

2015 | Corporate Responsibility Report





Overview

American Airlines and American Eagle offer an average of nearly 6,700 flights per day to nearly 350 destinations in more than 50 countries. American has hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix, and Washington, D.C. American is a founding member of the **oneworld**® alliance, whose members serve more than 1,000 destinations with about 14,250 daily flights to over 150 countries.

Shares of American Airlines Group Inc. trade on Nasdaq under the ticker symbol AAL. In 2015, its stock joined the S&P 500 index.

Connect with American on Twitter [@AmericanAir](https://twitter.com/AmericanAir) and at Facebook.com/AmericanAirlines.

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CEO Message

In 2015, American Airlines made an all-out push toward merging into a single airline. With the dedication and hard work of our more than 100,000 team members, we earned record profits while combining our operations in the air and on the ground. And we made good on our goal to fly the youngest, most advanced fleet in the industry. That kind of progress gets noticed by customers and investors. Our team is doing great things, but of course, we always have more work ahead.

Our customers, investors, employees and other stakeholders understand that a modern approach to running our airline must be aligned with a commitment to corporate responsibility. We see our corporate imperatives echoing this sentiment and view them as our path to restoring American as the greatest airline in the world. Equally important is how we measure our success along the way.



Engage our team members

We depend on our team members to give customers the highest level of service. In turn, our employees know they can depend on a safe, engaging workplace and the benefits and compensation they deserve. In 2015, we made major strides toward solidifying our team, reaching joint agreements with flight attendants, pilots and passenger service employees. Our diversity and inclusion programs were again recognized as among the best in the world. We achieved the highest possible rating in the Human Rights Campaign's Corporate Equality Index for the 14th consecutive year.

We also increased opportunities for employees and customers to contribute to important causes and community engagement efforts across our focus areas of education, human services and military and veterans initiatives. We were proud to award more than half a million dollars to the college educations of our employees' dependents. We know our customers' experience will only be as good as our team's experience is, so we are approaching employee relations much differently than airlines have in the past.

Focus on our customers' needs and wants

Throughout 2015, American met a challenging series of milestones. We completed a tremendously complex integration of data, including combining our reservations systems and rewards programs, to ensure we offer a seamless customer experience. We're proud to say that we accomplished these monumental tasks without any customer disruptions.

American also committed to offering the best travel experience in the business. Through significant capital investments—more than \$5.3 billion over the past year alone—we now fly the youngest fleet among all major U.S. airlines. We also have more than \$3 billion of product investments under way, including newer, modern interiors, more Wi-Fi and in-seat entertainment across our fleet, and improved menus in our lounges and on our planes.

Be an industry leader

Safety, dependability and reliability are always our top priorities. As part of the process of receiving our Single Operating Certificate from the FAA in 2015, we reviewed 420 manuals, conducted 1,700 Safety Risk Assessments and performed 3,600 operational audits. These efforts help ensure world-class levels of safety and compliance across our operations.

We are committed to offering our customers a reliable travel experience, even as we complete the complex process of integration. Our 2015 on-time performance improved over 2014 by 2 percentage points, and our



CEO Message (continued)

completion rate remained steady at 98.4 percent. Meanwhile, investments in self-service technology have made our customers' travel experience easier and more personalized. We know we still have room to improve and we're committed to being a leader in this space. With every on-time departure, we're moving closer to our goal of operating the most reliable airline in the industry.

Provide a return for our investors

Integrating two airlines is tremendously complex, and any one of our integration accomplishments would have been a major success story in a given year. Doing all of this while achieving record profits makes us even more proud. American's financial success in 2015 is a sign that our integration has been a major win for our investors and we're on a path to become the most profitable airline in the world.

Increased valuation, billions in stock repurchases and hundreds of millions in dividends demonstrate our commitment to investors. Laying the groundwork for the future is another good metric. In 2015, we made billions of dollars in capital investments for aircraft and facilities while strengthening our vigilance around anticipating and managing risk.

Look to the future

When we look to the future, success will be measured by setting our own agenda. As a leading global airline, American's stewardship of the planet's resources and its future is a key part of our corporate responsibility. We have established a rigorous Environmental Management System, with regular employee training to ensure full compliance and accountability. We're minimizing greenhouse gas emissions through investment in new, more efficient aircraft and through Fuel Smart, our employee-led fuel-conservation effort. And we seek opportunities to reduce our environmental footprint through other initiatives like our flight attendant-supported inflight recycling program and the Zero Waste to Landfill program at our Tulsa maintenance base.

We're excited to share this report with you. While we celebrate the successes of 2015, we know that the path ahead as a responsible global business will require renewed dedication and focus. We invite you to travel with us as we continue on the path to restoring American as the greatest airline in the world, and we welcome your input and feedback.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug".

Doug Parker, Chairman and CEO



Focus on Our Customers' Needs and Wants

Provide a network and a product that is as good or better than our competitors.

American Airlines is committed to being the greatest airline in the world — to the team members who make up our family, customers who love to fly with us and investors who give us their trust. We focus our attention and our investments on improving service because providing a world-class travel experience is the bedrock of our business. We have committed to investing \$3 billion in our product and are making further investments to ensure that our employees have the tools and training they need to provide the best customer experience in the world.

Among the benefits we offer our customers are the following:

- New aircraft to position American's fleet as the most modern and fuel efficient
- New modern interiors in existing aircraft
- Greater availability of Wi-Fi and in-seat entertainment and an expanded Business Class with fully lie-flat seats
- Enhanced customer experience on the ground, with updated kiosks, signage and cutting-edge technologies that simplify booking, check-in and airport navigation
- Refreshed menus in Admirals Club lounges
- Fully integrated airline loyalty programs
- New partnerships with top global airlines to expand travel options

Flying as one airline

American officially became a single airline to our customers on Oct. 17, 2015. We adopted a uniform Passenger Service System (PSS), with all flights taking wing under the American Airlines name. The changeover of US Airways reservations to American required a massive behind-the-scenes data transfer, called a "cutover," which took years of planning and testing. More than 50,000 employees completed 1 million hours of training in support of this effort, and technicians checked nearly 10,000 computers and kiosks to ensure a smooth transition.

Other airline integrations before ours have struggled with this massive and critical undertaking. Due to the hard work and preparedness of American's employees, we accomplished the PSS transition successfully without customer disturbance.

We also dedicated significant attention in 2015 to harmonizing operational differences. We identified and addressed nearly 500 gaps during scheduled "revision cycles." For example, we updated our policy regarding pets on board aircraft, streamlined the boarding process and instituted a uniform carry-on baggage policy. Our goal is to standardize all operations so that customers can enjoy a smooth and consistent travel experience.

Our routes and networks crisscross the globe

American operates an average of 6,700 daily flights to nearly 350 destinations in more than 50 countries, with hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C.

In 2015, we enhanced busy routes, added 35 new ones and implemented new codeshares to give our customers a wide range of convenient options. Some notable new routes include Dallas/Fort Worth to Beijing, Los Angeles to Sydney and Los Angeles to Mexico City. With our extensive network, we transported more than 200 million people in 2015.

[Read more about where we fly, including new and upcoming routes.](#)

Alliances and affiliates: oneworld and codeshare partners

Our strong alliances with other leading global carriers enhance customers' range of travel options. Those alliances come with codeshares, which allow us to sell seats on flights operated by partner airlines. That means that customers can easily combine American flights with others in a single itinerary, simplifying booking, checking in, checking bags and connecting.



Focus on Our Customers' Needs and Wants (continued)

The **oneworld** alliance offers an extensive global network for business and leisure travelers, with access to nearly 1,000 destinations in 150 countries. In 2015, **oneworld** continued its run as the most highly decorated alliance in the industry, with twice as many best airline alliance awards than all of its competitor alliances combined. The alliance brought home eight best airline alliance awards in 2015, including the 13th nod in a row from the World Travel Awards.

[Read more about our oneworld alliance.](#)

Delivering great customer experience

Becoming the greatest airline in the world requires going even further than providing the best travel experience. It requires listening, at all times and in all ways, to pick up on exactly what our customers want. And it requires the know-how to respond the right way fast.

- We expanded to provide a dozen specialty support desks – such as our Spanish/Latin desk – to assist our travel agents; that's the most in the industry.
- We completed another step to combining our reservations systems by moving to a single interactive voice response (IVR) system. When customers call the reservations line, the IVR system recognizes the phone number from a previous customer call and matches the customer with his or her reservation.
- We enhanced the online booking experience for customers using aa.com, with clearer navigation and greater self-service functionality.
- Our global sales team has members in 56 countries around the world. We have also expanded our domestic Sales Support Center operations to 24 hours a day, seven days a week. With Sales Support Centers operating in 16 cities around the world, we are the only airline with 24/7 live agent and web-based support. Our web-based waiver/favor tool, SalesLink, also never closes.

After customers return from their travels, we listen to their feedback to find ways in which we can improve. We conduct online surveys on a daily basis and collect feedback from more than 400,000 customers annually to measure our performance in various service areas, such as the check-in process, delay handling, onboard food and more. The survey results are shared with each department to help them identify and act upon improvement opportunities.

The making of a flight attendant

Men and women from around the world aspire to join American Airlines as flight attendants. Tens of thousands apply, but in 2015, American hired only 700 flight attendants systemwide – only the best of the best.

