

Our **Commitment** to the **Future**



An Environmental Responsibility Report Prepared by AMR Corporation

We know why you fly[®]
American Airlines[®]
American Eagle[®]



At AMR, we remain dedicated to the pursuit of a greener future. We understand the value of reducing environmental impact and have therefore produced this report on recycled paper. We are pleased to have an Environmental Responsibility Report that reflects our dedication to this principle.





Letter from the Chairman and CEO



Gerard Arpey
Chairman and CEO

Dear Friends of AMR:

At AMR, American Airlines and American Eagle, we are mindful of our environmental responsibilities. We understand that while our mission of connecting the world requires considerable energy and resources, there are things we can do to reduce the impact of our activities on the environment we share.

For instance, we have taken the initiative to voluntarily report our greenhouse gas emissions and to propose solutions to reduce those emissions. As detailed in this report, we are also committed to conserving water, recycling materials, and reducing hazardous waste and aircraft noise.

Our environmental initiatives are completely in sync with our efforts to transform AMR into a consistently profitable enterprise. For example, one of our major financial challenges in recent years has been the soaring price of fuel, which has spurred us to find creative new ways to conserve. Conservation saves us a lot of money, and of course less fuel burned translates to fewer emissions. At American Airlines, our goal is to improve the fuel efficiency of our fleet by more than 20 percent by 2020. Such a reduction would decrease our consumption of fuel by hundreds of millions of gallons each year.

The people of our company have stepped up to some extraordinary challenges in recent years. They have proven time and again that our company can adapt and evolve without sacrificing our core beliefs. Environmental responsibility is one of those core beliefs, and I am confident that in the years to come we will continue to find new and innovative ways to meet our business objectives, connect the world and do our part for the environment.

The first step toward meeting our responsibilities for tomorrow is to assess how we're doing today. That is what this report is all about. It measures where we are and lays out a plan to get us where we need to be. Thank you for your interest in our company and in environmental responsibility.

Sincerely yours,

Gerard Arpey
Chairman and CEO

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About This Report



American Airlines is a member of Ceres, a coalition of investors, environmental organizations and other public interest groups that work with a select group of companies to strengthen their social and environmental programs.

To AMR Corp., pursuing a greener future extends beyond adopting a term that symbolizes corporate environmental responsibility—it is a journey we embark upon daily. In our ever-challenging and rapidly changing industry, we know that the decisions we make have daily impacts on the vitality of our company and, subsequently, the global environment. Although only 3% of the global greenhouse gas emissions are attributed to the aviation industry, we understand that how we choose to use our resources—energy, water, equipment, fuel and others—greatly influences our own impact on global climate change.

In this report we have highlighted some of our environmental responsibilities, specific programs initiated, results to date and challenges that lie ahead. The topics discussed often address both cost control and environmental concerns and have sparked ingenuity and resourcefulness throughout the company. The information reported is presented in the following sections:

Global Issues: Presents the results of our first voluntary analysis of greenhouse gas (GHG) emissions as a tool to measure the effectiveness of initiatives already in place. This section uses the standards set forth by the Greenhouse Gas Protocol, the most widely used international accounting tool for government and business leaders to understand, quantify and manage.

Local Issues: Examines the components of AMR operations that influence local air quality and the initiatives being implemented to control negative impacts.

Noise Mitigation: Discusses changes over the past few years aimed at minimizing aircraft noise and how we measure what is or is not effective.

Resource Conservation: Looks at a sampling of programs that represent the value placed company-wide on energy, water and other resource conservation. These programs largely originated from employees who practice these activities daily.

Environmental Management: Provides an overview of the structure of this important piece of the AMR team and describes some of our most significant initiatives.

Although this report provides an overview of accomplishments to date, we face the challenges in addressing local and global issues while we work to return to sustained profitability after many years of enormous losses. Just as environmental concerns continue to evolve, so do AMR's efforts to support a sustainable future.

Source of Information

AMR's environmental management team collected information for this report from hundreds of employees throughout the company who are responsible for the daily operations of our airlines. The information collected includes statistics, case studies and examples of AMR's many efforts to minimize environmental impacts.

