Employees

A. Progress

Building A Strong Foundation For The Future

American Airlines and American Eagle employees are the lifeblood of our company. They drive our operations, engage our customers, inspire our creative energies, and proudly represent our airline in hundreds of locations around the world. That's why one of our strategic objectives is our firm commitment to be a **Good Place for Good People**. This commitment means we will devote ourselves to creating a positive, inclusive work environment where our employees can thrive and develop — both professionally and personally.

We know firsthand that creating a Good Place for Good People is no small task. Over the past few years, we have struggled with a cost structure that has put us at a severe competitive disadvantage compared to our peers. A significant part of our costs are employee-related, and thus we will be making difficult decisions in 2012 as we move through the [restructuring process](#) to restore American to industry leadership, profitability and growth. Our aim is to navigate through this process successfully so that we can revitalize our airline and create a brighter future for everyone at American.

Highlights from our employee initiatives in 2011 include:

Reorganization

- Important changes to American's organizational structure are taking place through our reorganization efforts, initiated in November 2011. These changes will include major restructuring of our cost and debt structures, as well as our workforce fundamentals.
- Change will be difficult, particularly as we will be ending this process with fewer people, but we will be preserving tens of thousands of jobs and ensuring American's ability to compete and win.
- To ensure that employee performance is rewarded and aligned with American's future success, we plan to put in place a profit-sharing plan that, beginning with the first dollar of pre-tax income, would pay awards totaling 15 percent of all pre-tax income.

Solid Performance On Employee Safety Management

- American ended 2011 with strong safety performance results, including a 13 percent year-over-year reduction in employee injuries, and no repeat OSHA citations for the year.
- We reengineered Partnership for Safety, our flagship employee safety management system, to reflect our evolving approach to safety integration. We **strengthened our external relationships** with OSHA and other partners and established provisions for greater clarity around safety oversight.

Continued Investment In Employee Development

- Our LIFT leadership training program completed a second successful year with training for Level 3 and 4 Airport Services personnel.
- American Airlines has been rated **one of the 20 best companies for Leadership Development Programs** in large corporations by *Leadership Excellence Magazine*.

- We have completed a third edition of our Value Respect diversity training program, which includes both online and in-person learning experiences relating to non-discrimination, inclusion and company diversity policies.

Excellence In Diversity And Inclusion Performance

- We received a 100 percent Corporate Equality Index rating from Human Rights Campaign (HRC), marking the 10th consecutive year of achieving a perfect score since the inception of the index in 2002. Employers with a rating of 100 percent are recognized as "Best Places to Work for LGBT Equality."
- We were recognized for exceptional performance with regard to diversity and inclusion by many external organizations, including Black Enterprise, *Equal Opportunity Magazine* and *Diversity MBA Magazine*. View our [full list of 2011 Diversity awards](#).
- For the third consecutive year, our AMR Diversity Advisory Council was recognized as one of the **Top 25 Diversity Councils in the Country for 2011**. The Diversity Council Honors Award recognizes the outstanding contributions and achievements of employee Diversity Advisory Council members who actively promote diversity and inclusion in their company.
- **2011 Diversity Leader Award** - This award is given to organizations that share their stories with readers on a regular basis and offer profiles of their thought leaders. American Airlines is recognized as an organization that demonstrates its continued commitment toward diverse culture through its ongoing communications with *Profiles in Diversity Journal*.

B. Workforce

We work very hard to maintain a culture where safety, achievement and diversity are celebrated and rewarded, every single day. Cultivating this mindset and attitude is what separates American from its competitors, and enhances the quality, performance and long-term competitiveness of our business.

Now in our 85th year of operation, we have a proud and distinguished history, and have always benefited from the dedication of our employees. In return, we have made concerted efforts over the years to provide the best possible compensation and career development experience for our workforce.

Restructuring For Long-Term Success

On November 29, 2011, AMR Corporation filed for Chapter 11 reorganization, an action that is the necessary and correct path for us to take to become a more efficient, financially stronger and more competitive airline. We believe that this decision will allow American Airlines and American Eagle to restructure so that we can emerge well-positioned to assure the company's long-term viability and its ability to compete effectively in the marketplace. It is the right decision for our company and its future.

Our very substantial cost disadvantage compared to our larger competitors, most of whom restructured their costs and debt through reorganization, has become increasingly untenable given the accelerating impact of global economic uncertainty and the resulting revenue instability, volatile and rising fuel prices and intensifying competitive challenges.

We must achieve competitiveness and flexibility associated with all of our employee-related costs. As part of our bold plan to restructure our company, we are seeking \$1.25 billion in permanent annual cost reductions from all employee groups. This will require many changes in the way we do business and, regrettably, will result in job losses. But we must remember that failure to make the right changes puts all jobs at American at risk. We will continue to work for the best outcome for the greatest number of our people.

For more information, visit RestructuringAMR.com.

1. AMR Corporation Global Workforce

Total workforce: domestic and international for American Airlines and American Eagle	87,897 (86% full-time, 14% part-time)
Management level employees	8,453 (including 49 Officers)
Non-management employees	79,444
Employees by region	
United States and Canada	82,514
Mexico, the Caribbean, Central and South America	4,145
Europe and Asia Pacific	1,238

AMR (American & American Eagle) Labor Group	Attrition Rates		Average Tenure (Years)	
	2011	2011	2011	2011
Management	7%		16	
Staff Support/Other	11%		11	
Agent/Planner	16%		15	
Pilots	8%		17	

AMR (American & American Eagle)	Attrition Rates	Average Tenure (Years)
Reservation Reps	12%	15
Flight Attendant	4%	21
TWU	6%	18
AMR - All Employee Groups	7%	18

2. Compensation And Benefits

Our industry is unique, combining the highly technical aspects of aviation and engineering with the many social nuances of customer service and hospitality. In this type of business environment, our employees benefit from broad, multidisciplinary training and career development options that prepare them for meaningful growth within our company and beyond. In financial terms, our employees receive health, life, disability and retirement benefits, and have access to a variety of medical plans, including dental and vision, as well as optional plans such as dependent day care and medical reimbursement accounts. American's benefits and many other employment privileges are extended to family members and domestic partners. American also offers deeply discounted travel options to employees and their families, and rewards strong employee performance with both financial and non-financial incentives.

Read more about our [employee benefits](#).

Performance Incentives

At American, we believe that dedication and a commitment to excellence should never go unnoticed. To encourage progress toward company goals and targets, we reward employee performance in two key areas under our Annual Incentive Plan:

Customer Service: Every month, employees are eligible for Customer Experience Awards of up to \$100, if company-wide customer service goals are reached.

Financial Performance: Each year, employees (including named officers) may receive an annual performance bonus if our company achieves an overall pre-tax earnings margin of at least 5 percent.

3. Retirement Plans

In 2011, American Airlines carried through with its commitment to more than 133,000 participants in the company's defined benefit and defined contribution plans — with payments for the year totaling \$525 million for defined benefit and \$162 million for defined contribution plans. Since 2002, American has contributed nearly \$3 billion to defined benefit pension plans and more than \$1.7 billion to defined contribution plans. Additional payments totaling \$144 million have been made to retirees eligible for medical benefits.

In February 2012, American announced plans to make changes to certain benefit programs, for all employees, which are necessary to reach our savings target and move us in line with other airlines and large companies. To implement one of these initiatives, American initially proposed to terminate its defined benefit pension plans. In March 2012, however, American reached an accommodation with the Unsecured Creditors Committee (UCC) and the Pension Benefit Guaranty Corporation (PBGC) to develop a plan that would allow American to pursue a freeze of our defined benefit pension plans for non-pilot employees instead of seeking termination.

Freezing the defined benefit pension plans would mean that employees would retain the full value of benefits accrued for service prior to the date the plan is frozen, and those benefits would not be reduced to PBGC guarantee levels in retirement. This action would also preserve for employees the ability to

satisfy the requirements to obtain the frozen benefit under the early retirement options, which we know many employees value.

Although American must change various elements of the retirement benefits offered to ensure the needed cost savings are realized, the company remains committed to providing employees with some form of retirement benefits going forward, including replacing its defined benefit pension plans with defined contribution plans that include a company match.

More information on proposed changes to defined benefit pension and contribution plans is available at RestructuringAMR.com.

4. Labor Relations

In 2011, American Airlines continued collective bargaining negotiations in good faith, with our three primary labor unions:

- Allied Pilots Association (APA)
- Association of Professional Flight Attendants (APFA)
- Transport Workers Union (TWU)

Currently, 68.3 percent of American Airlines employees are represented by one of these three unions. In addition, 64.6 percent of American Eagle employees are represented by one of the following three unions:

- Air Line Pilots Association (ALPA)
- Association of Flight Attendants (AFA)
- Transport Workers Union (TWU)

A successful restructuring requires that American reduce employee costs by significantly more than what was discussed in previous negotiations with the unions. American will work within the Chapter 11 process to modify our current agreements to achieve the cost reductions necessary to compete more effectively.

Because we weren't able to make sufficient progress with the APA, APFA and TWU in almost two months of negotiations, the company filed a Section 1113 motion with the Court on March 23, 2012, asking the judge for authorization to reject American's current collective bargaining agreements. Doing so would allow the company to implement the changes necessary for the successful restructuring of the business if collective agreements cannot be reached.

As decisions are made about the future shape of our workforce, we will honor the notice provisions in existing union contracts. Outside of specific contractual obligations, American typically gives 14 days' notice, or pay in lieu of notice is provided. For more information, visit RestructuringAMR.com.

5. Building Mutual Trust

We recognize the importance of providing employees with a forum where they can voice the issues and concerns that are most important to them. To this end, we feel that face-to-face discussions provide the best medium for communication and the exchange of ideas.

In an effort to protect the interests of our independent employees who are not represented by a union, we have established distinct Advisory Boards for employee groups including Airport Agents, AAdvantage® Customer Service Agents, Premium Services Agents, Cargo Agents and Weight and Balance Agents.

Advisory Board meetings are held periodically, bringing together elected agent representatives and management representatives at the local, regional and system level. These meetings establish a system for independent employees to share information with their peers and provide input to management.

C. Safety and Health

1. Safety First — Always

At American, safety is everyone's responsibility. Safe working conditions don't simply come about in response to top-down directives, nor is one-time training sufficient to embed awareness and habit. Rather, safety arises out of the consistent and continual application of collective safety values and priorities that have been put in place throughout our organization.