After passing the first rigorous rounds, top candidates travel to Dallas/Fort Worth for face-to-face interviews. There, our recruitment team looks for a unique set of experiences and personality markers, including professionalism, enthusiasm, confidence, adaptability and good judgment in stressful situations. After candidates complete background checks and get fingerprint clearance, training begins.

The initial flight attendant training class takes place at the American Airlines Training and Conference Center in Fort Worth. For six and a half weeks, candidates train in crew resource management, aircraft systems and emergency procedures, including firefighting and first aid. Candidates also undergo extensive customer-service training and learn inflight service procedures geared to assist customers from the many different countries and cultures we serve.

Flight attendants are responsible for overseeing a huge portion of our customers' experience. We spare no expense in attracting and developing the most elite in the sky.



Focus on Our Customers' Needs and Wants (continued)

Plugged into social media

Listening to our customers also means keeping constant watch on the stream of social media. There is probably no better resource for insight into what customers are saying and no quicker way to respond to their concerns. Increasingly, social media is the channel of choice for our customers to communicate directly with American representatives. In 2015, we saw a 23 percent increase in the number of American's Twitter followers, as well as 8 percent growth in Facebook followers.

Our Social Customer Experience representatives have the know-how and tools to research connecting flights, advise customers on the status of flights and, in many cases, rebook. In 2015, American was awarded Best Overall Airline globally and in North America for our social media team's work.

- Tweet [@AmericanAir](#)
- Like us on [Facebook](#)
- View us on [YouTube](#)

Listening pays off

We are implementing a number of new features developed with the input of customers in mind. These include:

• Navigating on the Ground

In November, we launched Blue Dot, a feature on the American app that helps employees and customers navigate terminals at some of our hubs and stations. Blue Dot is equipped with highly accurate maps and turn-by-turn navigation, so users can get step-by-step directions to shops, restaurants and their gates. The feature is currently available at Chicago, Miami and San Jose International Airport (SJC). It will soon be rolled out in Phoenix, New York's JFK and LaGuardia, and Los Angeles.

• Harnessing Customer Knowledge

Nobody knows travel better than American customers. #AAInsider lets us help customers share that know-how with the world. Customers can submit tips, insights and photos.

• Upgrading the Admirals Club

We have rolled out our latest complimentary foods in new, stylish service pieces at Dallas/Fort Worth, New York JFK, Los Angeles, Miami and Chicago. We are soliciting customer feedback to help us finalize our expanded assortment of snacks to appear at more lounges by fall 2016.

• First Class Menu

In the biggest menu upgrade since our merger, we have revamped our domestic First Class menu to feature new lunch and dinner options. Starting August 1, domestic First Class cabins will have new, healthier dishes and more vegetarian options.

Valuing loyalty

In 1981, American launched AAdvantage, the first-ever airline loyalty program. Times have changed since then, and loyalty programs are a dime a dozen now. If we are going to be the greatest airline in the world, we need to be the best at rewarding our customers and retaining them.

We know that it is not enough that AAdvantage has been named both Program of the Year and Best Elite Program for three consecutive years. We have to listen to our customers' concerns about the gaps between our service and the competition so we can close them. A model that provides our loyal customers with the benefits they value most — such as rewarding customers based on the value of the tickets they purchased — is the first step toward closing those gaps.

In 2016, we will make changes to AAdvantage that will build a truly rewarding program for all members while giving our best customers access to the best benefits in the business.

Customers can easily earn miles when they fly American, oneworld airlines and more than 1,000 partners. Miles can be used for:

- Flights to nearly 1,000 destinations worldwide
- Upgrades
- Vacations, car rentals and hotels
- Other retail products



Focus on Our Customers' Needs and Wants (continued)

Our new look

Since the merger, our fleet and facilities have undergone a dramatic facelift to uniformly fly the colors of the new American.

• Outerwear

At the end of 2015, 59 percent of our total fleet, including all new deliveries, was operating in the new livery. By the first quarter of 2018, we will have all aircraft painted in the new colors.

• What's on the Inside

Also known as "trim and finish," a new interior look has been approved for all former US Airways mainline aircraft, and installation began in October 2015 for the Airbus A330. Using a mix of maintenance checks and special visit allocations, the trim and finish conversion will be completed by the first quarter of 2018.

• New Threads

New uniforms debut in September 2016. Our employees played a critical role in the design and development of these uniforms — from fabric selection to shirt length — to ensure the uniforms are functional as well as fashionable. The new uniforms' dark gray suiting color is modern and timeless. It's aligned with our company colors and stands out in our work environments — from ticket counters to gates and on board the aircraft.

• Clubhouse Feel

We've kicked off the first major projects to overhaul our Admirals Club lounges. Over the next several years, all Admirals Club lounges will receive a similar look and feel, with improved comfort and connectivity.

• Taking American Way to New Heights

Starting with the January 2016 issue, American's inflight magazine, *American Way*, will have a refreshed look and expanded reach. New sections on culture, lifestyle and travel will take readers into trends, eats and secret nooks and crannies around the world.

Cargo services delivers

American doesn't just fly people. Every day, shipping customers the world over entrust us with unique and valuable shipments, from rally cars and semiconductors to fresh flowers and priceless artwork. American Airlines Cargo is proud to be a leader in the industry by providing our customers with one of the largest networks for shipping items. In 2015, our Cargo services generated \$760 million in revenue.

Our run of excellence in Cargo services is exemplified by American Airlines Cargo being named Cargo Airline of the Year for 2015 by *Air Cargo News*, a leading cargo publication. American is the first carrier in North and South America to win the prestigious accolade in the 32-year history of the award. American was also named Best Cargo Airline of the Americas for the eighth consecutive year.



Be an Industry Leader

Safe and reliable in airline operations – it must be part of the fiber of our company.

Safe and reliable airline operations – for our employees and our customers – are part of the very fiber of our company. We adhere to a rigorous Safety Management System (SMS) that guides our team members to properly maintain aircraft, enables the training of pilots and crew on the newest and best practices and procedures and ensures safety data is continually collected and reported.

The SMS helps us prevent and respond to any gaps in our management approach before they become safety issues. Yet, it's important to recognize that the SMS means nothing without the skillful implementation of our employees. Our success in safety is due to their day-to-day resolve and expertise.

Our Safety Management System

Our integrated SMS formalizes processes for the identification, analysis and mitigation of risks, hazards and incidents. American Airlines has fully implemented Level IV, the highest level of the Federal Aviation Administration's (FAA) SMS program, which focuses on continual improvement. Our SMS provisions go beyond FAA requirements for our pilot, flight attendant, maintenance and airport customer service groups, adding in oversight for security and environmental concerns.

Over the past year, we examined every aspect of our SMS. In order to integrate our operations to achieve a Single Operating Certificate from the FAA, our team members reviewed more than 400 manuals and 1,700 Safety Risk Assessments, and completed 3,600 internal safety audits. We also underwent and passed our biennial International Air Transport Association (IATA) Operational Safety Audit (IOSA), which covers safety, security and compliance.

Keeping ahead of risks

Our SMS is founded on a robust data-collection process to help us identify potential challenges before they become problems. In addition to trending individual data points, we also monitor our proprietary flight safety index, which aggregates 17 safety-risk indicators to provide a comprehensive measure of our performance. Just a few of our key data-gathering and management methods are:

- **Aircraft monitoring systems** that collect digital flight data generated during aircraft operations.
- **Multiple audit programs** that collect data on compliance with policies and procedures throughout our operations. This data is used as part of our Continuing Analysis and Surveillance System (CASS) program, quality assurance program and other safety efforts.
- **Employee safety-reporting programs** that allow employees to confidentially and anonymously report observed safety issues. The Aviation Safety Action Program (ASAP) investigates submissions from cockpit and cabin crew members, as well as aircraft mechanics.
- **Data warehouses** that collect event and operational data, such as employee injuries, aircraft damage and turbulence events. We use this data to develop the operational and safety metrics by which we monitor safety performance and, over time, identify changes we may need to implement.

Employee safety is a top priority

A culture of compliance is the core of the American way. To ensure operational managers maintain high levels of safety awareness in their organizations, American holds a safety summit every fall and spring for our general managers, frontline managers, regional managers and vendors. In addition, we hold quarterly maintenance safety meetings, in which union representatives and senior management come together to discuss safety issues and concerns, as well as to review ameliorative actions.

We train employees to be mindful of safety at all times and to assiduously follow all safety policies and procedures. We track safety analytics, Occupational Safety and Health Administration (OSHA) audit data and investigations into injuries, ground damages and other incidents. By centralizing this information, we can better anticipate and eliminate safety risks and maintain full compliance.

At our Tulsa Wiring Center, OSHA's Voluntary Protection Program (VPP) continues to drive results. OSHA recognized our team with The Star Award for driving a greater than 50 percent reduction in workplace injuries. We plan to expand the VPP program to additional maintenance facilities throughout our system.



Be an Industry Leader (continued)

Overseeing our vendors

Safety and reliability aren't just about our own facilities. We need to be able to track operations across our supply chain to ensure equipment and services are up to our rigorous standards.