For context and structure, the information in this report is measured against several benchmarks: internal performance, industry standards and performance goals. To measure self improvement over time, we have reported information from 2000 through a base reporting year, 2006.

AMR and Our Subsidiary Carriers

In 1982, stockholders voted to approve a plan of reorganization under which a new holding company, AMR Corp., was formed and became the parent company of American Airlines. The name "AMR" was taken from the airline's three-letter New York Stock Exchange symbol. In 1984, American Airlines established American Eagle as its regional airline affiliate. Together, American Airlines/American Eagle serve 250 cities in over 40 countries with almost 1,000 active aircraft.

American Airlines

American's Passenger division is the largest scheduled passenger airline in the world. American operates over 2,100 flights daily throughout North America, the Caribbean, Latin America, Europe, Asia and the Pacific.

American Eagle

The American Eagle network is one of the largest regional airline systems in the world connecting passengers to and from American flights at its hubs and other key cities. It operates over 1,800 flights a day throughout the United States, Canada, the Bahamas and the Caribbean. Its eight hubs are Boston, Chicago O'Hare, Dallas/Fort Worth, Los Angeles, Miami, New York JFK, New York LaGuardia and San Juan, Puerto Rico.



AMR's Flight Academy is recognized worldwide as one of the best. In fact, it is so renowned that among those who purchase simulator time to supplement their own training programs are domestic governments, foreign governments and dozens of commercial companies including the Canadian Forces, United States Federal Aviation Administration, Federal Express, various flight training schools and over a dozen international and independent airlines. Collectively, these parties will spend approximately 20,000 hours every year training in our simulators...this is in addition to the training time spent by our own AMR staff. The simulators allow staff to gain valuable flight experience without burning any jet fuel.





Global Issues

We understand the potential impact of greenhouse gases on global climate change; this is why we prepared this greenhouse gas inventory. AMR is committed to reducing GHG emissions while providing safe, reliable and reasonably priced transportation for customers and shippers. We are already taking steps to reduce GHG emissions with innovative programs such as our fuel savings program, Fuel Smart.



American Eagle®

By the end of 2006, Fuel Smart initiatives accounted for the company-wide savings of 95 million gallons of fuel annually. The goal for 2007 is increasingly ambitious, aiming to grow our rate of savings by an additional 30 million gallons for a total annual savings of 125 million gallons, or 1.2 million metric tons of CO₂e.

Greenhouse Gas Inventory Development

AMR developed this GHG inventory in accordance with the World Resource Institute GHG Protocol and the American National Standard E14064-1:2006. The objectives of this inventory are to:

- Identify GHG reduction opportunities
- Communicate information to our varied stakeholders
- Establish protocols in anticipation of future mandatory reporting requirements

Our GHG inventory is based on the following principles: relevance, completeness, consistency, transparency and accuracy. The inventory is a meaningful tool for AMR management to evaluate emissions and reduction opportunities. The inventory covers all required components under the World Resource Institute GHG Protocol and accounts for at least 99% of AMR GHG emissions. The emission factors, assumptions and calculation methods are applied consistently beginning with the base year, 2006. This year was selected as the base year since this was the first year comprehensive data was available. Reasonable, systematic procedures and methods have been used to identify and quantify the emissions in accordance with the referenced standards.

The organizational boundaries for this inventory are based on the equity share criteria. Organizational boundaries are defined as the operations owned or controlled by a company for GHG inventory purposes. This equity share approach reflects AMR's economic interests in operations and activities. The organizational boundaries include the following wholly owned AMR subsidiaries:

- American Airlines (100% equity)
- American Eagle (100% equity)

The following six GHGs, which are covered by the Kyoto protocol, are addressed in this inventory:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulfur hexafluoride (SF₆)

We began our assessment with an understanding of the operations and sources that cause direct and indirect emissions and thus needed to decide which indirect emissions to include. The inventory below includes Scope I direct and Scope II indirect emissions as determined by the Greenhouse Gas Protocol. Refer to *Figure 2.1*.