To maximize the safety of our work environments, we've established extensive training and education programs, as well as robust safety management processes. When accidents do occur, we consider ourselves equally prepared to respond appropriately and pinpoint root causes and accountability.

We regret that one fatality did occur in 2011 when one of our ramp operators failed to properly engage a safety device, and was fatally injured by a piece of heavy machinery. We deeply regret this incident, and feel that its occurrence underscores the need for all employees at American to more closely adhere to our safety procedures and training guidance. As a result of this tragic event, we completed a pre-cautionary self-audit, sent an Injury Alert and Safety Advisory to all stations and developed a backup safety device to make non-compliance more difficult.

2. Partnership for Safety

Established in 2004, Partnership for Safety (PFS) is our flagship employee safety management system. PFS has been implemented at all of our U.S. and Canadian airports, as well as at London Heathrow. PFS is built upon four key principles:

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

This year, Partnership for Safety was reengineered to deepen our collaborative relationship with OSHA, and to refresh training opportunities for our employees. The results of this effort have been impressive:

Safety Performance Improves In 2011

- 2011 injury rates decreased 10 percent and 9 percent from the previous year at American and American Eagle
- American's 2011 lost day rate was the lowest since the introduction of Partnership for Safety
- No repeat OSHA citations; lowest number of OSHA inspections since 2007

Safety Data	2011	2010	2009
AA Injury Rate (Total recordable cases per 200,000 man hours)	7.1	7.9	7.8
Eagle Injury Rate	5.1	5.6	5.1
AA Lost Day Rate	4.5	5.2	4.9
Eagle Lost Day Rate	2.6	2.2	na
Fatalities	1	0	0

3. Safety Starts With Me

At American Eagle, the approach to ensuring safety is highly training-oriented. *Safety Starts with Me* (SSM) was developed in 2008 with the goal of drawing a larger percentage of Eagle employees — from management to front line crewmembers — into safety training sessions. Since the program's inception, Eagle's injury and lost time rates have dropped more than 13 percent. While Eagle's current injury rates represent an improvement over 2010, they fall slightly short of the target rates set for 2011. Nonetheless, having successfully extended computerized safety training programs to all of Eagle's front line managers in 2011, and manager-led lifting-injury-prevention training for Field Service, we feel confident that we'll soon be back on track to reach SSM safety targets.

Occupational Safety And Health Goals And Objectives For 2011

PFS Objectives In 2010

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

PFS Progress In 2011

- An improved injury review team has been developed and applied system-wide. Weekly safety calls are made between safety specialists and the management representative at an airport or facility to investigate the types and causes of any injuries that may have occurred. Part of this review process seeks to determine accountability for injuries in order to develop preventive measures in the future.
- A baseline injury review procedure has been developed to help standardize our approach to safety management. Following the sequence **People → Process → Performance**, we are better able to establish accountability for safety oversight, understand safety processes in place, and ultimately improve performance in areas needing attention.

PFS Objectives For 2012

- PFS refresher training will be extended to 100 percent of front line managers, with Web-based training for all employees.
- Having already begun the process of harmonizing safety data collection between American and American Eagle, our goal is to launch a comprehensive data collection tool in 2012.
- American and American Eagle will seek to further embed our systems related to safety accountability. In 2012, we are aiming for a corporate injury rate reduction of 5 percent from the previous year.
- A Job Hazard Analysis study will be launched at American's maintenance facility in Tulsa, Oklahoma.
- We aim to conduct 26 OSHA oversight audits, receive no OSHA re-citations and achieve removal from the OSHA high-hazard list.

4. Promoting Health And Wellness Every Day

More than 166,000 American Airlines employees and employee family members have access to a comprehensive suite of health services and wellness information through our *Healthmatters* directive. The program provides support, resources and information to help employees better understand important health issues and maintain high levels of health and wellness. *Healthmatters* is supported by a staff of nurses, dieticians and lifestyle coaches — our Health Advocate Team — available to provide support and case management for a range of health issues including:

- Preventive health
- Chronic diseases
- Maternity management

- Lifestyle and behavioral issues
- Mental health
- Substance abuse
- Onsite ergonomic and health assessment

A Health*matters* Health Advocate personal nurse is available by telephone to assist with over 40 conditions, and Lifestyle coaching supports behavior change in areas such as tobacco use, weight management and controlling stress.

The Health*matters* program also encompasses a number of health campaigns, online health resources and health advocate groups such as our volunteer [Wellness Champs](#). Employees who regularly participate in wellness and preventative health activities through Health*matters* may also be eligible for reductions in their insurance premiums.

For more information, visit [Healthmatters](#) online.

American Eagle's HealthConnect program provides similar services, advocating for employees' proactive use of available health risk assessment tools, annual physicals, and lifestyle and disease management services. A rewards program exists for American Eagle employees who actively participate in these preventive health measures.

D. Developing Our People

At American, we see our global competitiveness as a function of our agility, tenacity and ingenuity as an organization. From that perspective, we think of employee development as an opportunity to invest in the kinds of qualities that will lead our company to success.

In an effort to retain top talent and a diverse, dedicated workforce, we provide our employees with a range of benefits, both tangible and intangible. Our offerings begin with competitive, direct compensation and benefits packages, profit-sharing and performance incentives, and a range of retirement options. But that's just the beginning. The true value that we bring to our workforce comes in the way of world-class training and skill development — throughout all of our operations.

1. Our Approach To Training And Talent Management

Our industry is unique in that employees must be proficient in a broad range of technical and non-technical disciplines. To provide the most comprehensive, hands-on skill development environment, we consolidate much of our training near our headquarters and primary airport hub in Fort Worth, Texas. Here our employees can complete FAA-required classroom instruction at our FlagShip University and Flight Academy training centers, and experience our operations in action at nearby airports and maintenance facilities.

Beyond basic training requirements, we offer employees many opportunities to develop desired skill sets and advance their careers toward strategic objectives. Our Performance Development Process is one such mechanism, providing employees with formal career guidance, and helping to ensure that performance reviews are conducted systematically, using objective criteria. In 2011, the Performance Development Process performance reviews applied to 100 percent of active management and most support staff.

2. Focus On Leadership Development

Cultivating effective leadership throughout our company is a top priority at American. We provide skills-development programs to help new and existing managers at many levels of seniority to identify, build and hone their leadership competencies. Some of these programs include:

- **Frontline Leader:** For leaders who are new to the management team, or wish to refresh their abilities, Frontline Leader classes help build foundational skills based upon the essential components of human resource management. Training on effective communication, diversity issues, coaching and counseling are among the core features that prepare our managers for long-term success.
- **Making the Transition:** For newly appointed mid-level managers, Making the Transition is designed as a forum for the exchange of ideas and management techniques that have been effective in driving performance at American. The program comprises an annual series of two-day workshops, allowing participants to share their experiences and progress over time.
- **Leading Leaders, Leading Others, and LIFT:** A core component of our leadership training is the development of team engagement competencies. Managers at every level of seniority must understand how to best utilize employees' diverse skills and synergies, and cooperate with fellow managers to drive efficiency and business performance. This process requires a great degree of introspection for leaders to assess their personal management tendencies and consider style adjustments that may be beneficial.

To this end, we offer three programs — **Leading Leaders** (for Managing Directors and above), **Leading Others** (for Managers and above) and **Leadership: Improving the Future Together (LIFT)** (for management-level Airport Services personnel). These programs are structured as

intensive two-day workshops that provide a focus on how leaders see themselves versus how others see them.

We have seen an overwhelmingly positive response to our leadership development programs. The majority of participants in training sessions rated their learning experience as either "Very Good," or "Excellent." Additionally, American Airlines has been ranked by *Leadership Excellence Magazine* as one of the 20 best companies for Leadership Development Programs in large corporations — ranking #18 out of more than 1,000 companies evaluated.

3. Excellence From Within

At American, employees are encouraged to take ownership of their job functions and share their expertise to help improve our customer satisfaction and business success. Volunteer-led Joint Leadership Teams (JLTs) take action on a number of local issues that are important to our customers and our employees. Employees from each workgroup at an airport are invited and encouraged to attend JLT meetings and participate in efforts to solve local problems.

Employees are also encouraged to participate in company-sponsored Employee Resource Groups (ERGs) that bring together employees with common interests and affinities. These groups are formed to facilitate expressions of identity and advocacy, and to provide opportunities for professional development, community involvement and business contribution. Close to 5,000 employees are regularly involved in at least one of the 17 employee-led ERGs that exist at American, adding depth and richness to the employee experience at our company.

E. Diversity

As a company with global operations and influence, it is only appropriate that we maintain a global mindset as well. At American, we have long celebrated diversity of thought and experience among our employees, and we have no doubt that the varied insights and perspectives existing within our company have had a positive impact on our overall performance and corporate culture. We truly feel that diversity should be explored, respected and thoroughly celebrated; that's the American way.

The year 2011 marked another successful milestone in the annals of our diversity leadership. For the tenth consecutive year, American Airlines has received the highest possible recognition in the Human Rights Campaign's *Corporate Equality Index* — an annual review of diversity-friendly workplaces. We have also launched or maintained a host of education initiatives, geared toward creating a culture of respect and inclusiveness at American Airlines and American Eagle. We feel that this work contributes to the empowerment of all employees at our company, and so we remain proudly committed to our efforts.

1. Management Approach

High-level oversight of American's diversity and inclusion initiatives takes place within our Diversity Advisory Council. This body is composed of representatives from 17 Employee Resource Groups (ERGs), and draws upon diverse perspectives to help inform business decisions, policies and education initiatives at American. ERGs are employee-led, grassroots organizations, fostering interaction and engagement on a number of social and cultural issues. We consider these to be the building blocks of inclusivity, expression and thought leadership at our company.

Our Diversity Advocates also represent an indispensable company resource, as the go-to people for guidance on navigating diversity and inclusion issues that may arise in the workplace and marketplace. These dedicated individuals help facilitate the integration of employees coming from diverse cultural backgrounds — an ever-important service as our global business network grows.