- **Vendor audits:** We perform safety audits of domestic and international codeshare partners to ensure they meet high safety standards for our customers.
- **Quality guarantees:** We also have a quality assurance program for our maintenance providers.
- **Vendor training:** Airport vendors, including regional affiliates, fuel vendors and cleaners, complete safety-training courses twice a year.

American's CARE team is called to serve

All across the world, members of American's Customer Assistance Relief (CARE) teams are ready to deploy at a moment's notice. CARE volunteers are there to help employees, passengers and their families in situations ranging from minor incidents to major accidents. There are 2,000 active CARE team members across 100 departments, with 10 percent of employees at each station trained as CARE volunteers. CARE team members speak 75 languages.

Reliability and dependability

Once safety is secured, our employees can focus on other important aspects of the customer experience, including operational reliability and service quality. We continually collect and monitor reliability metrics so we know just how dependable our services are. By identifying challenges early, we can react quickly to ensure the smoothest travel experience possible.

A safe, smooth trip is the main thing our customers want. When their flight and bags arrive on time, our customers are more likely to value all of our other amenities.

In 2015, American took major strides toward being the most dependable and reliable airline among its peers. The percentage of flights completed without interruption remained strong throughout the year, with many days showing a 100 percent completion factor. When customers do encounter delays – whether because of weather, air-traffic congestion or a reason within our control – we have the team and structures to keep them fully informed and get them on their way quickly.

We continue to enhance our ability to minimize customer disruptions and maintain dependable service during adverse events, such as severe weather. For example, customers can now use our website to make changes to their reservation in advance when significant weather events are expected. In all of our largest stations, we have implemented technology that allows our employees to more proactively assist customers making connections with managing their itineraries. And at our Integrated Operations Center (IOC), a dedicated team proactively communicates with impacted customers in order to provide appropriate directions and alternative accommodation options.

The logistical challenges of integration have historically had negative effects on the reliability and dependability at other airlines. Our reliability in 2015, however, was relatively stable compared with our performance in 2014. The percentage of scheduled flights that were completed held firm at more than 98 percent. And the percentage of flights arriving less than 15 minutes after the scheduled arrival time, also known as on-time performance, was 80.1 percent. That was an improvement of more than two percentage points over 2014.

We know we have more work to do with regard to improving our baggage handling, and we are making capital investments in new baggage-handling technology. We saw a slight increase in the rate of mishandled baggage in 2015 versus 2014, a trend we intend to reverse in 2016.

For an airline, security and safety go hand in hand

American Airlines Corporate Security ensures the security of our passengers, aircraft, facilities and employees. Security oversight is integrated into our corporate SMS to identify and mitigate security threats and issues. American uses a robust risk-based security system focusing on geopolitical risk and its mitigation.

Our Corporate Security department works closely with the Department of Homeland Security, the Transportation Security Administration (TSA), the Federal Bureau of Investigation (FBI), other law-enforcement agencies and host government regulators to keep passengers safe, while minimizing any inconvenience. As part of our security efforts, we are collaborating to expand access to the TSA's PreCheck expedited screening process, which is now available at more than 150 airports.



Be an Industry Leader (continued)

Employees, Are You Ready?

We have cultivated an internal mindset among American employees, encapsulated in the mantra “Are You Ready?” It is a challenge to our employees which begins with meeting and preparing prior to turning each and every plane. Reliability cannot be accomplished by any one group alone. Agents both above and below the wing, customer service managers, maintenance crews and flight crews must all take individual responsibility for dispatching aircraft on time.

Communication and accountability are the cornerstones of Are You Ready. We have established a checklist that employees can use to make sure they are prepared to deliver the best flight experience possible for our customers. Flight attendants, for instance, benefit from knowing what to expect before passengers board. Whether it’s customers with special needs, groups traveling together or unaccompanied minors, a check-in allows crews to anticipate and prepare.

Ensuring a smooth travel experience

We are constantly researching and introducing new processes and technologies to ensure customers and their baggage get to their destination together and on time.

- **Track Your Bags**

American launched Track Your Bags at the end of 2015. Using Track Your Bags through aa.com, customers can access real-time updates as their bags move from one checkpoint to the next.

- **NetTracer**

Customers won’t see our new centralized baggage-tracking system in action, but they’ll certainly appreciate it. In 2015, we adopted a single system called NetTracer. With it, agents can reunite mishandled bags with their owners by using a web-based program. NetTracer has an average return time of 24 to 48 hours, and it will save American about \$2.5 million in lost baggage claims.

- **Power Stow**

Last year, American became the first airline in North America to use Power Stow, an automated roller system that assists Fleet Service employees with loading and unloading bags on narrowbody aircraft. The machine increases loading and offloading efficiency and counts items moving on and off aircraft. Power Stow contributes to a 35 percent decline in injuries, 25 percent increased load rates and 60 percent increased unload rates.



Engage Our Team Members

**Ensure they have the tools and information they need to do the jobs they perform so well.
Create an environment of coordinated, collaborative teamwork and mutual respect**

Our employees make American Airlines the best airline in the world. They show our customers the highest level of service, make sure our flights depart and arrive on time, work diligently to get every bag safely to its intended destination and so much more. American is working to ensure that our team members have the tools and information they need to do the jobs they perform so well. And everybody at American strives to create an environment of coordinated, collaborative teamwork and mutual respect.

Because we value our employees' contributions, we want to be the most desirable employer in our industry. We provide competitive pay and benefits packages, opportunities for career growth and development, a diverse and inclusive working environment and the recognition employees deserve.

We also encourage and support employee involvement in the communities where they live and work. We seek out opportunities for employees to be able to volunteer and contribute to their chosen causes, enhancing their lives and the lives of those around them.

An extraordinary year

We will remember 2015 as a time of intense focus and effort, with an "all hands on deck" approach that yielded tremendous successes. We reached joint agreements with a majority of our team members, aligned learning management and human resources information systems and greatly expanded training opportunities. As we move into 2016, we will take our integration even further, concentrating on fully engaging all team members as part of the new American.

Welcoming new employees

In 2015, American welcomed 12,188 new employees, continuing a period of growth and opportunity at the airline. A strong and thriving work force is a driver of our success and we are excited about our expansion.

In line with our international growth and the addition of our new A350 fleet, we plan to hire approximately 700 pilots per year for the next several years. This hiring also addresses the fact that a number of our pilots are approaching the Federal Aviation Administration's (FAA) mandatory pilot retirement age of 65.

To efficiently manage our growing work force, we are embarking on the full integration of our Human Resources systems and processes. This is a complex yet crucial undertaking that will occur in many phases. A key priority is the creation of a unified Human Resources Information System (HRIS). We are placing significant investment in developing the system and expect the process to extend into 2018. Once the HRIS is fully deployed, it will greatly improve the quality of service for all employees.

Regional carriers are growing too

Envoy, Piedmont and PSA — our three wholly owned carriers — will continue to play an important role in our operations and as a source of future pilots for the mainline. American has a stated preference to choose from its wholly owned carriers when filling mainline positions. All three carriers continue to offer pilots flow-through opportunities to our mainline operations. This approach helps Envoy, Piedmont and PSA attract the best candidates in a highly competitive recruiting environment.

Solidifying our team

By investing in our employees, American is investing in its own future. Appropriately compensating our workers and providing a competitive suite of benefits lets them know just how much we value them. It encourages them to put their best into every day and every task. And it invites the best in our industry to aspire to join our team.



Engage our team

Since the close of the merger, American and its employees and their unions have worked together to settle union representation and contract negotiations quickly.

- Joint agreements granted 24,000 of our flight attendants and 15,000 pilots average pay increases of 14 percent and 23 percent, respectively. In addition to the pilots' first-year 23 percent raise, the contract provides a 3 percent annual wage increase for the next five years.
- We came to an agreement with our passenger service employees. As of November 2015, 14,500 U.S.-based passenger service employees have a new five-year contract, including immediate and significant pay raises.
- In May 2015, the National Mediation Board (NMB) certified that an alliance formed by the Transport Workers Union and the International Association of Machinists (TWU-IAM) will be the bargaining representative of the Mechanic and Related employees, Fleet Service employees and Stock and Stores employees at the new American. American and the TWU-IAM alliance have opened negotiations for our Mechanic and Related and Fleet Service employees.

Integrating operations on the ground

In September 2015, we opened the new state-of-the-art Robert W. Baker Integrated Operations Center (IOC) in our hometown of Fort Worth, Texas. Being the heart of the largest airline's global operations requires a lot of staff and a lot of space — 1,400 employees are now working in the 149,000-square-foot facility. That includes team members from key operational workgroups such as dispatch, flight planning support, meteorology and maintenance control.

The IOC's construction features close attention to lighting, acoustics and ergonomics. For instance, a 24-hour LED lighting cycle will help keep team members' bodily clocks functioning at their best, and more than 500 custom console workstations offer sit/stand capabilities. Demountable partitions in conference rooms and offices allow for flexibility and future growth. And the new facility is designed to withstand the worst that Mother Nature can throw at it, ensuring that the airline continues to operate optimally.

The construction of the IOC completes part of a general plan to expand the Fort Worth campus so that support staff and leadership team members will be working alongside the airline's training and integrated operations support teams.