Scope I direct emissions include GHG emissions associated with both stationary and transportation sources. Transportation sources include aircraft, company-owned vehicles and ground support equipment. Direct emissions are also associated with activities at the three AMR maintenance and engineering bases. Direct Scope I emission sources at the bases include steam and electrical generation, jet engine testing, fuel combustion from company vehicles and ground support equipment, and fugitive emissions of HFCs from refrigeration equipment.

Scope II indirect emissions include third-party sources such as purchased electricity and steam at airport terminals and maintenance and engineering bases.

Scope III indirect emissions are not reported in this inventory because their reporting is optional under both the World Resources Institute GHG Protocol and E14064-2006. Some of the potential Scope III indirect emissions are those generated by workers commuting to/from work, suppliers delivering fuel or other goods to AMR locations and subcontractors delivering waste products or recyclable goods from AMR facilities.

Scope I direct and Scope II indirect emissions are summarized in *Table 2.1*. The GHG inventory determined that over 99% of Scope I direct emissions originate from passenger aircraft transportation. The listed GHGs have global warming potential ranging from 1.0 metric ton for carbon dioxide equivalent (CO₂e) to 23,900 metric tons for sulfur hexafluoride. A metric ton is equivalent to 1,000 kilograms or 2,204 pounds. GHG emissions of all six GHG gases are converted to CO₂e using the applicable standards.

Calendar Year 2006 Total GHG Emissions	
Scope I Direct Emissions	30.3 million metric tons CO ₂ e
Scope II Indirect Emissions	0.24 million metric tons CO ₂ e

Table 2.1
AMR GHG Emissions

AMR Corporation Organizational Boundaries

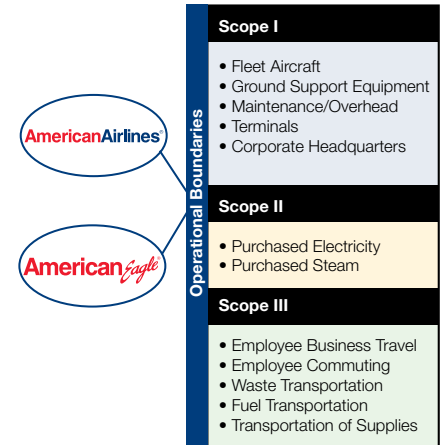


Figure 2.1
Operational Boundaries

Hold the Paint

Can an airline's chosen paint job impact GHG emissions? Rather than painting the entire aircraft body, American Airlines' signature red, white and blue stripes are painted on the bare metal aircraft. By doing this, the aircraft weighs less, resulting in a fleetwide reduction of 114,000 metric tons of CO₂e, or 11.9 million gallons of fuel per year, and we think it looks pretty cool, too.



The Winglet Way



What's a winglet? Winglets extend from the wingtip as a way to reduce the drag and, in turn, reduce fuel burn. They have helped reduce GHG emissions by nearly 2,000 metric tons per Boeing 757 aircraft and nearly 800 metric tons per Boeing 737 aircraft annually. AMR will install winglets on 124 of the Boeing 757 aircraft as well as the entire Boeing 737 fleet. Plans also include being the first airline to launch winglets on all of our Boeing 767-300ER aircraft.



In addition to conducting a base-year inventory, AMR has calculated and compared GHG emissions from aircraft (which account for over 99% of total GHG emissions). We use 2000 as a benchmark for tracking GHG emissions to provide a point of reference over time. Note that in 2002, AMR fully integrated aircraft and other assets and transportation requirements associated with the purchase of certain assets from Trans World Airlines.