2. Diversity Performance In 2011

Employee Age Groups Within Our Domestic Workforce (81,303 total domestic employees)

Age < 30 = 4,744 (6 percent)
Age 30 - 50 = 42,177 (52 percent)
Age > 50 = 34,382 (42 percent)

Gender Composition Within Our Domestic Workforce (81,303 total domestic employees)

Male = 49,574 (61 percent)
Female = 31,729 (39 percent)

Ethnic Composition Of Our Domestic Workforce* (81,303 total domestic employees)

- 34 percent Ethnic Minority
 - 12 percent African American/Black
 - 15 percent Hispanic/Latino
 - 5 percent Asian
 - 1 percent American Indian/Alaskan Native
 - 1 percent All Other (two or more races, Native Hawaiian/Pacific Islander)

**Ethnicity is tracked in the United States only, as the collection of diversity information is often prohibited by law in other countries.*

Diversity Award Recognizes American Employees

American Airlines employees Lynette John-Finn, a training instructor in Cary, North Carolina, Mike Navarro, Director of Employee Safety in Miami, Florida, and Bruce Sickler, a Reservation Representative in Fort Worth, Texas, were awarded the third annual Earl G. Graves Award for Leadership. This award recognizes their work in advancing diversity and inclusion at American Airlines.

The award was established to honor Earl G. Graves, Sr., founder and publisher of *Black Enterprise Magazine*. He influenced many of American's diversity initiatives during his 13 years on AMR's Board of Directors and helped establish a practical, business-minded approach to diversity, demonstrating that diversity efforts are integral to business goals.

Award candidates are nominated by fellow employees and then chosen by a selection committee composed of senior management and members of the Diversity Advisory Council. Selection criteria include:

- Long-term commitment to leadership
- Demonstrated passion and commitment to diversity and inclusion
- Legacy of leadership in diversity by having a lasting impact on the company and community



Roger T. Staubach, AMR Board Diversity Committee Chairman; Bruce Sickler, AA.Com Res Rep, Southern Reservations Office; Lynette John-Finn, Instructor, Southeastern Reservations Office; Mike Navarro, Director of Employee Safety - Miami; Gerard J. Arpey, former Chairman and CEO

John-Finn, Navarro and Sickler were selected from an impressive list of nominees for their continuous commitment to the company's diversity mission and for their ability to incorporate diversity into American's daily operations through their personal spheres of influence.

A video of the awards ceremony is [available online](#).

Establishing An Even Playing Field

In 2011, we launched the Officers' Insight Initiative, a program designed to establish closer and more frequent contact between American's senior leaders and the rest of our employees. Through this initiative, American's Leadership Team can often be found making appearances in our dining facilities and other public spaces to meet and converse with employees in an open forum. The success of this program in 2011 has been evident both in terms of its general popularity, and in its capacity to create informal and open communication between senior leaders and management and non-management employees in corporate environments.

3. Respecting And Valuing Coworkers

Maintaining a positive, non-discriminatory work environment is essential for the well-being and cohesiveness of our workforce. Our continued action on this front produced several significant training and guidance documents in 2011 including:

- **Value Respect 3.0** - A training initiative focused on non-discrimination efforts, inclusion and policies at American Airlines and American Eagle. This is offered as an in-person learning map experience as well as an online module.
- **Non-discrimination policy** - A recent [whitepaper](#) detailing American's management approach, training, counseling and investigation mechanisms associated with hate-related behavior.

VII. Community

A. Progress

At American, we're in the business of making connections. Every day we help to bridge cultures, continents and communities — and every day, we do it 3,300 times. After 85 years in the airline industry, we understand how small and interconnected the world really is, and we see the need to act as stewards of the people, places and communities we touch.

Given the size of our business and the extent of our network — both domestically and internationally through the **oneworld®** alliance — we realize that our company's presence and economic impacts are felt on a global scale. With this global presence in mind, we are committed to bringing our company values with us wherever we go, and are always striving to attain the highest levels of responsible citizenship. Acting on this pledge is absolutely vital for our business to grow sustainably and maintain the respect of our stakeholders, worldwide.

In 2011, despite global economic turbulence, we maintained commitments to our employees, our charity partners and our many host communities. As we move through restructuring and restore American to industry leadership, profitability and growth, we will make every possible effort to minimize adverse impacts upon these, our most essential stakeholder groups.

Highlights from our community engagement initiatives in 2011 include:

Our Economic Impacts

- American and American Eagle's economic impact in the United States and internationally was greater than \$130 billion and our total **worldwide job impact was 983,700 jobs**
- American continues to invest in airport infrastructure improvements across its operations
- In 2011, American completed the construction of an Admirals Club® lounge in the San Francisco International Airport which is anticipated to receive the prestigious LEED Silver certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design

Progress In Global Giving

- AAdvantage® customers' continued generosity has strengthened American's relationships with a number of large charity partners
- American Airlines is now in its **fourth year as a Lifetime Partner** with Susan G. Komen for the Cure® — making good on a pledge to donate \$1 million a year for a total of eight years in support of the foundation
- Employee-led charities, both large and small, are on the rise at American
- American has expanded the scope of its charitable efforts through a strengthened relationship with the American Red Cross

Workforce Giving And Engagement

- American Airlines employees made **nearly \$1 million in charitable donations** in 2011, while logging more than 41,000 hours of volunteer work

Engaging Our Customers

- Customer response to American's fundraising initiatives has been outstanding, with more than **\$7.3 million in cash** and AAdvantage miles donated in 2011

B. Economic Impact

As one of the largest airlines in the world, our company stimulates global chains of economic activity, creating value and opportunities for millions of people. We connect businesses of all sizes, we pay taxes and tariffs to dozens of governments, we bring infrastructure improvements to the communities where we operate and we provide opportunities for economic advancement among our large, globally diverse workforce.

Beyond the basic functions of our business, we also facilitate an enormous flow of resources to a range of charities, research initiatives and communities directly in need of our support. These contributions may include volunteer hours, in-kind donations and service donations. Leveraging our connections with an international customer base, we are also able to raise awareness about key social and environmental issues, thereby multiplying the impacts of our community service work many times over.

In 2011, we entered a restructuring process that may alter our economic impacts and priorities. Reductions to the size of our workforce and the number of facilities we operate will, unfortunately, result from the reorganization. We may also face temporary constraints to our community and charitable giving agendas.

Despite these challenges, we are confident that the restructuring of our company represents the best possible option for our employees and community stakeholders.

1. Economic Impact Summary

American Airlines and American Eagle together had an estimated global economic impact of \$130 billion, including \$4.2 billion in taxes and fees paid. Our company also contributed to the creation or support of 983,700 jobs, worldwide, and our expanded **oneworld** alliance network now represents one of the world's largest collaborative business ventures.

Our domestic economic contributions remain strongest in our cornerstone markets of Dallas/Fort Worth, Chicago, Miami, New York and Los Angeles. Our maintenance and engineering facilities also create significant impacts.

In several of the communities we serve, we offer the only air service connection to the rest of the air transportation network, or we are one of two carriers providing flight options.

Route Expansion Delivers Economic Benefits To Los Angeles

Beginning April 5, 2011, American Airlines and American Eagle launched a significant route expansion out of Los Angeles. This expansion led to an increase of almost 30 percent in daily departures and 10 new destinations served, including Shanghai, China. Local economic impacts associated with the route expansion are estimated to reach \$600 million a year, bringing American's total impact in Los Angeles to \$6 billion. In addition to greater access to the Los Angeles market, the new domestic destinations will also benefit from convenient connections to numerous international destinations served by American and its **oneworld** partners.

2. Supporting Small And Midsized Businesses

Aware of the important role that small and midsized businesses (SMBs) play in their communities as well as the larger economy, American Airlines has a long history of supporting such enterprises. In addition to sponsoring organizations like Business Matchmaking, the U.S. Chamber of Commerce, SCORE and MassChallenge (which in turn provide a variety of support services for SMBs), American also offers a suite of travel products designed to maximize the value of travel for SMBs where success depends on frequent air travel and face-to-face meetings.

With American's Business ExtrAA® program, for example, SMBs accrue points when their employees travel for business on American and include the company's Business ExtrAA account number in their reservations. Business ExtrAA points can be redeemed for more than 50 types of travel awards, including flights, upgrades and Admirals Club one-day passes and conference room usage. They can also be donated as part of employee incentive programs or used to thank valued customers — so in addition to reducing travel costs, they can serve team building and marketing purpose. Plus, employees can earn miles on their personal AAdvantage accounts when traveling under their company's Business ExtrAA number, so every flight offers benefits for both the company and the individual traveler.

Learn more about how American is [Helping Small and Midsized Businesses](#).

3. Infrastructure Investment

Expansion of our business into new regions and communities results in far-reaching and long-term economic impacts. We have found that our routes act as conduits for many forms of commerce and social engagement, and we truly feel that a new route represents an investment in the communities on both ends.

Nonetheless, when planning for network expansion, we proceed cautiously, deliberately and in close communication with the communities involved. This includes the completion of all necessary environmental assessments.

The services and investments we propose are welcomed and appreciated by the communities involved. In fact, over the past 10 years, American Airlines has spent \$2.4 billion on airport and facility infrastructure projects, including extensive domestic upgrades.

In 2011, our major infrastructure investments included:

- Relocation and expansion of facilities at Los Angeles International Airport
- Concourse upgrades at New York's LaGuardia Airport
- An Admirals Club in Terminal 2 at San Francisco International Airport, which is anticipated to receive the prestigious LEED Silver certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Commercial Interiors classification
- Improvements to the Mexico City Reservations facility
- Updates to the Admirals Club at London Heathrow Airport
- Airport facility enhancements in Brasilia, Brazil

4. Supplier Diversity

Every business deserves the chance to succeed; yet within a fiercely competitive global marketplace, small companies, and those with minority or women ownership, are often underrepresented in the supply chain. As part of our commitment to diversity and inclusion, we believe in creating economic value on a local scale, and strengthening our connections with a varied supplier base. Not only does this commitment to supplier diversity expand our company's procurement and partnership options, it also represents an opportunity to build our relationships with entire communities — not just business communities.

In 1989 American Airlines created a Diversified Supplier Program, establishing a formalized process for the engagement of small businesses and those with minority, LGBT and women ownership. Overseen by the Diversity Committee of the AMR Board of Directors, this program is reviewed annually to help determine the best strategies for managing supplier diversity throughout our company. In recent years, our approach has included the establishment of diversity mandates for our Tier 1 suppliers, creating an even broader network of minority-, LGBT- and women-owned suppliers impacted by our business. Since the program was established, American has spent in excess of \$4 billion with diverse suppliers and we continue to focus on fostering growth in this important segment within the communities we serve.