Communicating with employees

Our goal is to boost employee engagement to an all-time high. We have already implemented important initiatives to accomplish this objective, with channels for communication and transparency reaching up to the highest level of management. Employees have an abundance of mechanisms for communication at their disposal, and we are harnessing technology to facilitate connections among everybody at the airline.

• Town Halls

In 2015, American held 16 in-person Town Halls at hubs and international locations. Twelve of these events were hosted by CEO Doug Parker or other members of high-level management. Four Town Halls with upper management were held at the beginning of the year alone.

• State of the Airline

We introduced live-streaming and mobile access to our quarterly State of the Airline meetings. In 2015, more than 10,000 employees "attended" at least one live-streaming session.

• Crew News

We ran 11 sessions of Crew News. These in-person information sessions are open to all crew members and are designed as a chance for American's CEO and other senior leaders to answer questions from crew members. Videos of all sessions are made available to crew members in their entirety. It's one way we practice openness and transparency.

• Jetnet

Each employee can now produce his or her own profile and post comments to Jetnet, American's online intranet. More than 350 articles and 16,000 employee comments were posted in 2015. Jetnet also hosted more than 800 video segments, generating 1.25 million views, with an average viewing time of more than four minutes.



Engage our team members (continued)

Providing training and development

Training and development is essential to the functioning of effective organizations. Employees must be given the tools and knowledge they need to perform. They also need to work in confidence that there is a development path for them to progress in their careers.

In 2015, we took a number of important steps toward making the integrated airline a place where all employees can access learning and development opportunities.

- We began harmonizing our learning management system (LMS), which tracks the training that all employees undergo and allows employees to register for and complete online courses. The integrated LMS will centralize training information and resources, and will lead to improved management, better recordkeeping and much-improved employee access.
- For the first time since integration started, we held performance reviews for our nonunion employees. The quarterly reviews feature “talent conversations,” which assess talent, merit and development within the job, allowing for qualitative feedback and discussion.
- We are setting the stage for a new generation of leaders to emerge at American. We created succession plans for about 500 positions at the director level or above, and we identified top and emerging talent already within the company. Those upcoming leaders have been targeted to receive specialized training courses and development opportunities.

Integration brought particular training needs, resulting in a huge increase in training hours in 2015. American made a significant investment in guaranteeing our team members have the support and knowledge they need to negotiate shifting responsibilities, new challenges and new tools and technologies. In 2015, American employees completed about 3 million hours of training, much of it in the run-up to launching the new Passenger Service System. That was an increase of 60 percent over 2014.

2015 also saw these training and development milestones:

- Our Annual Leadership Conference (ALC) was held in February. It brought 5,500 leaders to Dallas to hear from our senior leadership team about our integration and operations. Colleagues from every workgroup across the system connected and shared expertise, demonstrating the importance of training opportunities to build bridges across the American system.
- By the end of 2015, almost 2,800 pilots underwent flight-simulator training to become certified on our new fleet type. About 15,150 pilots underwent recurrent skills training.
- A major integration milestone was reached when US Airways flight attendants began receiving new tablets as part of their merger training course. Using tablets, our flight attendants can perform quick and easy e-sales and have access to seat assignments, special services, food and beverage options, loyalty program status and connecting gate information.

Benefits and beyond

Making American the employer of choice means having great benefit programs, health initiatives and employee outreach and engagement. In 2015, American integrated its 401(k) plan, which required streamlining nine programs into two. In the end, we transferred more than \$10 billion of assets to our new record-keeper. Employees can now choose from a new lineup of investment options and more cost-effective plans.

We also standardized health plans across the board. The new plans continue to build on generous wellness benefits, employee assistance programs, telehealth options and many other features.

Because employees have unique needs to meet before reaching their fullest potential, we offer full-time employees a rich array of benefits:

- Medical, dental and vision coverage
- Health Spending Accounts and Flexible Spending Accounts
- Life, accident and disability coverage
- Employee assistance programs
- Auto, home and group legal insurance
- 401(k) retirement plans and company contributions
- Standby travel privileges on American Airlines and American Eagle flights

Read more about our benefits: careers.aa.com/en/ac/employee-benefits



Engage our team members (continued)

Health and wellness

Team members are at their most productive – in every aspect of their lives – when they are at their healthiest. That's why we encourage our employees to make positive, proactive decisions concerning their health and lifestyle. For example, as of Jan. 1, 2016, we are a completely smoke-free workplace. The smoke-free policy extends not only to our buildings but also to all property, including parking lots and outdoor space.

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

Read more about [American's employee wellness program](#).

Rewarding extraordinary employees

American offers growth opportunities to all employees, whether they have been with us their entire careers or are new hires.

• Chairman's Award

Each quarter, peers and managers nominate employees for the Chairman's Award for outstanding accomplishments. Winners are selected quarterly by a peer-review panel and receive a personalized award along with \$1,000. Quarterly winners become eligible for the Annual Chairman's Award, culminating in a special evening of recognition by Chairman and CEO Doug Parker. Each receives a personalized award and \$5,000. In 2015, 1,300 employees were nominated for this prestigious award. We recognized 311 employees with the Quarterly Chairman's Award and 100 employees with the Annual Chairman's Award.

• Triple Play Bucks

Employees qualify for \$50 each with every first-place ranking in the DOT's monthly Air Travel Consumer Report. Because there are three categories – on-time arrivals, baggage performance and customer satisfaction – employees have the opportunity to earn \$150 a month for their role in helping American outperform our biggest domestic competitors.

• Above & Beyond

In 2015, customers and managers handed out more than 375,000 Above & Beyond certificates, recognizing employees for the work they do. Each quarter, hundreds of employees are drawn from those recognized, receiving cash prizes ranging from \$250 to \$10,000. More than \$500,000 in prizes are awarded each quarter to employees like agent Claudia De Marchena, who was nominated by a customer she went above and beyond to help after a death in the customer's family.

• Flight Service Champions

American honored more than 300 flight attendants at the Flight Service Champions Gala in Grapevine, Texas, this year. Each honoree was nominated for recognition by a customer, supervisor or peer and was already decorated as among our best. The dinner was a merger milestone for the combined group of flight attendants.

• Rewarding Service

Approximately 4,500 employees received length-of-service recognition in 2015 for achieving a milestone anniversary in their employment, ranging from five years up to 55 years of service.

Diversity and inclusion

Diversity and inclusion are not aspirational goals. They are the key way American achieves success. By prioritizing diversity and inclusion, we maintain a workplace where all employees feel they can prosper. Our work force, which reflects the rich diversity and cultural breadth of the global community we serve, helps drive innovation. It also creates an airline that customers want to fly, employees want to work for and investors want to invest in.

To learn more about our commitment to diversity and inclusion, visit aa.com/diversity or listen to CEO Doug Parker share his insights <http://hub.aa.com/en/dv/diversity-statement>.



Engage our team members (continued)

Leading our diversity and inclusion efforts

Our Inclusion & Diversity team and the Diversity Advisory Council (DAC) are focused on engaging and developing employees, connecting with communities in meaningful ways and positively impacting business results. The Inclusion & Diversity team and the DAC help us build and promote diversity and inclusion in all facets of our business, including managing key diversity and inclusion initiatives like World Diversity Day, It's Cool to Fly American (in partnership with the Autism Research Centre) and Take Our Daughters and Sons to Work Day.

The DAC is composed of two representatives from each of our 20 Employee Business Resource Groups (EBRGs). EBRGs foster interaction and engagement on a number of social and cultural issues. Drawing on the cross-cultural backgrounds and experience of their members, the EBRGs initiated more than 300 events in 2015 to help inform business decisions and policy enhancements and to promote education and development across American.

To see more about what our EBRGs accomplished in 2015, visit aa.com/diversity or watch our highlights video: "Where Diversity Adds Value."

2015 highlights of American's diversity and inclusion programs

• National Recognition & Partnerships

- The DAC became a member of the Winners Circle Best Practices Council for leading our EBRGs through the integration process. The DAC ranked third out of 538 U.S. organizations at the 2015 Diversity Council Honors Awards.
- In 2015, the United States Hispanic Chamber of Commerce (USHCC) named our Latin Diversity Network EBRG as one of the top-five employee resource groups in the country for its community service and sharing of Hispanic culture at American. Also, Diversity Best Practices (DBP) awarded Franco Tedeschi, American's vice president of hub operations, with the Valued Ally award. Tedeschi's work supporting the Living Green EBRG led to a noted increase in recycling efforts at American and in the local community.
- Four diversity-focused magazines recognized American as a Top Diversity Employer and a Top Supplier of Diversity Programs for 2015: *US Veteran Military Magazine*, *Hispanic Network Magazine*, *Black EOE Magazine* and *Professional Woman's Magazine*.
- American became a founding partner with a score of 90 in the Disability Equality Index, a national, transparent benchmarking tool that scores businesses on their disability inclusion policies and practices on a scale of zero to 100.
- American is a sponsoring partner for the Disability Rights Museum on Wheels, honoring the 25th anniversary of the Americans with Disabilities Act.
- American was the first airline to join with a broad U.S. coalition of businesses and major employers to file a "friend of the court" brief that sets out the business case for marriage equality. Additionally, American pledged its support for Texas Competes, a partnership of business leaders committed to a Texas that is economically vibrant and welcoming of all people, including lesbian, gay, bisexual and transgender (LGBT) people.