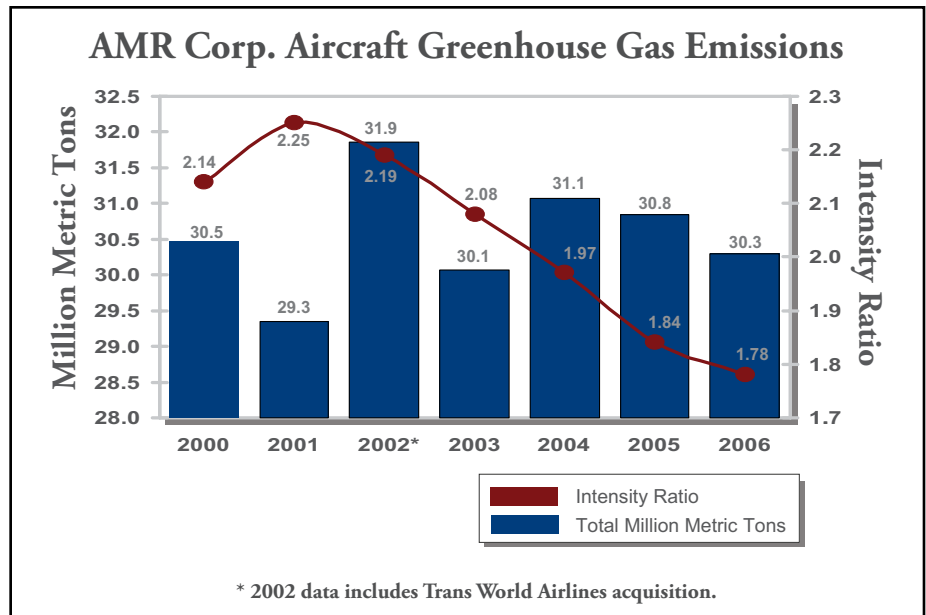


Figure 2.2
AMR Corp.
Greenhouse Gas Emissions

To make sense of CO₂e emissions, industry experts use a standard measure called Revenue Ton Miles (RTM), which combines passenger and cargo weight with the distance flown by our aircraft; this is the best way to look at the physical work that we do. As shown in Figure 2.2, 2006 CO₂e emissions are roughly equivalent to 2000 CO₂e emissions on an absolute basis; however, over that same period, RTM increased by approximately 22%. This is a huge productivity gain and shows that our increased activity, or growth, has not come at the expense of increased GHG emissions. By comparing GHG emissions to RTM, an intensity ratio is established. When examining the intensity ratio displayed in Figure 2.2, the GHG emissions are shown to have actually decreased when compared to the amount of passenger travel, or RTM.

GHG Emission Reduction Projects

AMR began GHG reduction projects in 2003; these efforts reduced fuel consumption and reduced GHG emissions. Future GHG reduction steps include increased focus on Fuel Smart, a project that streamlines fuel conservation efforts throughout AMR by collecting and implementing employee suggestions.

Since 2003, these projects have resulted in a combined annual GHG emissions reduction of 908,000 metric tons of CO₂e. The goal for American Airlines is to improve fuel fleet efficiency by more than 20% by 2020.

GHG Emissions Comparison—Automobile vs. Aircraft

AMR recognizes some passengers may want to consider GHG emissions when selecting a mode of transportation. One way to view airline travel emissions is to compare it as an alternative to automobile travel. The GHG emissions generated from a single passenger traveling by aircraft are lower than would be generated by the same passenger traveling by automobile as illustrated in *Table 2.2* below.

GHG Emissions for Alternative Modes of Transportation			
Travel Mode	Houston to Dallas	New York to Miami	Boston to LA
Aircraft	0.04 metric tons CO ₂ e	0.23 metric tons CO ₂ e	0.5 metric tons CO ₂ e
Auto	0.11 metric tons CO ₂ e	0.57 metric tons CO ₂ e	1.32 metric tons CO ₂ e

Travel figures for aircraft are based on AMR fuel usage per passenger mile.

Travel figures for auto are based on one person traveling in four-door, 21-mile-per-gallon sedan.

Table 2.2
GHG Emissions for Alternative Modes of Transportation

GHG Policy and Management Plan

We are committed to reducing GHG emissions in the future within the constraints of providing safe, reliable and affordable transportation for customers. Currently, AMR is not required under environmental regulations to track or reduce GHG emissions; however, we believe voluntarily tracking GHG emissions and introducing a management plan is one of the ways AMR demonstrates responsible corporate citizenship.