C. Global Giving

At American Airlines, service is a way of life. It is an essential component of our company's legacy and identity and our plans for the future. To better encompass the wide range of service work that we pursue, we simply use the term "giving."

Though our global giving initiatives have a multitude of impacts, we strive to keep our energies focused on five key areas.

- [Children's initiatives](#)
- [Support of Susan G. Komen for the Cure](#)
- [Veterans initiatives](#)
- [Employee-led charities](#)
- [Disaster relief efforts](#)

A targeted approach to global giving facilitates coordinated action among our employees, customers and broader stakeholder groups. Over the years, we've made impressive progress toward these goals, and as our company evolves, we will continue to refine and enhance our approach to large-scale, organized giving.

1. American Airlines Kids In NeedSM program

Of the many groups we support through our global giving initiatives, children are the most vulnerable to medical, social and economic difficulties, and are least able to make themselves heard. For this reason, we have consolidated our many children's service initiatives under the Kids in Need umbrella to maximize the scope, coordination and effectiveness of our efforts. With broad support from our employees and customers, Kids in Need initiatives foster volunteer and philanthropic action around the globe.

Some of our key progress areas in 2011 included:

- **UNICEF** - Established in 1994, UNICEF's Change for Good program with American Airlines has generated remarkable support and awareness at American and is one of our largest and longest-running charitable programs. Employees seeking volunteer opportunities through the program can register as "Champions for Children" and collect donations to support UNICEF while at work. In 2011, nearly 3,000 American Airlines employees volunteered to support UNICEF, and together with our customers, raised more than \$1.34 million to benefit the organization. Much of this support came from our international operations, including Santiago, Chile where 90 percent of the flight attendant base has registered as Champions for Children. These efforts have earned American Airlines a place shared with only a handful of other corporations as the top corporate donors of the U.S. Fund for UNICEF: American was one of only eight companies in UNICEF's President's Circle of contributors donating more than \$1 million in 2011.
- **Miles for Kids in Need®** – In many instances, children's families are unable to afford flight services needed to access specialized medical attention. To address this issue, since 1989 American has called upon its AAdvantage members to donate "Miles for Kids in Need." In 2011, alone, AAdvantage members donated 117 million AAdvantage miles.

Christmas Treat In Montego Bay

While most American Airlines customers might think of Jamaica as a great place for a holiday retreat, many of the country's citizens lead lives with no such frills. So for more than 20 years, American Airlines



volunteers have organized a "Christmas Treat" initiative for school children in Western Jamaica. In 2011, American volunteers traveled to Buckingham Primary School, where 80 children were treated to ice cream, muffins, books and toys and a few Christmas carols to boot. Even these small initiatives can make a lasting impression.

2. Military And Veterans Programs

At American Airlines, supporting active military service members, veterans and their families is something we take very personally. Our employees' history of military involvement dates back to our company's earliest days. More than 60 percent of American's pilots and approximately 10 percent of all American Airlines employees are active military service members or veterans. American supports members of the military, veterans and their families, in their communities as well as when they travel. Our support includes special military airfares, contributions to nonprofit organizations and employee engagement in a wide variety of events and activities.

Military and veterans program highlights

- **USO Fundraising** - The USO plays an integral role in keeping troops' spirits high, and as the official airline of the USO, American Airlines provides funding support in many ways. In 2011, we continued to offer AA gift cards with a USO donation option. Under this system, 10 percent of gift card proceeds support the USO directly — with donations exceeding \$37,000 in 2011. We also support AAdvantage members' direct donations to the USO by offering AAdvantage bonus miles for every dollar they contribute. This initiative, called Miles in Support of All Who Serve, generated more than \$760,000 for the USO in 2011.
- **Snowball Express** - While every stage of active service can present difficulties for the families of military personnel, nothing is harder than losing a loved one. In these sad instances, it is more important than ever for families to get the love and support they need. To this end, Snowball Express was created to help provide much-needed comfort and entertainment to children who have lost a parent on active duty. Now celebrating our third year as the official airline of Snowball Express, we help families get onboard for an all-expense-paid trip to Dallas/Fort Worth for an extended weekend of music, entertainment and making new friends. *To learn more about Snowball Express, or to register for a trip, visit www.SnowballExpress.org.*

3. Susan G. Komen for the Cure®

Having worked collaboratively for nearly 30 years, American Airlines and Susan G. Komen for the Cure have reached significant milestones together. As the official airline and first-ever Lifetime Promise Partner of Komen, we are proud to support ongoing breast cancer research in every way possible. We incentivize customer contributions to Komen through AA gift card purchases — with 10 percent of proceeds benefitting Komen — and AAdvantage bonus miles for every dollar donated. In 2011, our customers contributed nearly \$560,000 to Komen. Aside from direct fundraising, we sponsor many events each year to raise breast cancer awareness, and encourage our customers and employees to make their own contributions to Komen.

For more information, visit JoinUs.AA.com/Komen.

4. Employee-Led Charities

Some of our proudest giving efforts are the ones that are home grown. With a recent uptrend in the activity of employee-led charities, it's clear that American's culture of service is alive and well. Some of our fastest-growing and most innovative employee organizations include:

- **Something mAAgic Foundation®**: Established in 1996, this organization is composed of employee volunteers and other supporters who grant wishes to chronically or terminally ill children by providing

them and their families with an opportunity to participate in mAAgic Flight, an all-expense paid trip to *Give Kids the World Village* in Central Florida. To date, Something mAAgic Foundation has raised more than \$1.5 million in donations and granted wishes to hundreds of children from Canada, Europe, Asia, Latin America and the United States.

For more information, visit somethingmaagic.org.

- **Airline Ambassadors International:** Founded in 1996 by Flight Attendant Nancy Rivard, AAI is a nonprofit organization affiliated with the United Nations and recognized by the U.S. Congress. It began as a network of airline employees using their pass privileges to escort children in need of medical attention. It has since expanded into a network of students, medical professionals, families and retirees who volunteer as "Ambassadors of Goodwill" in their home communities and abroad. AAI provides humanitarian aid to children and families in need as well as relief and development to underprivileged communities worldwide. AAI escorts children in need, hand delivers humanitarian aid to orphanages, clinics and remote communities, raises public awareness, and involves youth in humanitarian efforts around the world.

For more information, visit airlineamb.org.

- **Medical Wings International:** Founded in 1998 by Cargo Agent Glenda Johnson, this organization started its life-saving missions with a trip to Haiti with one doctor escorted by Glenda to provide medical care in a small village just outside of Port-au-Prince. Since that time, Glenda has developed a network of 150 dentists, physicians, nurses, ophthalmologists and various non-medical volunteers. She partners with American Airlines employees on the ground to provide logistical support and translation services where needed. MWI has also found sources to donate medical supplies to support a dozen trips each year to countries including El Salvador, Ecuador, Colombia, South Africa, Russia, the Democratic Republic of Congo, Mexico, Honduras and Venezuela.

For more information, visit medicalwings.org.

5. Disaster Aid And Response

In the face of natural disasters, few companies are as equipped as we are to deploy life-saving supplies and relief workers to affected communities anywhere in the world. We proudly offer our aircraft, ground facilities and employee volunteer time to assist with emergency response in any way possible. In recent years, American has played an integral role in supporting the victims of disasters such as:

- **Hurricane Katrina in 2007**
- **Hurricane Ike in 2008**
- **Earthquakes in Haiti and Chile in 2010**
- **Japan earthquake and tsunami in 2011**
- **U.S. tornadoes, floods and wildfires in 2011**

One powerful development that has come about as a result of these efforts is our funding partnership with the American Red Cross. While we cannot guarantee our direct support in all natural disasters and emergency situations, we are able to encourage contributions by offering AAdvantage bonus miles for each dollar donated. In 2011, AAdvantage members contributed \$1.8 million to Red Cross relief efforts to aid victims of the earthquake and tsunami in Japan, as well as those affected by Hurricane Irene and spring weather emergencies in the United State. with an additional \$16,181 donated in the wake of Hurricane Irene.

As future emergency situations arise, we will continue to seek ways to draw together our many resources — employees, customers, partner organizations and equipment — to respond as systematically and effectively as possible.

D. Employee Connections

1. Workforce Giving

With a formal workforce giving program dating back almost 20 years, we are proud and honored to be surrounded by colleagues who truly act upon their values. Having evolved our approach to organized volunteering and charitable work, AmericanGivingSM is now the umbrella for all employee service efforts and contributions managed internally at American. Given the scope of community action and initiatives that our employees pursue, we have taken it upon ourselves to build improved mechanisms for tracking and encouraging these contributions.



Part of this effort centers on our ability to develop more holistic relationships with charity partners, so that our employees have access to broader donation options through a streamlined, traceable system.

Even as these systems develop, we observe a remarkable degree of generosity and community engagement among our ranks. American Airlines and American Eagle employees support innumerable nonprofits, social awareness and advocacy groups, and philanthropic foundations. Wherever possible they share and leverage their diversity of thought, heritage and expertise — oftentimes collaborating through our Employee Resource Groups.

While numbers alone cannot convey the full impacts of our employees' efforts, they are impressive nonetheless. In 2011, employee charitable contributions were equal to \$962,000 in payroll pledges alone — not accounting for donations to many of our major charity partners.

2. Employee Engagement In The Community

The scale and diversity of community engagement efforts among our employees is truly remarkable. With more than 41,000 volunteer hours logged in 2011, these dedicated individuals have worked for the betterment of more than 300 nonprofits and community organizations through more than 6,400 individual initiatives and activities. In 2012, it is our goal to expand participation in charitable initiatives by 10 percent across our entire workforce.

American Cancer Society Relay for Life

- American Airlines has been a National Corporate Team Program Partner with the American Cancer Society's Relay for Life for five years. The Relay for Life event is an overnight community gathering where everyone can participate in the fight against cancer. Teams of people camp out at a local high school, park or fairground and take turns walking or running around a track or path. The event celebrates survivors, remembers loved ones and brings together millions of people to raise money to help prevent cancer, save lives and diminish suffering from the disease. In 2011, American Airlines was ranked #29 out of the 52 Relay for Life national teams, fielding 46 teams and raising \$70,695 in total donations.