• Global Recognition

The Human Rights Campaign (HRC) honored American with the highest possible rating in the [2016 Corporate Equality Index](#) (CEI). American was the first and only airline to achieve a perfect score when the CEI was introduced in 2002. We have received a perfect rating every year since.

• Earl G. Graves Award

We honored four employees with the seventh annual [Earl G. Graves Award](#) for Leadership in Diversity & Inclusion for 2015. This year's winners, Mohamed El-Sharkawy, Carla Fink, Varita Shelton and Ed Pizza, received awards for making a lasting impression as role models and leaders in diversity at work and in the community.

• Value of Respect Training

Domestic mainline employees received the Value of Respect training in 2015, focused on the connection and importance of diversity and inclusion to the success of our workplace and our business. Employees comprising 88 percent of the work force completed this training in 2015, and the remainder will complete the training in early 2016.



Engage our team members (continued)

Promoting supplier diversity and inclusion

American is committed to sourcing quality products and services for our customers. To fulfill that commitment, strong alliances with a wide base of suppliers and contractors are important to us. Our Supplier Diversity Program, established in 1989, adds value to our supply chain by proactively seeking out diverse suppliers, such as women-, minority-, or LGBT-owned businesses as well as small businesses that are owned by the disadvantaged, veterans, service-disabled veterans and those with HUBZone certification.

We have established an [online Supplier Diversity Portal](#), where interested suppliers can review qualification requirements and register to be considered. We also sponsor and participate in many diverse and small-business networking opportunities, attending more than 32 events in 2015 alone.

We stay current with supplier diversity trends and leadership expectations by maintaining corporate membership in 10 national and regional supplier-diversity organizations. We sit on the boards of seven of those organizations. In 2015, we were honored to receive numerous awards in recognition of our efforts to enhance opportunities for small and diverse suppliers.

Internally, we make sure to promote supplier diversity through internal advocate outreach and training, especially across our procurement function. In this way, our employees understand the value and importance of including and documenting the participation of diverse and small suppliers in our bidding processes.

Connecting with communities

Good corporate citizenship contributes to the economic and social well-being of our employees, shareholders, customers and communities. At American, we use our scale and connectedness to influence widespread charitable action through direct philanthropic contributions and through the generosity of our employees and customers.

Last year, more than 2,000 American employees showed their commitment and passion by participating in more than 11,600 volunteer events in their communities, contributing approximately 60,000 hours of volunteer time in the communities where they live and where American provides service. The company, our employees and our customers also donated more than \$22.5 million in cash and in-kind support.

American is proud of the voice it gives our team members in directing corporate giving. In 2015, regional councils were formed at all hubs and in Tulsa to direct American's giving efforts. Each eight-person regional council has its own budget and decides how to apportion giving, which is generally aligned with American's focus areas for giving: education, human services and military and veterans' initiatives.

Employee volunteers

Volunteerism helps the communities where we operate and boosts our employees' levels of satisfaction. Our key efforts include:

- **Do Crew Employee Volunteer Program**

Do Crew enables employees to volunteer their time with a variety of nonprofit organizations. For every 50 hours they volunteer, employees receive a 25,000-mile voucher they can donate to their favorite 501(c)(3) organization.

- **Sky Ball XIII Fundraiser for Vets**

This annual fundraiser benefits the nation's active, reserve and retired military. Approximately 1,000 American employee volunteers supported the 2015 event, which raised a record \$2.2 million.

- **Be PINK**

In October 2015, American held its annual Be PINK campaign, a month-long, employee-led initiative to raise funds for breast cancer research and awareness. The 2015 campaign raised \$1.8 million in cash and frequent-flyer mile donations.

- **Puppies in Flight (PIF) Program**

Through PIF (one of our Do Crew programs), employees use flight benefits to escort service dogs to their new companions, whether trainers or owners in need of assistance. PIF is a partnership between American and Assistance Dogs International. American receives an average of 20 requests per month to transport service animals.

Read more about how [American gives to communities](#).



Engage our team members (continued)

Giving at American

The tradition of giving is strong at American. We support various organizations across the areas of education, human services and military and veterans' initiatives, both nationally and locally at our major hubs. International organizations we support include the Red Cross, UNICEF and the Susan G. Komen Foundation, which is making great strides in the fight against breast cancer.

We have supported cystic fibrosis research for more than 30 years, raising more than \$36 million toward finding a cure. And in 2015, UNICEF honored American for our 20-year partnership with the U.S. Fund for UNICEF Change for Good program.

Supporting those who serve

More than 6,000 American employees have served or are serving in the military. Accordingly, we have a long tradition of supporting our armed forces with special airfares, giving to nonprofit organizations and engaging employees in a variety of activities.

- In 2015, American sponsored a Sky Ball to raise more than \$2 million. Funds go to the Airpower Foundation, which supports education, job fairs for veterans and events to honor veterans.
- Each December, American sponsors the Snowball Express, bringing more than 1,700 family members of armed forces members who died in service to an all-expenses-paid vacation in Dallas/Fort Worth. Pilots and flight attendants volunteer their time for the program.
- In 2015, we relaunched our Fuel Smart program, which donates a portion of savings from fuel-conservation efforts to Air Compassion for Veterans. The program funds travel for service members, veterans and their families. Since 2010, more than 5,000 flights have been provided at no charge, a value of more than \$3.5 million.

Read more about how [American honors those who serve](#).

Making education more accessible

Since 1990, when our Education Foundation began, we have awarded more than \$5 million in grants and scholarships to students. American is committed to strengthening the Education Foundation endowment with contributions of \$2 million a year. American CEO Doug Parker has further personally donated \$1 million each year for the past two years.

We support several community education programs, including the Marine Corps Scholarship Foundation, the nation's oldest and largest provider of need-based scholarships to military children. In 2015, American honored 210 children of employees, including 40 first-generation college attendees, with \$560,000 in scholarships through the combined American Airlines Education Foundation. We also donated an MD80 aircraft to Oklahoma State University to serve as a learning laboratory for the College of Engineering, Architecture and Technology's Mechanical and Aerospace Engineering program.

The C.R. Smith Museum

Since 1993, American has operated a physical celebration of its own history, as well as the history of American aviation, in its hometown of Fort Worth, Texas. The C.R. Smith Museum, named after the pioneering 34-year president of American Airlines, welcomed more than 54,000 guests in 2015. The museum offers restored artifacts from throughout the history of aviation in America, with a historic and rare 1940 DC-3 as the main attraction. Through hands-on exhibits and activities, including a summer camp and other learning programs, the C.R. Smith Museum is an extension of American's commitment to education.

Read more about how [American supports education](#).



Provide a Return for Our Investors

As the largest airline in the world, we should be the most profitable. If not, investments will go to other airlines over ours, and that is not a formula for success

A banner year

American Airlines is the biggest airline in the world, and we strive to be the most profitable, thus driving returns for our investors. In 2015, we made our strongest case yet for those investments. A year after merging in 2013, American posted profits, excluding special items, of \$4.2 billion, a 90-percent increase for the airline and a turnaround that earned the number-one ranking in *Fortune* magazine's "Turnaround 20."

Our performance in 2015 proved that the combined American is much more than a turnaround story — it is a global powerhouse. We earned \$6.3 billion, excluding net special credits — the highest annual profit in company history. Our pretax margin of 15.3 percent was also a company record. Thanks to our record profitability, we were able to return \$3.9 billion to shareholders through cash dividends and our share repurchase program. We are pleased and proud to deliver such a strong showing for our investors.

Our financial strength was recognized when *Airfinance Journal* selected us for the 2014 Treasury Team of the Year award, chosen for excellence in the field among airlines globally. And we were recognized outside our industry by being added to the S&P 500 index. The latter honor is a huge boost for us in terms of visibility to potential investors.

Investing in operations

As we expand and grow, we must make sure that our operations and service continue to exceed customers' expectations. So we are doubling our efforts to make our equipment, service and amenities better than ever. Our current focus areas are on-time departures, baggage-handling performance and being sure that we minimize the time that aircraft are out of service. To do that, we have made significant investments in:

• New Aircraft

As part of our fleet renewal program, we spent more than \$5 billion on new aircraft in 2015. We now have the youngest, most fuel-efficient fleet of the big-four U.S. carriers. In 2015, we added 75 new mainline aircraft, including 13 new 787 Dreamliners, and we retired 112 older aircraft. We also added 54 new regional aircraft while removing 31 older aircraft from our fleet.

• Going for Great in Customer Experience

As part of our Going for Great initiative, we have announced \$3 billion in customer improvements. Aircraft retrofits will deliver fully lie-flat seats on the entire long-haul international fleet, international Wi-Fi, AC power outlets and USB power in all cabins on new and retrofitted aircraft and enhanced in-seat entertainment. We are also in the process of upgrading the clubs and gate areas at many of our airports.

• Recruitment

In the past year, we hired almost 12,200 new employees at American and our regional affiliates. In addition to welcoming new pilots, flight attendants and operational employees, we also hired additional reservations employees to improve the customer experience.

• Employment Agreements

We have reached joint collective bargaining agreements with our pilots, flight attendants and customer service and reservation agents. These contracts provide industry-leading pay rates and ensure that American will continue to attract the best workers in the business. For example, joint agreements granted 24,000 of our flight attendants and 15,000 pilots average pay increases of 14 percent and 23 percent, respectively.