This GHG inventory has been completed under the direction of AMR’s Chief Executive Officer (CEO). The CEO and board members are aware of AMR’s GHG emissions and are kept informed of issues associated with climate change. The CEO and board members are involved in developing policies to manage and reduce GHG emissions.

Concerted efforts by all AMR employees will continue to focus on ways to further reduce GHG emissions, such as using more efficient aircraft and implementing procedures that reduce fuel usage without compromising safety. As regulations and technologies continue to evolve in meeting global environmental needs, so will AMR.



By electing to use environmentally sound practices when it comes to the use of chemicals, AMR reduced volatile organic compounds (VOCs) by more than 30% over the past 10 years.



Local Issues

Aircraft takeoffs use a lot of fuel, more than any other part of flight. Because of this, we have an immense opportunity to lessen our impact on local air quality—without affecting safety.



At the airports we serve, several types of ground support equipment are used to move, load, unload, fuel and service the aircraft — and all this activity is concentrated in a small area around our airport gates. We strive to reduce our impact on local air quality by the following:

- Reducing fuel usage to control emissions at the source, namely aircraft and ground service equipment
- Striving for more direct and efficient routing of aircraft by air traffic control and ground operations to reduce the time that aircraft engines are running
- Supporting local air quality initiatives that reduce emissions from other neighboring sources that adversely affect local air quality

Aircraft Emissions

In addition to GHGs previously discussed, carbon monoxide (CO) and nitrogen oxides (NO_x) are recognized by the public and regulatory agencies as concerns for airport area air quality. Although aviation air emission sources contribute to local airport pollution, additional ground-level air pollutants at airports are generated from sources such as local motor vehicle emissions. In addition, surrounding industrial plants, commercial buildings and residential structures account for large emission sources.

Accurately portraying the amount of CO and NO_x emitted by a specific aircraft is difficult because emissions vary greatly depending on criteria such as takeoff thrust, amount of idling, engine type and condition. CO and NO_x emissions may be estimated using data from standard International Civil Aviation Organization (ICAO) engine emission testing, number of aircraft takeoffs and fuel usage. It is noted that standard emission testing does not take into account all operating conditions encountered by AMR during aircraft operations.

Previously discussed AMR programs aimed at reducing GHG emissions, such as replacing existing aircraft with a more fuel-efficient and cleaner-burning fleet, have led to an approximate proportional reduction in CO and NO_x emissions.

Specific procedures have also been introduced, resulting in a reduction in NO_x emissions. One such procedure involves reducing thrust during takeoff. Historically, takeoff operations used 100% of the maximum aircraft thrust regardless of atmospheric or load conditions. By reducing takeoff thrust to a lower, more appropriate level, NO_x emissions are lessened by up to 20% depending on the type of aircraft and engines used.

Another way to reduce emissions is to limit taxiing aircraft under their own power. Instead, AMR has begun using high-speed tractors to tow aircraft from the hangars to the gates at select airports. This initiative saves approximately 6.6 million gallons of fuel a year and eliminates 19,640 pounds of NO_x emissions, equivalent to the emissions of over 500 automobiles. These and similar initiatives result in cleaner air at airports we serve.

Ground Service Equipment

The CO and NO_x emissions from ground service equipment (GSE), including belt loaders, bag tractors, forklifts, high-speed tractors, utility cars and lifts, also affect local airport air quality. This is because such emissions are difficult to accurately quantify because they differ for each piece of equipment and vary by condition of the engine. Fortunately, impact is minor; we estimate that GSE contributes less than 1% of total measured emissions of CO and NO_x.

Nevertheless, we have taken several steps to reduce GSE emissions. One way is to use GSE powered by electric motors rather than internal combustion engines. For example, electric GSE has replaced a significant portion of fuel-burning equipment at our Dallas/Fort Worth, Texas, hub, significantly reducing total NO_x emissions from 4.35 tons to 1.05 tons per day. AMR is now using electric GSE at over 25 airports.