Susan G. Komen Passionately Pink for the Cure

- Passionately Pink for the Cure® is an awareness and fundraising program benefiting Susan G. Komen for the Cure, whose goal is to end breast cancer forever. The Passionately Pink event is a chance for employees to help end breast cancer by wearing pink, having fun and raising money for the cause. Employees raised \$70,000 in online donations during 2011.

Help For Haiti

- Since the earthquake in Haiti, two major volunteer missions have been coordinated in partnership with Village of Vision for Haiti Foundation. Over 30 American employees in Haiti and the United States dedicated nearly 1,000 hours of volunteer service. This work ranged from meeting on weekends to organize and pack donated goods, to cleaning and painting the new facilities in Lamardelle, outside Port-au-Prince. Last year, employees hosted the first annual golf tournament fundraiser to assist in putting a second story on a local clinic. Over \$85,000 was raised and donated to the local nonprofit organization managing the project. Planning is underway for the second annual golf tournament that will take place in the fall of 2012.

E. Our Customers

As advocates of charity, service and responsibility, perhaps our most powerful tool is the ability to influence others. American Airlines touches the lives of millions of people every day. To the greatest degree possible, it is our mission and responsibility to engage our stakeholders in acts of giving. Our customers, in particular, have responded with incredible enthusiasm to our fundraising initiatives with Komen, UNICEF the USO and many other partners. Yet we must always seek new and improved methods to drive customer involvement for the causes we support.

In 2011, American's customer generously gave over \$7.3 million in cash and miles. Giving efforts included:

Children's initiatives

- **Miles for Kids in Need:** Since 1989 AAdvantage members have generously donated miles to help kids in need. In 2011 alone, members donated close to 117 million of their unused AAdvantage miles, which helped hundreds of children's organizations.
- **UNICEF:** Over the past 17 years, American Airlines flight attendants and Admirals Club employees known as "Champions for Children" have collected more than \$7.5 million in unused currency and donations from customers to support UNICEF programs for children worldwide.

Susan G. Komen for the Cure

- **Miles for the Cure:** Began in 2008, AAdvantage members have the opportunity to be rewarded with bonus miles by supporting American's Miles for the Cure campaign, which supports a research grant at M.D. Anderson in Houston, Texas.
- **Komen Gift Card:** For every \$50 of travel purchased via the gift card, American donates \$5 to Susan G. Komen for the Cure. American Airlines/Komen for the Cure gift cards are available in denominations from \$50 to \$1,500, and can be applied toward any published fare on any American Airlines, American Eagle or AmericanConnection carrier; or any **oneworld** partner or codeshare flight (designated as American Airlines).

Military and Veterans' initiatives

- **Miles in Support of All Who Serve:** Since World War II, the **USO** has been a steadfast supporter of military personnel and their families around the world. AAdvantage members will be rewarded 10 AAdvantage bonus miles for each dollar donated through American's Miles In Support of All Who Serve campaign, which supports USO programs.
- **USO Gift Card:** When you give the gift of travel and select the USO Gift Card, American will give \$5 for every \$50 of travel you purchase to help support the many USO programs and services.

Disaster relief

- In 2011 AAdvantage members donated over \$1.8 million to aid victims of earthquakes, hurricanes, tornados, and wildfires around the world. For every donation of \$50 or more to the American Red Cross, members were awarded 250 AAdvantage miles, or 500 AAdvantage miles for donations of more than \$100.

For more information on the positive impacts of our customers' contributions, visit JoinUs.AA.com.

VIII. Profile

A. AMR Corporation At A Glance

1. Getting To Know Us

AMR Corporation is the parent company of American Airlines and American Eagle Airlines. Headquartered in Fort Worth, Texas, we are one of the largest airlines in the world, employing 87,897 people in 2011 and providing service to 260 airport destinations in more than 50 countries and territories. American Airlines is also one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system onboard American's passenger fleet.

Global workforce = 87,897

United States and Canada = 82,514
Mexico, the Caribbean, Central and South America = 4,145
Europe/Asia/Pacific = 1,238

On an average day, American Airlines and American Eagle employees:

- Welcome almost 300,000 customers onto our aircraft
- Help book flights and answer questions for 110,000 customers who call our reservation centers
- Deliver 250,000 checked bags to their final destination
- Load and transport over 2.7 million pounds of cargo
- Properly maintain 900 aircraft so that they can be dispatched on 3,300 flights
- Safely fly our customers 3.1 million miles to 260 cities in 50 countries

2. Financial Performance

AMR Corporation Revenue (in \$MMs)*	2011	2010	2009
Passenger (total)	20,671	19,087	17,049
- American Airlines	17,947	16,760	15,037
- Regional Affiliates	2,724	2,327	2,012
Cargo	703	672	578
Other**	2,605	2,411	2,290
Total Operating Revenue	23,979	22,170	19,917
Net Earnings / (Loss)	(1,979)	(471)	(1,468)

*For official GAAP results including special items, please see our 2011 10-K Filing, pg. 62.

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

Restructuring Process

AMR Corporation, and certain of its United States-based subsidiaries, including American Airlines, Inc. and AMR Eagle Holding Corporation, on November 29, 2011, filed voluntary petitions for Chapter 11 reorganization in the U.S. Bankruptcy Court for the Southern District of New York. AMR Corp. took this action in order to achieve a cost and debt structure that is competitive in the airline industry so that it can

continue delivering world-class travel experience to its customers. More information is available at RestructuringAMR.com.

3. Routes And Networks

American Airlines continues to refocus its route network around five key markets: Dallas/Fort Worth, Chicago, Miami, Los Angeles and New York. These markets are important gateways for our high-value customers and offer all customers easy access to hundreds of domestic and international destinations. The five cornerstone markets include the four biggest metropolitan areas in the United States.

International Service from Cornerstone Markets

In an increasingly global economy, international flying is vital to American's best customers, and is therefore a central element of the company's network strategy. Highlighting this trend is the fact that international operating revenue has accounted for approximately 40 percent of total operating revenue the past three years, up from 28 percent in 2002. Thus, a key feature of the cornerstone markets is that they serve as focal points for **oneworld** alliance partners to create a truly global network serving the most important business centers in the world. The hubs of our partners — British Airways, Iberia, Japan Airlines and Qantas at London, Madrid, Tokyo and Sydney, respectively — complement our cornerstones, expanding our global reach significantly.



[Learn more about where we fly.](#)

Through the implementation of our cornerstone strategy, we are achieving our goal of becoming a truly global airline while retaining our American roots and heritage.

The **oneworld** alliance

The **oneworld** alliance includes 11 of the world's highest quality and most respected airlines and offers customers one of the most attractive alliance networks. As a member of the **oneworld** alliance, American can extend its network to attract customers and earn revenues beyond its own route system.



In 2011, we continued to deepen our cooperation with **oneworld** partners.

- In May 2011, **oneworld** carrier Qantas Airways, Australia's biggest airline, realigned its network to be closer to its oneworld partners and added Sydney–Dallas/Fort Worth direct service four times a week.
- We also strengthened relationships across the Pacific through the launch of the new joint business with fellow **oneworld** member Japan Airlines. Through this agreement, the airlines will share revenue

and reduce costs, coordinate networks and schedules, and cooperate commercially on routes between Asia and North America.

- American expanded its codeshare relationship with Cathay Pacific in July 2011, giving the company a stronger presence in Asia.

In its continued effort to add the best carriers in emerging key regions, **oneworld** will add airberlin, Europe's fifth-largest airline, to its roster in 2012. Malaysia Airlines and Kingfisher Airlines have also been invited to join **oneworld**. American Airlines also has codeshare, interline and frequent flyer agreements with select airlines around the world, allowing passengers to travel on routes American may not serve directly.

For more information on the oneworld alliance, please visit oneworld.com.

New Headquarters For The oneworld Team

In the latest step to establish itself as the world's premier alliance, **oneworld** relocated its headquarters to New York City in 2011. The move from Vancouver, British Columbia, Canada, enables **oneworld** central alliance team to keep its finger on the pulse of the world's single biggest air travel market.

New York is served by more flights of **oneworld** member airlines than any other city worldwide. The new headquarters location is also home to the team managing the transatlantic joint business launched by American, British Airways and Iberia. In addition, the 46,200-square-foot facility accommodates the New York offices of American, British Airways and a number of other **oneworld** member airlines.

4. Our Fleet

As of December 31, 2011	Average Seating Capacity	Average Age (Years)	
American Airlines Aircraft			
Boeing 777-200ER	247	11	More Info
Boeing 767-300ER	225	18	More Info
Boeing 767-200ER	168	25	More Info
Boeing 757-200	188	17	More Info
Boeing 737-800	157	6	More Info
McDonnell Douglas MD-80	140	20	More Info
AMR Eagle Aircraft			
Bombardier CRJ-700	63/65	5	More Info
Embraer RJ-145	50	10	More Info
Embraer RJ-140	44	10	More Info
Embraer RJ-135	37	12	More Info
Super ATR	64/66	18	More Info

Over the past year, American Airlines took decisive action in moving forward with its fleet renewal efforts. In July 2011, we placed the largest aircraft order in aviation history: 460 narrowbody jets from Airbus and Boeing to be delivered in 2013 through 2022, plus 465 option positions. With \$13 billion in lease financing provided by the manufacturers, the deal will not only allow us to replace our older, narrowbody fleet under favorable financial terms, but it also puts us on track to have the youngest, most fuel-efficient fleet in North America in roughly five years. Our fleet renewal initiative will reduce the average fleet age from 14.8 years today to 9.5 years by 2017.

For more information about our aircraft agreements with Boeing and Airbus, please see AMR's [2011 10-K filing](#), page 35.

Introducing The Boeing 777-300ER

In January 2011, American ordered Boeing 777-300ER widebody aircraft, which will arrive in late 2012. We are the first U.S. airline to order the 777-300ER, an aircraft that will support the growth we expect to be made possible by our international alliance partnerships, including our joint business with **oneworld** members across the Atlantic and Pacific.

The 777-300ER offers a combination of size, range and performance, as well as extensive customer amenities. The seating capability of the aircraft will allow for growth flexibility and provide greater ability to serve new long-haul markets.