Investing in infrastructure

The Progressive Policy Institute (PPI) included American on its "Investment Hero" list of the 25 companies whose capital spending is helping raise productivity and wages across the economy. We were the only airline to make the cut. PPI especially cited the big investments we have made in aircraft and infrastructure to improve our operations. Those investments in infrastructure include:

• New DFW Operations Center

Our operations control teams left separate facilities and moved into the state-of-the-art [Robert W. Baker Integrated Operations Center](#) (IOC) in Fort Worth, Texas, in August 2015.



Provide a Return for Our Investors (continued)

• **New Airport Support Vehicles**

Our new ground support equipment (GSE) continues to make its way to sites around the system. In 2015, the Tulsa Maintenance and Engineering Center (TULE) and airports around the system received new shipments of cargo loaders, F-250 trucks and TUG tractors. The deliveries are part of our Going for Great investment in new equipment to support operations.

• **Overhauling Existing Ground Equipment**

Early in 2015, American funded a major overhaul of GSE. Hundreds of equipment types are entering the field, including replacement of many pushout tractors and commercial vehicles.

• **Ready for Medical Shipments**

Cargo hosted more than 150 customers, employees and guests at the grand opening of its new pharmaceutical and health care facility at PHL. Located in the Northeast pharmaceutical corridor of the country, the state-of-the-art facility allows for the safe and reliable transfer of medical and life science products.

Many communities that we serve have seen an increase in our local spending as we continue to invest in our operations. Our increased hiring, ramped-up purchasing and infrastructure investments have had ripple effects on local economies.

Governance

At American, we believe that strong corporate governance structures allow us, and our employees, to function confidently and with the independence necessary for us all to thrive. We elect board members annually to ensure performance and accountability. In November 2015, American added two new members to its board of directors: Susan Kronick and Martin Nesbitt ([read more details here](#)).

Our standards of business conduct

Building the greatest airline in the world requires a strong commitment to our customers, shareholders, business partners and, of course, one another. That commitment is founded on a value system we all share, one based on integrity, honesty and the absolute dedication that every decision we make is a responsible and ethical one. All American employees embrace these values.

To help guide our actions, we developed our Standards of Business Conduct, which we updated in 2015. These standards are our moral compass, setting clear expectations for each of us and telling the world how American conducts business as a global community. We train all management and many non-management employees to these standards through our Business Ethics and Compliance Program and annual Compliance Certification.

[Read our new Standards of Business Conduct here \(PDF\).](#)

Advocating for better public policy

As a corporation, American remains active in policy discussions that affect our industry and the economy as a whole. We do not shy away from speaking out when circumstances demand it. Engaging in policy discussions that relate to fair competition, improving operational efficiency and reducing passenger costs represents a worthy investment in creating a future that is best for our airline, our customers and our investors.

• **Partnership for Open and Fair Skies**

American has partnered with Delta, United and eight unions to ask the U.S. government to enter consultations with Qatar and the United Arab Emirates regarding their state-owned airlines. More than \$42 billion in subsidies to Qatar Airways, Emirates Airline and Etihad Airways over the past decade are in direct violation of international Open Skies agreements. These subsidies distort the competitive market, directly threatening the U.S. economy and putting U.S. jobs at risk.

• **Pushing for Favorable Reform**

In 2015, American CEO Doug Parker testified before the Aviation Subcommittee of the U.S. House Committee on Transportation and Infrastructure. The hearing examined options for reforming the air traffic control (ATC) system in the United States. As vice chairman of Airlines for America, the airline industry's trade association, our CEO was well-positioned to present the industry's take on ATC reform. [Read Doug's statement here.](#)



Provide a Return for Our Investors (continued)

Managing risk

We are in the midst of an incredible time at American, one of integration and expansion. To securely navigate this exciting phase in our business, we must be ever vigilant about anticipating risk. Along with predictable risks of doing business in our competitive industry, we must follow ethical practices on moral and privacy issues.

We respect human rights

We are committed to respecting human rights, including combating illegal human trafficking and child exploitation. As a prominent part of the worldwide travel industry, we conduct our business in a manner that protects human rights and the rights of children throughout our sphere of influence. We are committed to raising awareness of these issues among our employees and suppliers and cooperating with law enforcement authorities to address any instances of exploitation that we become aware of. For example, we offer training to employees on how to spot possible instances of human trafficking. We regularly communicate the mechanisms available to employees for anonymously reporting suspected violations, including via our [online ethics portal](#).

In 2015, American joined a broad coalition of U.S. corporations to support marriage equality in an amicus brief filed in the U.S. Supreme Court. American also joined dozens of large companies to pledge that “Equality Is Our Business,” a public statement led by the Human Rights Campaign (HRC) seeking to get businesses and organizations to stand up for diversity.

Protecting wildlife

American adheres to the principles of the Convention on International Trade in Endangered Species (CITES). Established in 1975, CITES is a voluntary agreement among governments to ensure that international trade in wild animals and plants does not threaten their survival. In addition to restrictions on the shipment of certain animals and plants, we do not permit the shipment of game hunting trophies from endangered species and we embargo the transport of shark fins and shark fin products. We believe this approach reflects our core values and minimizes risk to our brand and reputation.

We hold suppliers to our high standards

Our new Standards of Business Conduct apply to all employees, no matter where they work around the world. These standards also apply to all agents, consultants, contractors and anybody else who represents or acts for the company, including our suppliers.

For contracts signed with suppliers we aim to include explicit provisions that suppliers abide by American’s Standards of Business Conduct. For contracts in sectors where poor working conditions and slave labor are more likely, we have pursued enhanced oversight of suppliers. For example, our 2015 uniform contract included mechanisms for factory research and oversight and the vetting of garment industry certifications. In 2016, we plan to conduct a risk assessment in commodity segments across at-risk countries to further identify dependable, reputable partners throughout our supply chain.

Ensuring cybersecurity, data protection and privacy

We receive and maintain personal data about our customers and colleagues in the course of conducting business. We take the responsibilities this places upon us very seriously. We continue to maintain strict security measures to protect the personal data that customers entrust us with, and we remain committed to testing, reexamining and upgrading all of our systems and practices.

We maintain an Information Security Program that is modeled after ISO 27001/2 for Data Security Best Practices. It is managed by a team of information technology security-management professionals who are themselves overseen by several information system security professionals. The entire program is accountable at the highest level of our business and it receives support from many other units, including Legal.

Read more about [American’s privacy policy here](#).



Look to the Future

Our industry is continuing to evolve and we need to ensure we are leading the change, not chasing it.

Change is in the air – not just in the look and feel of the new American Airlines, but also in how we manage our environmental footprint. Investments in new next-generation aircraft, cleaner ground equipment and more-efficient facilities will help us reduce our environmental impact today and into the future.

The youngest, most modern fleet

American's fleet is the youngest among the top U.S. network airlines, with an average aircraft age of 11 years. And we are getting younger – by 2017 we expect the average age of our aircraft to be less than 10 years old.

Modern aircraft provide the newest amenities, such as more room and larger overhead bins, improved humidity and atmospheric control and reduced engine noise for a quieter cabin. And planes like the Boeing 787 Dreamliner improve fuel efficiency by 20 percent over similarly sized aircraft through four key technologies: new engines, increased use of lightweight composite materials, more efficient systems applications and modern aerodynamics.

By the end of 2015, we introduced 13 new Dreamliners to our fleet, with 29 more expected by 2018. In 2015, we retired 112 of our older, less efficient mainline aircraft, and we expect to retire additional aircraft in 2016. All of our MD-80s and Boeing 767s will be retired by the end of 2017, with Boeing 757s soon to follow.

Managing environmental performance

We believe that proactively addressing environmental imperatives is the smart way to manage our business. More than 20 years ago, American established an Environmental Management System (EMS) to provide a systematic approach to complying with environmental regulations. The EMS is modeled on the ISO 14001 standard and aligns closely with our FAA-approved Safety Management System (SMS).

A team of environmental professionals in our Environmental Department maintains the EMS to manage a broad range of issues, including air emissions, hazardous waste disposal, underground tanks and aircraft water quality. Our EMS is overseen by the Company Operations Standards Board, which is made up of senior executives of the company.

Successful execution of our EMS is founded on rigorous employee training, which we continually review and update. Our basic environmental training for airport personnel covers environmental awareness in an annual course of online instruction. More detailed in-class training is given to environmental specialists. In 2015, more than 45,000 employees completed almost 51,000 hours of environmental training.

To ensure we meet the highest compliance standards, our audit program evaluates the performance of stations and facilities. Audit locations are selected based on several factors, including size, level of risk and the time since a location's last audit. In 2015, we completed six environmental audits of stations and maintenance facilities.

[Click here](#) to see how we're managing our emissions, water and waste.

Taking a hard look at greenhouse-gas emissions

In 2015, the international community came together in Paris and made a strong, ambitious statement of cooperation around climate change action. Governments, companies and NGOs put aside long-standing differences and pledged to limit and reduce emissions of the greenhouse gases (GHGs) that cause climate change.