Volatile Organic Compound Reductions

In the past decade, significant changes in chemical usage at our three major AMR maintenance and engineering bases have reduced local emissions of volatile organic compounds (VOCs) by 30% or more. At the Kansas City base, we reduced more than 80% by eliminating eight of 10 chlorinated solvents used as degreasers and replacing them with water-based cleaners. We have also replaced high VOC content primers and topcoats with water-based, low VOC content materials and are using lower vapor pressure solvents that emit less VOCs.

These reductions are important because VOCs react with NO_x and sunlight to form ground-level ozone, one of the major components of smog.

Because the Federal Aviation Administration (FAA) must certify all materials used on aircraft, our ability to eliminate all VOC products is limited; however, we are working with suppliers to support certification of additional products that will further reduce VOC emissions.



Taking Control of Emissions in the U.K.

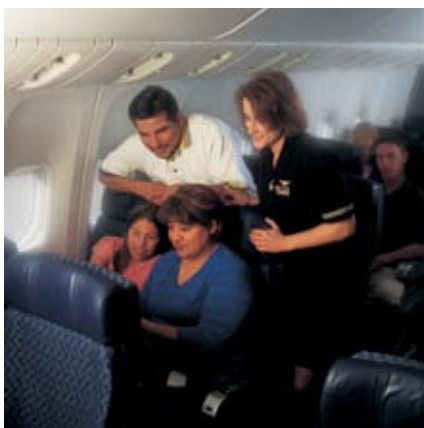
We're also working at our overseas airports. At London Heathrow, for example, older diesel engines power much of our ground service equipment (GSE). Because many of these engines are used for only a short time at low power, conventional emission control equipment is ineffective. We found a great solution, installing a simple yet sophisticated device called Acti-trap on these diesel units. Acti-trap combines catalytic and filter technology with a powerful control "brain" to reduce emissions on this equipment by approximately 95%. We now have some of the cleanest GSE at this airport and we hope these results encourage other diesel equipment operators around the world to adopt similar technology.

20% of our ground service equipment (GSE) is now electric, instead of fuel-burning, thus helping reduce CO_{2e} emissions.



Noise Mitigation

Controlling noise from aircraft and associated facilities is a significant challenge for airport operators, tenants and their neighbors. AMR remains committed to managing aircraft noise through voluntary initiatives and by following the “balanced approach” concept endorsed by the International Civil Aviation Organization (ICAO) Assembly. With this approach, noise is reduced through operating restrictions, investment in quieter aircraft and a range of local airport measures, such as land-use planning or noise abatement and quieter takeoff and landing procedures.



Reducing Aircraft Noise

As part of our “balanced approach,” we have replaced louder aircraft in our fleet with quieter, more fuel-efficient alternatives.

To classify aircraft noise, the FAA uses stages of classification: stage 1 (loudest), stage 2 and stage 3 (quietest). When first classified, noise levels are measured for takeoff, approach and flyover maneuvers. Classification is also based, in part, on the aircraft weight and number of engines.

Historically, to reduce noise, we modified our fleet with hush kits (installation on the engines), winglets and other devices. Recently, we also began reduced thrust takeoff procedures and high-speed tractor taxiing. Fleet modernization and replacement activities are now under way that will yield even larger noise reductions. See *Figure 4.1*.