The Boeing 777-300ER is 19 percent lighter than its closest competitor, and it produces 22 percent less carbon dioxide per seat and costs 20 percent less to operate per seat. In short, it is more efficient and environmentally friendly than any long-haul (or widebody) plane currently in our fleet.

B. Governance

Our [Board of Directors](#) has 12 members, all of whom are considered independent with the exception of our Chairman, President and CEO, Tom Horton. Of the 12 members, two are female and three are minorities. Three of our board members are between 50 and 59 years old, five are between 60 and 69 years old and four are at least age 70.

To help fulfill its responsibilities, the Board of Directors has [four standing committees](#). All members of the standing committees are considered independent directors.

- The [Audit Committee's](#) primary functions include overseeing our independent auditors and reviewing our annual audit and financial statements. The committee also reviews and discusses safety, security and environmental measures as well as legal, ethical and conduct complaints and policies.
- The Nominating/Corporate Governance Committee recommends candidates for director and officer positions and, along with the CEO, reviews succession planning. The committee also reviews our governance policies and practices.
- The [Compensation Committee](#) establishes and implements executive compensation objectives and approves all executive compensation, while also determining metrics for performance-based awards for executives.
- The [Diversity Committee](#) provides oversight, counsel and guidance to senior management on issues related to diversity and inclusion, including equal employment opportunity policies and hiring practices and employee retention issues.

More information on AMR's corporate governance can be found on the [Corporate Governance and Investor Relations section of our website](#).

Board Approval And Oversight Of Chapter 11 Filing

AMR Corporation, and certain of its United States-based subsidiaries, including American Airlines, Inc. and AMR Eagle Holding Corporation, on November 29, 2011, filed voluntary petitions for Chapter 11 reorganization in the U.S. Bankruptcy Court for the Southern District of New York. Prior to this announcement, AMR's Board of Directors determined that a Chapter 11 reorganization was in the best interest of the company and its stakeholders.

The Board of Directors also appointed [Tom Horton](#) Chairman and Chief Executive Officer of the company, succeeding Gerard Arpey, who decided to retire. Horton also retained the title of President.

Tom Horton was named President of AMR and American in July 2010. Previously, Horton served as Executive Vice President — Finance and Planning and Chief Financial Officer of AMR and American. He was named to that position in March 2006 upon returning to American from AT&T Corp., where he had been Vice Chairman and Chief Financial Officer.

Aligning Pay With Performance

The principal objectives of our executive compensation program for 2011 were to:

- Provide compensation that enabled us to attract, motivate, reward and retain talented leaders
- Reward achievement of our goals
- Sustain a pay-for-performance approach in which variable or "at risk" compensation was a substantial portion of each leaders' compensation

- Link our compensation programs with the interests of our stockholders through stock-based compensation

Consistent with these objectives, an average of 70 percent of the total potential pay we awarded our named executive officers in 2011 was in the form of long-term stock-based compensation. As a result of our Chapter 11 filing and delisting of our shares, we anticipate that the future value of the long-term stock-based compensation awarded to them in 2011 and prior years will be minimal.

Detailed information regarding AMR's executive compensation, including the process used to determine compensation, is available in our [2011 10-K](#), beginning on page 115.

C. Ethics And Compliance

Responsible operation begins with a foundation of rigorous adherence to the highest standards of business ethics and compliance with the letter and the spirit of the law in everything that we do and in every country in which we do business.

We have adopted [Standards of Business Conduct](#) that apply to all employees, no matter where they work around the world. These Standards also apply to all agents, consultants, contractors and others when they are representing or acting for the company. We expect our vendors and suppliers to be guided by these principles as well.

The AMR Standards of Business Conduct address many areas of our business practice, including:

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

We train all management and certain non-management employees through our Business Ethics, Safety & Compliance Program Training or annual Compliance Certification, or both. The training includes instruction on anticorruption and business ethics. In 2011, 100 percent of active American and American Eagle management employees and more than 1,850 non-management employees completed the annual Compliance Certification.

1. Ensuring Accountability

At American, there is a shared understanding that everyone must take responsibility for their own actions. Employees are therefore expected to immediately report any suspected illegal or unethical activity. We have established several confidential options to make reports, including anonymous channels.

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

American is also a Corporate Member of [TRACE](#), which demonstrates our commitment to the highest level of transparency in our commercial transactions and to complying with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other anti-bribery laws.

2. Our Zero-Tolerance Approach To Hate-Related Behavior

In 2011, American Airlines released a white paper disclosing the process and considerations the company had taken to dealing with a specific category of misconduct — that of "hate-related" behavior.

Hate-related behavior is any action or statement that suggests hatred for or hostility toward a person or group because of their race, sex, sexual orientation, religion or other protected characteristic. It has no place within our company, and the development of our policy and approach stemmed from our desire to ensure that such behavior is swiftly and decisively addressed. We therefore embedded specific language within our company Work Environment Policy and created a system for monitoring and reviewing adherence with the Policy:

"We are committed to fostering a safe work environment that is second to none — one that celebrates diversity, offers equal opportunities and where all employees feel secure, involved, valued and respected. We do not tolerate discrimination, unlawful harassment, hate-related behavior, threats of workplace violence or other inappropriate behavior. Respecting one another and valuing our differences is a core value of our culture. Each of us must make a personal commitment to these principles every day — whenever we interact with our fellow employees and our customers.

Behavior that violates the company's Work Environment Policy, even if intended as a joke, is absolutely prohibited and will be grounds for severe corrective action, up to and including termination of employment. This includes threatening, intimidating, interfering with, or abusive, demeaning, or violent behavior toward, another employee, contractor, customer, or vendor, while either on or off duty. Behavior that is also hate-related will result in immediate termination of employment, regardless of length of service and prior employment record."

A full discussion of [American's approach to eradicating hate-related behavior in our workplace](#) is available online.

3. Respect For Human Rights

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

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

D. Public Policy

As a global airline, we are affected by numerous laws, regulations and policies that govern various aspects of our business. We are active in reviewing and discussing existing and upcoming policy changes and regulatory initiatives. We also take part in industry dialogue and lobbying efforts related to those issues of highest importance to our company's success and the concerns of our stakeholders. In all that we do, we strive to adhere to our Global Corporate Responsibility Statement and work to deliver on the company's overall strategic objectives.

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

We participate in industry associations such as Airlines for America (A4A), the International Air Transport Association (IATA) and the Regional Airline Association (RAA). Our involvement allows us to gain insight into core issues for the airline industry as a whole and to advocate jointly for regulations that support a healthy, competitive industry. We also benefit from the opportunity to share technical expertise and operational knowledge that leads to better safety, customer service and overall efficiency.

1. European Union Emissions Trading Scheme

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

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

Specifically, American Airlines believes that the *unilateral application* of the EU ETS to non-EU airlines violates international law. It is a commonly held view of airlines throughout the world and of countries outside of the EU that greenhouse gas (GHG) emissions should be addressed under a global approach, rather than through a unilateral action by the EU. Non-EU governments are continuing to consider formal challenges to the EU ETS as applied to aviation.

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

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

2. U.S. Congress Successfully Passes FAA Reauthorization Bill

In 2012, the United States House of Representatives and the U.S. Senate reached an agreement on legislation to reauthorize the Federal Aviation Administration for four years (through 2015) and to continue raising revenue for the Airport and Airways Trust Fund. The President signed the measure on February 14, 2012. This funding, totaling approximately \$63 billion, will help the U.S. air traffic control (ATC) system manage the growing demand for U.S. air travel. Improvements in ATC technology and equipment will also help airlines fly more efficient routes.

American Airlines governmental affairs team participated in an industry coalition formed under the auspices of Airlines for America (A4A), formerly known as the Air Transport Association of America, Inc. (ATA), to lobby for passage of the bill. The success of the legislation provides the means for the FAA to pursue safety, modernization and capacity projects at airports across the United States, including \$500 million annually for security improvement projects.

Additional provisions in the FAA reauthorization relate to support for essential air service, directives on unmanned aircraft systems, transportation of lithium batteries, and a commitment to development of the Next-Generation Air Transportation System. The law also reflects Congressional consensus that the European Union should not extend its emissions trading (EU ETS) proposal to international civil aviation without working through ICAO.

IX. Our Approach

A. Managing Our Corporate Responsibility

AMR's corporate responsibility efforts align with and support our overall strategic objectives. For example, by investing in new aircraft through our fleet renewal efforts, we address both our strategic goals and our corporate responsibility imperatives: newer aircraft are more fuel efficient, more comfortable for passengers and employees alike, expand our global reach, and afford us a competitive and a pricing advantage. Similarly, our diversity and inclusion initiatives create a work environment that attracts top talent, allows employees to be at their best, and welcomes diverse customers through targeted offers.

By delivering on corporate responsibility initiatives and goals, we know that we are making our business stronger, more successful, and ultimately, more sustainable.

Managing for corporate responsibility is not something we leave to chance. We track, measure and manage our efforts with the oversight of our Citizenship Steering Committee, led by the VP State and Community Affairs. Established in 2009, the Steering Committee embeds consideration of corporate responsibility throughout our organization, through the direct involvement of approximately 10 senior officers representing a range of business units and operational responsibilities. The Committee is designed to provide umbrella guidance over all Citizenship activities.

At the quarterly meetings of the Steering Committee, we share progress and achievements, discuss and address challenges and chart a path to a more sustainable future. Members of the Steering Committee individually support corporate responsibility initiatives. The Committee also spearheads efforts to support priority causes identified by American, including the Susan G. Komen for the Cure®, Kids in NeedSM, Miles in Support of All Who Serve and various employee-led charities.

We expect that the Citizenship Steering Committee structure and responsibilities will change and evolve as part of the restructuring process. The Committee, however, will still act to collectively champion the company's environmental, social and governance performance.

AMR's Board of Directors receives updates and provides guidance on a wide range of corporate responsibility issues as part of its regularly scheduled meetings. Specific direction and guidance on diversity issues is provided by the Board's [Diversity Committee](#).

AMR Global Corporate Responsibility Statement

As a global airline, we promote commerce, trade and economic prosperity, as well as a sense of global community and citizenship. Our business also affects the environment around us, and we are committed to being good stewards by minimizing our environmental footprint.