Because of the global nature of the aviation industry, we believe that effective GHG-emissions standards must be international. The airline industry has already made tremendous progress in reducing emissions. Airlines based in the United States have improved their fuel efficiency and invested in new aircraft to further these gains. Between 2000 and 2014, U.S. airlines carried 20 percent more passengers while using 8 percent less fuel.



Look to the Future (continued)

We continue to support the United Nations' International Civil Aviation Organization (ICAO) goal of carbon-neutral growth across the aviation industry after 2020. Delivering on this goal will require the cooperation of a range of stakeholders. For example, government investment in upgrades to air-traffic control is vital, as is ongoing research and innovation by suppliers of our aircraft, engines and related components. The industry will also need continued support to develop cost-competitive, low-carbon alternative fuels.

How our GHG emissions stack up

Scope 1: More than 98 percent of our direct (Scope 1) GHG emissions are related to the consumption of jet fuel. Accordingly, our primary means of reducing emissions is through the purchase of the newest generation of lighter, more fuel-efficient planes, like the Boeing 787 Dreamliner and the Airbus A350.

Scope 2: American's indirect (Scope 2) emissions, which are related to the purchase of electricity, make up the majority of our remaining emissions. This year we began purchasing renewable energy to minimize our indirect emissions.

Purchasing Green Energy

Our ranking as an EPA Fortune 500® Green Power Partner shows American's commitment to renewable energy and sustainability. In 2015, we ranked in the top 50 on this list of the largest U.S.-based green power users. We made significant purchases — 14 million kilowatt-hours per year — of zero-emission green electricity in our Texas operations alone, enough to power more than 1,000 average American homes annually. All operations in North Texas run on 30 percent renewable electricity sourced from wind power.

Scope 3: Employee commuting (Scope 3) emissions are very small compared with our direct emissions. However, we know that every little bit counts. That's why we have implemented programs to help reduce the environmental impact of our employees' ground commuting. Employees have the option to purchase discounted mass transit passes or to purchase transit passes using pretax payroll deductions. At some of our locations, charging stations are available for employees with electric cars.

Taking action to mitigate our emissions

American is invested at all levels in reducing our GHG emissions. Our Fuel Smart program, established in 2005, is a key component of our fuel conservation efforts. Fuel Smart is an organized effort led by the employees of American to safely reduce fuel consumption. Pilots, flight attendants, aircraft mechanics and fleet service clerks — among many other employees and work teams — are vital to the success of Fuel Smart. We are proud to commit some of the savings Fuel Smart generates to our men and women in uniform, under our partnership with Air Compassion for Veterans (ACV).

Our Cargo Division is also working to reduce the emissions associated with carrying freight and mail. Last year, it replaced existing containers with lightweight versions for transporting air cargo and baggage. Through the cargo initiative, we achieved more than 500,000 gallons in fuel savings and a reduction of more than 5,000 metric tons in carbon dioxide emissions.

Ground support equipment upgrades

In 2015, American took delivery of almost 1,300 pieces of new ground support equipment (GSE), which vastly improves fuel efficiency and the productivity of our workflow. Deliveries include new pushout tractors, bag tractors and de-icing equipment, of which almost 150 are alternative-fuel and electric powered.

• Bobtails

New Bobtail trucks are replacing our old-school tractors and tugs. They offer the power to pull more cargo at once and can ensure delivery of cargo to and from gates in all types of weather and ramp conditions. We delivered about 40 Bobtails to our major hubs by the end of 2015.

• Forklifts

Cargo is replacing the oldest forklifts in our system with new units, in a plan that will deliver 63 new forklifts to major hubs. Additional forklifts will be evaluated for replacement every year, putting the entire Cargo forklift fleet on a scheduled replacement plan over the next five years.

• American Eagle Equipment

We are upgrading equipment at our regional affiliates with cleaner units. Over the past three years, we took delivery of 360 pieces of electric-powered GSE at Charlotte, Chicago, Dallas/Fort Worth, Miami and other stations.



Look to the Future (continued)

Environmental initiatives in facilities

Our ground facilities account for a significant portion of our environmental impact, and we are committed to reducing that impact in every way we can. To the degree feasible, we seek certification of our buildings to the U.S. Green Building Council LEED standard.

Facilities meeting LEED Gold standard

- American's office facility in Tempe, Arizona (former US Airways headquarters)
- San Francisco International Airport (SFO), Terminal 2, which includes American's ticket counters and arrival and departure gates

Facilities meeting LEED Silver standard

- Philadelphia International Airport (PHL) ground support equipment shop
- PHL, Terminal F baggage claim building (designed to achieve LEED Silver certification)
- SFO Admirals Club in Terminal 2

Our new T4 Connector being built at Los Angeles LAX also received certification under California's Green Building Code. The code is also known as CalGreen and is a state-level building-sustainability rating program. The T4 Connector, which will greatly improve the ease of connecting between American's domestic flights and international flights on American and our codeshare partners, is the first project with the City of Los Angeles certified to Tier 2, the program's highest level of certification.

American will soon begin operations in our new headquarters, which will offer a new generation of environmental and sustainable technologies and features. We expect to break ground on the new buildings next spring and to complete construction and begin the move-in process in 2018.

Using natural systems to conserve water

In April 2015, Tulsa's Maintenance and Engineering Center completed the installation of more than 500 hybrid poplar trees for remediation of contaminated groundwater. This process, called "phytoremediation," uses the inherent capacity of natural systems to eliminate or reduce present contaminants without the use of additional chemicals or expensive engineering.

American personnel will document continued success of the phytoremediation system. Using a unique ID "bark-code" given to each tree, the Environmental Engineering team sets a checklist of modifiable, tree-specific questions that can be accessed and completed on a predetermined schedule. The minimally invasive, environmentally sensitive strategy has the added benefit of creating a parklike setting for all employees to enjoy.

Turning waste into opportunity

Our efforts to operate sustainably encompass a systemwide dedication to waste management through the mantra "reduce, reuse and recycle."

- **Inflight Recycling** Although the customer will never see most of our recycling efforts — which largely occur in our offices, facilities and maintenance centers — we are very proud of our worker-led initiative for inflight recycling. American's flight attendants kicked off the industry's first onboard recycling program in 1989. In 2015, our inflight program recycled almost 400,000 pounds of aluminum, or 11 million cans. Revenue generated from this program goes to the flight-attendant-run Wings Foundation, which helps flight attendants in times of need. American also recycles paper and plastic as part of its inflight recycling program.
- **Tulsa's Zero Landfill Program** Recycling efforts at our Tulsa Maintenance base started many years ago, when employees began collecting bottles, cans and newspapers. Over time, employees turned their attention to innovation, particularly on the reuse and recycling of material specific to the aviation industry. The team then partnered with external suppliers to implement what became known as the Zero Landfill Program at the Wheel and Brake Center. The program has eliminated all waste discharges to land and water by sending any materials that cannot be reused or recycled to a waste-for-energy facility. Tulsa is the first location within the American system to achieve Zero Waste to Landfill.



Look to the Future (continued)

The Zero Landfill Program recently won the top honor at the Henry Bellmon Sustainability Awards, sponsored by Sustainable Tulsa. The Environmental Engineering team is now researching a pilot plan to recycle used wastewater on site at the Wheel and Brake Center.

- **American Airlines Cargo** has implemented the International Post Corporation's [Future of Mail by Air initiative](#), which saves almost 15,000 pounds of paper annually. Cargo recycles 100,000 pounds of shrink-wrap annually – which equals as much plastic as 1.5 million water bottles. And cargo pallets from Miami's cargo facility are repurposed into more than 100,000 pounds of chipped wood for reuse in landscaping. Meanwhile, updated lighting in our Cargo facilities now saves 18,000 megawatts of electricity annually.

Sustainable sourcing

American's commitment to sustainability extends to the components of the products we use to run our business. One of our key initiatives is to improve aircraft fuel efficiency by reducing the weight of aircraft hardware and interiors. Our new Boeing 737MAX aircraft come equipped with a lighter inflight entertainment solution and slimline seats that save more than 200 pounds per aircraft. Other standard hardware on flights that we "lightweight" include using Jettainers in lieu of traditional cargo containers, lightweight galley carts and outfitting cabin crew with iPads instead of reams of paper.



Integration Accomplishments

In 2015, American went through an intensive and complex process of integrating the operations of two airlines into one. Now all of our flights operate as American Airlines and our customers are experiencing the ease of a single reservations system, improved check-in and the most modern flying experience in the sky.

We are proud that we achieved these key integration milestones without our customers noticing the effort behind it – that is how it should be. However, to achieve a seamless transition, our team members have had to go above and beyond, learning new systems and technologies while keeping up our high level of service. It's thanks to them that we truly became one airline in 2015.

Integration milestones

- Adopted a single reservations system with zero customer disruption
- Reached ratified contracts with industry-leading pay rates for pilots, flight attendants and customer service and reservation agents
- Received a Single Operating Certificate from the Federal Aviation Administration, meaning American is regulated as one airline
- Merged American Airlines Vacations and US Airways Vacations
- Merged airline loyalty programs by moving US Airways Dividend Miles members into AAdvantage®
- Opened the new state-of-the-art Robert W. Baker Integrated Operations Center in Fort Worth
- Announced plans to expand the airline's Fort Worth campus so that support staff and leadership team members work alongside the airline's training and integrated operations support teams
- Optimized the airline's flight schedules at Chicago O'Hare International Airport and Dallas Fort Worth International Airport
- Expanded bag tracking technology to the whole airline, enabling customers to track checked baggage in real time

Fare Class Alignment (FCA)

In early 2015, we matched all fare classes across the system to the same codes. This Fare Class Alignment required the dedicated work of 400 employees and went into effect on February 1, 2015. The use of fare classes is fundamental to the airline business – it's how we sell our fares and manage our operations in a unified way.