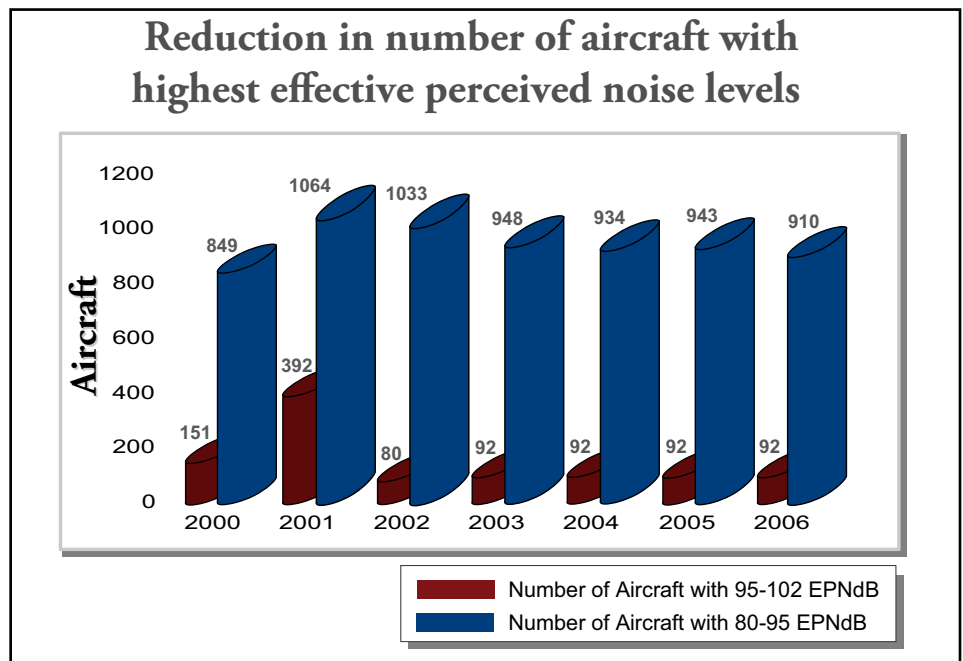


Figure 4.1 Effective Perceived Noise in Decibels (EPNdB) of Fleet

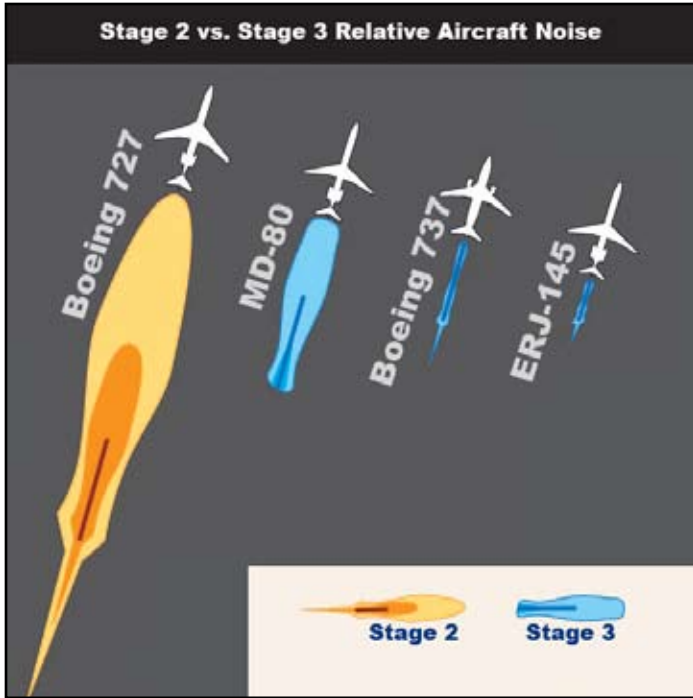


Figure 4.2
Stage 2 vs. Stage 3
Relative Aircraft Noise

Noise Reduction

Fleet modernization is key to noise reduction. The International Air Transport Association (IATA) has shown that aircraft engines are 60% quieter today than those operating in 1960. One of the benefits of modernizing our fleet is reducing our noise footprint near your local airport, illustrated above by the relative difference in noise contours shown for four aircraft.

A decade ago, much of our American Airlines fleet consisted of louder stage 2 aircraft like the Boeing 727. We have sold or recycled all of our 727s. The bulk of our current American Airlines fleet is the quieter stage 3 MD-80 and 737-800 aircraft. We will be even quieter when 47 new Boeing 737-800 aircraft arrive. See *Figure 4.2*.

The largest portion of our American Eagle fleet is comprised of Embraer regional jets (ERJ) of various models and configurations. These smaller, more efficient aircraft help keep emissions low and reduce noise at the busy hubs from which we serve most of our regional destinations.

Supporting Voluntary Efforts

While already in compliance with international and national noise standards for aircraft, we work with airport representatives to reduce noise by following the “balanced approach.” For example, AMR supports noise management research and best practices for land use and collaborates with airports to limit nearby residential development to prevent neighborhood disruption.