With tens of thousands of employees worldwide, we understand that our responsibility as a global citizen begins with our people and extends to communities around the world. Our sustained investment in responsible business practices takes many forms — from ethical governance to our commitment to diversity and inclusion, to our focus on safety, the environment and giving back to our communities. We continuously strive to make a positive impact in the lives of our customers, employees and shareholders, and in the communities and environments where we live, work and play.

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

B. Materiality Analysis

“Corporate responsibility” is a term that is often used to cover a broad range of issues — from safety performance to customer service, from community engagement to governance and ethics. Over the past few years, we have worked to refine our understanding of those key corporate responsibility issues that are of the highest importance to our stakeholders and our company. We focus on these “material” issues in setting programmatic objectives and to bind the scope of external reporting.

The foundation of our issues prioritization approach is the comprehensive materiality analysis we undertook during the development of our 2009 and 2010 Corporate Responsibility Reports. The analysis took into account multiple sources of stakeholder input including customer concerns and requests, employee feedback, peer reporting and industry and trade association priorities. We also conducted an internal survey of company managers and executives to assess specific issues with regard to their potential impact on American’s brand and reputation, revenue, employee engagement and regulatory exposure, among other criteria. Throughout the process, we incorporated consideration of the precautionary principle in identifying issues that potentially pose significant risks to our organization, and referred to relevant Global Reporting Initiative (GRI) Guidelines protocols and guidance documents.

By pairing the outcomes of our internal survey with consolidated stakeholder feedback, we arrived at a list of key issues that are central to our corporate responsibility and business success:

- [Financial viability](#)
- [Customer safety and security](#)
- [Customer service and satisfaction](#)
- [Diversity and inclusion](#)
- [Energy use](#)
- [Greenhouse gas emissions](#)
- [Impact on communities](#)
- [Labor and union relations](#)

These issues align closely with our strategic framework, underscoring the fact that we consider corporate responsibility to be an integral part of how we do business. The inclusion of financial viability in the materiality analysis further reflects our belief that we need to be a strong, profitable business in order to truly fulfill our stakeholders’ expectations for superior environmental, social and governance performance — now, and into the future. The Chapter 11 restructuring that is currently underway will allow us to regain our leadership in the airline industry. For more details on the restructuring process, please visit: www.restructuringamr.com.

This report discusses the steps we’re taking to address each of our material issues and progress toward related [goals and objectives](#).

1. Engaging With Stakeholders

Each day, we touch the lives of a tremendous number of people. These people are our customers, the community members in the locations where we live and work, our own employees, investors and shareholders, the suppliers and vendors who provide us with goods and services, and the regulators with whom we work to ensure that we are always operating safely and responsibly.

We engage with our stakeholders through a variety of communications channels and use the feedback they give us to continually improve our services and operations. For example, this report is a ready resource for employees to learn about the breadth of our corporate responsibility initiatives; at the same time, it provides customers (both individuals and our corporate clients) information on our commitment to issues such as environmental performance and the optimization of their travel experience.

We enter into more in-depth engagements with specific stakeholders based on both their potential impact on our company and the value that a deep understanding of their concerns can create. A good example is the time and energy we devote to customer listening posts and focus groups — two ways that we learn how we can enhance our services. The table below provides additional detail regarding our interactions with stakeholders.

Stakeholder	Types And Frequency Of Engagement	Strategic Relevance Of Engagement
Investors	Regulatory filings, annual and quarterly reports Annual meetings, board interactions Press releases and online information, including the Restructuring website	Shareholders, analysts and current as well as potential investors need to have a clear understanding of our strategic framework and tactical plans in order 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. For complete information, visit the Profile section of this report and the Investor Relations page of our corporate website, AA.com .
Customers	Customer correspondence Visits to the corporate website Frequent online surveys In-person focus groups Personal contact during flight experience with reservations and gate agents, flight crews AAAdvantage® customer service	Our success as a business relies on anticipating the needs of our customers and exceeding their expectations in terms of customer service and product offerings. By establishing open lines of communication with our customers, we can identify and address areas of weak performance, deliver innovations to meet customer preferences and position ourselves as the airline of choice for any travel purpose. For complete information, visit the Customers section of this report.
Employees	Internal newsletters (quarterly) Emails and announcements (daily) Labor negotiations updates Independent work group Advisory Boards	Our employees are at once the external face of the company and the internal heart of our operations. Our continuous, two-way communication with employees ensures that we effectively set expectations for performance, that we understand and respond to concerns and grievances and that we maintain a working environment that is welcoming, safe, professional and productive. For complete information, visit the Employees section of this report.

Communities	<p>Briefings to local and state officials Philanthropic activities and employee outreach to communities (ongoing) Member of the United States Council of Mayors</p>	<p>We are an integral part of communities around the world. By reaching out through both formal channels of engagement and through informal interaction, we better understand the needs and concerns of the communities where we work and play. Through these interactions, we build relationships of trust and respect and are viewed as a valued member of the broader community.</p> <p>For complete information, visit the Communities section of this report.</p>
Industry and Trade Associations	<p>Ongoing participation in trade associations and industry groups including:</p> <ul style="list-style-type: none"> • Airlines for America (A4A) • International Air Transportation Association (IATA) • Regional Airline Association (RAA) 	<p>Our involvement allows us to gain insight into core issues for the airline industry as a whole and to advocate jointly for regulations that support a healthy, competitive industry. Through involvement in these organizations, we also benefit from the opportunity to share technical expertise and operational knowledge that leads to better customer safety, service and overall efficiency.</p>
Regulators	<p>Ongoing engagement through permitting, compliance and reporting activities Anti-trust immunity proceedings Safety testing, audits and screenings</p>	<p>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 that our operations are safe, environmentally sound and socially responsible. We also provide input into national and international public policy.</p>

C. About This Report

The American Airlines 2011 Corporate Responsibility Report reflects the economic, environmental, social and governance performance of AMR Corporation, the parent company of American Airlines and its regional affiliate, American Eagle Airlines, for the 2011 calendar year. Through this report, we demonstrate how our corporate responsibility efforts tie directly to overall corporate goals and objectives, as outlined in American's strategic framework.

The report is organized by key stakeholder group: investors (profile section), customers, the environment, employees and communities. Each section includes performance highlights for the past year, disclosures on management approach as required by the [Global Reporting Initiative Guidelines](#), performance data and narrative examples of corporate responsibility programs, activities, successes, and challenges. To the degree that information relates specifically either to American Airlines or to American Eagle, we have made that distinction in the text.

We did not seek external assurance for this report, especially in light of the restructuring process currently underway. We will revisit the decision to seek external assurance in future years.

We have published reports for many years because we believe it is important to engage with our stakeholders and provide transparent disclosures about our corporate responsibility performance. You can access our past reports, covering 2007–2010, in the [Report Archives](#) section of this site. Our most recent previous report was issued in the Spring of 2011.

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

AMR Corporation, and certain of its United States–based subsidiaries, including American Airlines, Inc. and AMR Eagle Holding Corporation, on November 29, 2011, filed voluntary petitions for Chapter 11 reorganization in the U.S. Bankruptcy Court for the Southern District of New York. Throughout the restructuring process (including in December 2011) American Airlines and American Eagle are operating normal flight schedules, and our reservations, customer service, AAdvantage program, Admirals Club® lounges and all other operations are conducting business as usual. These filings have no direct legal impact on American's operations outside the United States. There has been no change in the information reported in this year's corporate responsibility report as a result of the Chapter 11 filing.

Read more about the [restructuring process](#).

D. GRI Content Index

American Airlines has used the [Global Reporting Initiative \(GRI\) G3 Sustainability Reporting Guidelines](#) in the development of this Corporate Responsibility Report. The GRI Guidelines are a globally developed and recognized standard for the disclosure of economic, environmental, social and governance performance. We are self-declaring a GRI B Application Level.

[Download an interactive GRI Content Index.](#)

The Content Index lists specific GRI disclosures and links to relevant information within the report and on American's corporate website, [AA.com](#).

X. Case Studies

A. Serving Our Customers

Contemporary Comfort: Upgrading Our Fleet For An Enhanced Customer Experience

In May 2011, American took delivery of the first of its Next-Generation 737-800 aircraft, complete with the all-new Boeing Sky Interior. The new aircraft marks a major milestone in American's commitment to improving and modernizing the customer experience through investment in the Company's fleet.



Designed to enhance every customer's flight, the new planes feature more-upright, contoured walls and angled overhead bins that make it easier for customers to get into and out of their seats. The overhead bins feature an assist lever that enables a person of any height to close them with the touch of a button. The bins are bigger too, to accommodate more bags onboard.

Other new conveniences include Main Cabin seats that pivot forward when reclined, so they don't crowd the space of passengers in the row behind, more convenient light switch and call button placement, and two regular electric plugs in every row. Customers will no longer need special adapters to use these plugs to power their electronic devices inflight.

But it's the revolutionary Boeing Sky Interior that transforms the experience of flight in these new 737s. Sculpted sidewalls and updated windows create a feeling of spaciousness unexpected in a narrowbody aircraft. Brighter, longer-lasting LED lights illuminate the ceiling and can be programmed to create different effects, such as a clear, blue sky overhead.

American plans to receive 39 more of the new 737-800 aircraft over the next two years. Additionally, we are updating our existing fleet of 737s to provide consistency within the travel experience and further elevate customer comfort onboard.



Watch a [video](#) of American's effort to upgrade the interiors of the Next-Generation 737 fleet:

Helping Small And Midsize Businesses

Because Enterprises Prosper Face-to-Face, American Partners With Small And Midsize Businesses

In 2011, American conducted a survey of more than 2,600 small and midsize business employees nationwide to learn about their companies' economic outlook for the next 12 to 18 months and to understand how business travel figures into their plans. The results validated the value of our small and midsize business (SMB) travel programs — and inspired us to launch an innovative new program to support SMBs. Hearteningly, nearly three-quarters of survey respondents saw improved prospects for their firms in the near



future, and more than half of those expect to travel more on business going forward. Even more interestingly, 64 percent of the SMB employees surveyed said that face-to-face meetings requiring airline travel are crucial to the success of their business.

Thus was born "Flights.Camera.Action," a business contest launched in June 2011 to support the growth of SMBs. Co-sponsored by SCORE (originally the Service Corps of Retired Executives), a nonprofit organization dedicated to helping entrepreneurs and SMBs succeed through mentoring and training, the contest provided a unique opportunity for SMBs to grow their businesses through face-to-face relationship building and media exposure.