Single Frequent Flyer Program (SFFP)

We combined American's and US Airways' frequent flyer programs into a Single Frequent Flyer Program. With millions of members between AAdvantage and Dividend Miles, combining information into a single program without disruption of service was the biggest – and most successful – data migration in airline history.

Single Operating Certificate (SOC)

We were awarded a Single Operating Certificate (SOC) by the Federal Aviation Agency (FAA), which grants us legal status as a single airline. For more than a year and a half, more than 700 joint employees came together as one team to achieve the SOC. That process – and its successful, on-time outcome – demonstrates just how far we've come.

Passenger Service System (PSS)

In late 2015 we moved to a single Passenger Service System, which is the system that governs our reservations. This was an enormous undertaking, requiring one million hours of training delivered to 50,000 employees. Three hundred hours of governance meetings were held across 20 functional teams within the airline and ultimately 1,800 kiosks were replaced systemwide. And all of it was done without a single operational or customer disruption.



American Airlines 2015 CR Report

Safety and Reliability Performance

Safety data	2014	2015
Injury Rate (Total recordable cases per 200,000 man hours)	7.79	6.14
Lost Day Rate	3.41	3.76
Reliability data		
On-time performance (within 14 minutes of scheduled arrival)	77.9%	80.1%
Completion factor	98.4%	98.4%
Mishandled baggage (per 1,000 passengers)	3.77	3.97

Workforce and Diversity

Employee category	2014			2015		
	Total	Female	Male	Total	Female	Male
Management	10,136	43%	57%	11,224	43%	57%
Non-Management	81,460	41%	59%	90,949	42%	58%
Total Workforce	91,596	41%	59%	102,173	42%	58%
Employees by employment type						
Full Time	86,305	40%	60%	90,339	41%	59%
Part Time	10,760	56%	44%	11,834	54%	46%
Employees by region						
US	91,596	41%	59%	96,781	41%	59%
Canada	224	64%	36%	230	64%	36%
Mexico, Caribbean, Latin America	3,867	62%	38%	3,620	64%	36%
Europe and Asia	1,378	57%	43%	1,542	53%	47%
Employees by work area						
Director and above	547	27%	73%	538	27%	73%
Management and Professional	9,589	44%	56%	11,224	43%	57%
Administrative	2,318	82%	18%	2,686	79%	21%
Passenger Service	9,168	74%	26%	9,887	74%	26%
Reservations	5,199	83%	17%	5,975	82%	18%
Maintenance and Related	14,355	5%	95%	14,427	5%	95%
Fleet Service	14,272	11%	89%	16,010	12%	88%
Pilots	12,932	4%	96%	13,005	4%	96%
Flight Attendants	23,216	75%	25%	23,572	75%	25%
International	5,469	61%	39%	5,387	61%	39%



Employees by age group						
Less than 30 years old	7,356	55%	45%	9,662	53%	47%
From 30 – 50 years old	39,911	44%	56%	39,540	44%	56%
More than 50 years old	49,798	39%	61%	52,971	39%	61%
Ethnic composition of our U.S. workforce¹						
Non-minority	61,371	39%	61%	62,053	39%	61%
Ethnic minority, of which:						
African American	12,498	50%	50%	14,356	50%	50%
Hispanic/Latino	11,098	38%	62%	12,222	37%	63%
Asian	4,244	44%	62%	4,760	44%	56%
American Indian/Alaskan Native	705	44%	56%	747	34%	66%
Native Hawaiian/Pacific Islander	319	41%	59%	468	46%	54%
Two or More Races	789	55%	45%	1,106	52%	48%
Ethnic minority total	29,653	44%	56%	33,659	44%	56%
Not Reported	572	38%	62%	1,069	42%	58%
Attrition rate						
Total exits				7,112	50%	50%
- Voluntary				4,528		
- Involuntary				2,584		

¹ We collect ethnicity only among our U.S. workforce. Diversity tracking is often prohibited by law elsewhere.

Community Impacts

Global giving	2014	2015
Cash and in-kind (miles) donations	11.2	22.5
Volunteer support		
Total Volunteer Hours (thousand hours)	52.7	60.0

Financial Performance

In millions USD\$, except per-share amounts	2014	2015
Revenue		
Mainline Passenger	30,802	29,037
Regional Passenger	6,322	6,475
Cargo	875	760
Other	4,651	4,718
Total operating revenue	42,650	40,990
Total operating expenses	38,401	34,786
Operating income	4,249	6,204
Income tax expense	330	(2,994)
Net Income	2,882	7,610
Basic Earnings per share	\$4.02	\$11.39
Cash dividends declared per common share	\$0.20	\$0.40



Operational Data

Miles figures in millions	2014	2015
Mainline		
Revenue passenger miles	195,651	199,467
Available seat miles	237,522	239,375
Passenger load factor	82.4%	83.3%
Departures (thousands)	1,144	1,114
Regional		
Revenue passenger miles	22,219	23,543
Available seat miles	28,135	29,361
Passenger load factor	79%	80.2%

Source: 2015 Form 10-K

For additional financial information, please see American Airlines 2015 Form 10-K.
<http://www.sec.gov/Archives/edgar/data/4515/000119312516474605/d78287d10k.htm>

Environmental Performance

Energy	2014		2015	
	Mainline	Regional	Mainline	Regional
Jet fuel consumption (millions of gallons)	3,644	688	3,611	712
Direct energy from jet fuel (millions of gigajoules)	518.2	97.8	513.5	101.2
Energy intensity (gigajoules per million RTMs) ¹	26.6	43.8	23.2	43.2
Indirect energy from electricity (millions of gigajoules)	2.9	0.1	2.5	0.1
Direct purchase of renewable electricity (Mwhs) ²			10,253	2,512
Direct and Indirect purchase of renewable electricity (Mwhs) ³			45,700	2,512
Greenhouse gas emissions (thousands of metric tons CO₂e)				
Scope 1 (direct)	35,142	6,621	34,757	6,858
Scope 2 (indirect)	500	19	413	10
Scope 3 (employee commuting & aircraft delivery)	184		182	
GHG Intensity (Scope 1 emissions from jet fuel per 1,000 RTMs)	1.61	2.95	1.55	2.89
GHG Intensity (Scope 1 emissions from jet fuel per million dollars of revenue)	1,109	1,047	1,159	1,053



Air emissions (Mainline and Regional)	2014	2015
Nitrous oxide (NOx) (metrics tons from landing/take-off cycle)	19,567	19,511
Sulfur oxide (SOx) (metric tons)	1,435	1,385
Ozone-Depleting Substances (metric tons)	29.3	30.7
Waste (Mainline and Regional)		
Regulated waste, including hazardous waste and universal waste (tons)	1,161	1,134
Water (Mainline only)		
Water consumption for AA major facilities excluding airports (millions of gallons) ⁴	467	425
Noise (Mainline only)		
Percent of mainline aircraft certified as or meeting Chapter 3 noise limits	100%	100%
Percent of mainline aircraft certified as or meeting Chapter 4 noise limits	86%	90%
Environmental Compliance (Mainline and Regional)		
Environmental fines and penalties (amount in thousands of dollars)	\$0.50	\$0.00
Environmental notices of violation (number)	9	8

¹ Energy intensity metric used is revenue ton miles, which is calculated using only jet fuel. The ratio only uses jet fuel that is consumed within the organization.

² Amount represents calendar year 2015 electricity purchased from utilities. EPA Green Power Partnership renewable energy represents estimated 12 months usage

³ Amount represents direct purchases and electricity purchased for American's facilities indirectly through airport authorities

⁴ From municipal water supplies



About this report

This Corporate Responsibility report reflects the operations of the American Airlines Group for the 2015 calendar year. In it, we describe performance against our five corporate imperatives—those objectives that we need to get right in order to restore American to the greatest airline in the world:

Integration milestones

- [Focus on our customers' needs and wants](#)
- [Be an industry leader in safety and reliability](#)
- [Engage our team members](#)
- [Provide a return for our investors](#)
- [Look to the future](#)

These corporate priorities guide the selection of information and data we include in our Corporate Responsibility report. We also look to the Global Reporting Initiative (GRI) G4 Guidelines as the basis for specific disclosures on environmental, social and governance performance. Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines included in this report are referenced in the GRI Table.

GRI Table Under Construction

Corporate Responsibility Report Archive

Since 2007, we have provided our stakeholders with annual reports on American's environmental, social and governance priorities and performance. We are proud of our record of transparency, and we encourage readers to review our past reports.

- [2014 Corporate Responsibility Report](#)
- [2013 Corporate Responsibility Report](#)
- [2012 Corporate Responsibility Report](#)
- [2011 Corporate Responsibility Report](#)
- [2010 Corporate Responsibility Report](#)
- [2009 Corporate Responsibility Report](#)
- [2008 Corporate Responsibility Report](#)