Entrants submitted interactive videos to the contest website between June 8 and July 15, 2011, explaining how free travel and heightened media exposure would impact their business prospects. The top 50 entrants, as selected by public voting, received 10,000 Business ExtrAA® points and two tickets to the SCORE Awards Gala held September 15 in Washington, D.C. The top five received 20,000 extra points, plus recognition at the Gala and broad exposure to American Airlines customers on AA.com. And the Grand Prize Winner announced at the Gala, Hope Force International of Brentwood, Tenn., received 80,000 additional Business ExtrAA points (the equivalent of 50 domestic round-trip Plan AAhead® tickets), and a package of broad exposure to American customers, including a full-page ad in one of our magazines, banner ads on AA.com and an inflight video testimonial.

But the "Flights.Camera.Action" contest produced many, many winners. Among the top five entrants was Gondola Adventures of Newport Beach, CA., which offers Venice-style gondola cruises — complete with gourmet foods and beverages and serenading gondoliers — in Newport Harbor. The contest voting process alone opened up a world of new opportunities for the company to connect with customers and business contacts, including local convention and visitor bureaus and chambers of commerce.



Another winner was Dallas-based PonyUp Technologies, Inc., which invented a wearable, wireless diagnostic cuff for horses that owners and veterinarians can use to monitor the animal's well-being, from body heat to blood pressure to hydration, in real-time, under any circumstances, from stabling to exercising to racing. Though not among the top five finalists, PonyUp's participation in the contest garnered attention from major equestrian and equine organizations — and investors — around the country, and the business has taken off at a thoroughbred's pace.

[Meet the "Flights.Camera.Action" finalists and Grand Prize Winner.](#)

B. Protecting The Environment

Replacing 40 Pounds Of Paper With An iPad On Every Flight

To pilots used to lugging 40 pounds of operating manuals, navigational charts and other documents onboard every flight, the idea of a paperless cockpit sounded pretty good. And the potential fuel savings were as attractive to airline finance departments as they were to ardent environmentalists.



Tablet devices replace 35 pounds of paper manuals.

Removing a 35-pound kitbag from each aircraft will save an estimated \$1.2 million dollars of fuel annually based on current fuel prices.

Capitalizing on the promising fuel-saving benefits and flexibility offered by an "Electronic Flight Bag," in 2011 American Airlines became the first airline to receive FAA approval to use an Apple iPad in the cockpit during flights. American pilots began testing this tablet-based system in June, with the requisite equipment weighing in at less than two pounds.

The digital solution was developed jointly by the Allied Pilots Association and by American Pilots working under the auspices of the airline's Flight Department. So it was only fitting that it went into testing on American's Boeing 777 flights from Los Angeles and Tokyo Narita and Shanghai, respectively, gate to gate.

The solution will be expanded to other tablet devices as they're approved for cockpit use by the FAA. American estimates that if all paper can be removed from cockpits across the fleet, it could save half a million gallons of fuel annually — not to mention plenty of trees.

American And Boeing Team Up To "ecoDemonstrate" Advanced Noise And Fuel Technologies

In June 2011, American was named the "launch customer" for Boeing's evolutionary ecoDemonstrator Program, designed to test and accelerate the market readiness of new fuel- efficiency, carbon reduction and noise abatement technologies.

When the program begins in 2012, an American crew will fly a Boeing-built Next-Generation 737-800 aircraft equipped with:

- Adaptable trailing edge technology that reduces noise and emissions during all phases of flight
- Variable-area fan nozzles that cut noise levels over airport-adjacent communities while enhancing engine efficiency
- Inflight planning and optimization that enables more fuel-efficient routes and rerouting for weather conditions
- Regenerative fuel cells for onboard power, potentially reducing weight, fuel burn and carbon emissions

The American 737-800 and a twin-aisle plane yet to be announced will also conduct flight tests for the FAA's Continuous Lower Energy Emissions Noise (CLEEN) program, a long-range effort to identify and develop aircraft technologies and design considerations to help meet the noise and emissions compliance standards of the future.

"American Airlines recognizes our responsibility to minimize our impact on the environment as much as possible, and we look for every opportunity to do so," said Captain John Hale, American's Vice President – Flight. "Our partnership with Boeing allows us to make significant strides in putting more fuel-efficient planes in the air, which is the most effective way to reduce our carbon footprint. We remain committed to identifying and implementing new technologies and programs that further our environmental performance."

American Airlines Admirals Club® And Trinity Oaks Plant A Forest

In December 2011, American Airlines, in partnership with Trinity Oaks winery of St. Helena, CA., marked a milestone in sustainability and airport hospitality with the planting of the 100,000th tree in the Trinity Oaks One Bottle One Tree program (www.trinityoaks.com/environmental). In the program, Trinity Oaks sponsored the planting of one tree by Trees for the Future, a global sustainable agroforestry organization (www.plant-trees.org), for every bottle of wine purchased by American Airlines Premium Services for use in Admirals Club lounges. American celebrated the milestone by giving Admirals Club visitors drink coasters containing wildflower seeds that can be taken home and planted.



c. Creating A Great Place To Work

AMR Reaffirms Support Of The Employment Non-Discrimination Act (ENDA)

American Airlines strives to maintain an employee work environment that supports the equal rights and opportunities of individuals from many backgrounds and orientations. In continued support of the diversity and inclusion principles outlined in the company's longstanding "Statement of Equal Opportunity," American has reaffirmed its support for S. 811 and H.R. 1397, the Employee Non-Discrimination Act.

Having first communicated its backing of the bill in 2008, American has become a recognized advocate of LGBT communities in the airline industry. In July 2011, American released its updated statement of support for ENDA:

"On behalf of our 80,000 employees, American Airlines is proud to express our strong support for S. 811 and H.R. 1397, the Employment Non-Discrimination Act, which would extend basic job protections to gay, lesbian, bisexual and transgender Americans. We are proud to have been the first major airline to implement same-sex domestic partner benefits, first to implement both sexual orientation and gender identity in our workplace non-discrimination policies, and first to have a recognized LGBT employee resource group — GLEAM."

The complete statement was signed by Lauri Curtis, American's Vice President — Diversity, Leadership and Engagement; Michael Wascom, American's Managing Director — International and Government Affairs; and Rick Wilbins, Managing Director — Brand and Diversity Markets.

AMR Employees Help Clean Up After St. Louis' Strongest Tornado In 44 Years

On the evening of Friday, April 22, 2011, the Lambert St. Louis International Airport was hit with what proved to be the region's most powerful tornado since 1967. The twister reached its maximum intensity of "EF4" on the Enhanced Fujita Scale in the town of Bridgeton, just before striking St. Louis International Airport. As the storm passed through, flying debris shattered windows and blocked runways, while a portion of the roof was torn from Concourse C — home of American's operations.



Despite extensive damage to the airport terminal, minimal injuries occurred, and American pilots, crewmembers and airport personnel raced to assist stranded and frightened customers and to restore operations.

Over the course of the Easter weekend, an outpouring of employee volunteers and support staff from American's Agent Away program worked tirelessly to clean up damage at the airport, and, by the following Monday morning, helped to resume flight operations at nearly full capacity from temporary stations in Concourse D.

In a statement, Capt. John Hale, American's Vice President — Flight, expressed his appreciation for the coordinated employee efforts that made the cleanup possible: "People stepped up to the plate and made it happen. Employees were immediately on site following the tornado, volunteering their time and doing what they could to make things better."

D. Supporting Our Communities

AMR Employees, Customers And Partners Unite In Japan Earthquake/Tsunami Relief

Within hours of the massive earthquake and tsunami that devastated Japan on March 11, 2011, AMR stakeholders launched multiple initiatives to deliver aid to the stricken region.

American Airlines announced an official dedicated relief partnership with the American Red Cross, and American's Cause Marketing arm launched an AAdvantage incentive program, offering bonus miles in return for contributions to the Red Cross. With thousands of AAdvantage members responding, the program raised more than \$1.7 million in its first month. Meanwhile, the AA Credit Union jumped into action to facilitate international efforts to raise funds.



Members from the APIERG raise funds for disaster relief in Japan at the Southern Reservations Office. From left, Michelle Logsdon, Representative; Gelasio Wong, Senior Project Manager - American Eagle Information Systems; Soniya Hiramath, Representative; and Scott Anderson, Representative.

Employees came together in numerous groups and locations to raise funds and provide assistance to earthquake and tsunami victims. Almost as soon as the news of the disaster broke, AMR's Asia/Pacific Islander Employee Resource Group (APIERG) started planning fundraising events and other efforts. Far surpassing its original goal of \$7,000, the group eventually raised more than \$22,000.

From merchandise and bake sales to raffles, payroll deductions and cash collections, various employee groups and departments at airports and other American facilities, from Los Angeles to Zurich, London and New Delhi, raised thousands of dollars, pounds and Euros. Flight Attendants and Premium Service employees in a group known as Champions for Children, who raise money to support the UNICEF's Change for Good program year-round, participated in a dedicated effort in March and April, encouraging American customers to donate unused U.S. and foreign currencies to benefit UNICEF's relief and recovery efforts in Japan. Japan-based employees donated goods and provided logistical support for the delivery of relief supplies from the U.S. through Narita, Japan.

"These contributions from American Airlines customers and employees are critically important as we work to provide help and hope to survivors of the Japan earthquake and Pacific tsunami," said Michael J. Brown, Vice President of Corporate and Foundation Giving at the American Red Cross, in the first weeks following the calamity. "In times of disaster, assistance from our corporate partners is key to our ability to fulfill our humanitarian mission."

For more information or to donate, please visit www.aa.com/DisasterRelief.

Puerto Rico Raises \$70,000 For The United Way

In May 2011, members of the American Airlines and American Eagle teams in Puerto Rico staged the sixth annual *5K Corre, Camina o Vuela de American Airlines* (Walk, Run or Fly), a road race supporting the United Way of Puerto Rico. More than 1,900 participants competed in the event, representing towns from across the island, and raising \$70,000 for the United Way.



Since the inaugural *Corre, Camina o Vuela* race in 2006, more than \$420,000 has been raised for the United Way.

"Our employees volunteer their time and talents to make sure the race runs smoothly and to ensure we are able to raise a significant amount of funds for the United Way of Puerto Rico," said Jose Rucabado, General Manager — Puerto Rico.