AMR addresses noise issues in a practical, cost-effective manner by using the “balanced approach.” The concept is based on identifying noise sources at airports, planning and managing land use, reducing levels at the source and using noise abatement operational procedures. AMR uses the balanced approach both internally and in its work with airports.

AMR is expediting the purchase of quieter, more efficient aircraft. We continue to advance deliveries of the new aircraft from their current 2013-2016 delivery schedules into the 2009-2012 timeframe.



Resource Conservation

Resource conservation is a daily commitment to reduce energy consumption, recycle waste material and promote overall awareness of our daily global impact. AMR is committed to promoting awareness and empowering employees to identify ways to reduce environmental impact. This section showcases remarkable efforts AMR employees have initiated with representative programs focused specifically on recycling, reducing and reusing.



Fuel Conservation

Being Fuel Smart: In 2003, the rising cost of energy prompted our fuel conservation program, Fuel Smart, which has proven to be both cost effective and environmentally beneficial. This program is largely based on recommendations from employees company-wide on how to be more efficient in fuel usage.

One particularly successful Fuel Smart initiative is our use of high-speed tractors at the Los Angeles International and the Dallas Fort Worth airports. The tractors are used to tow aircraft from the gates to the hangars, instead of having to taxi the aircraft and burn unnecessary fuel. In 2007, these tractors alone are anticipated to increase our fuel savings by 4.5 million gallons. We are currently evaluating expanding the high-speed tractor program into other stations. Other Fuel Smart initiatives include the following:

- Installing winglets on aircraft
- Using minimal paint on AA aircraft
- Selecting the most efficient route of flight
- Considering optimal conditions for fueling
- Controlling the factors that increase the need for excessive fuel

In 2006, American Airlines reduced fuel usage by 95 million gallons and American Eagle reduced fuel usage by 15.7 million gallons. In 2007, we estimate American Airlines will save an additional 30 million gallons, providing a combined savings of 125 million gallons per year. Furthermore, we estimate American Eagle will save an additional 5.7 million gallons for an annual savings of 21.4 million gallons of fuel in 2007. In addition to simply reducing our fuel consumption, Fuel Smart has also helped reduce 478,000 metric tons of CO₂e emissions annually. We accomplished this without compromising safety, reliability or service quality.

Energy Conservation

AMR Recognized for Promoting Sleep: The United States Environmental Protection Agency (EPA) granted us Energy Star certification for our program that more quickly triggered the “sleep” setting on PC monitors. This program resulted in lower GHG emissions and an annual energy savings of 2.57 million kilowatts per hour, thus reducing costs by over \$240,000 per year.

Re-Lighting the Way to Efficiency at Los Angeles (LAX): The Los Angeles Department of Water and Power nominated us for the *Flex Your Power Award* from the state of California for our initiative to install energy-efficient lamps in the AA cargo and annex buildings as well as three aircraft hangars, saving over 260,000 kilowatts annually.

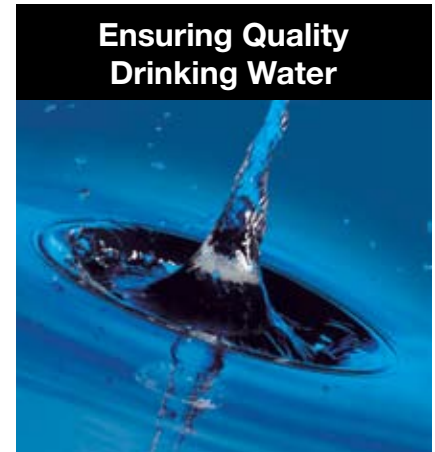
Water Conservation

Water Being Treated Well: Sometimes the biggest changes come from the ground up. That was exactly the case at the American Airlines Maintenance Base at Alliance Airport in Fort Worth (AFW). American Airlines’ personnel saw an opportunity to recycle water and minimize hazardous waste. Challenged by the cost of implementing a recycled wastewater system and a program that tracks AFW’s waste reduction, plant team members came up with cost-savings solutions. First, they expanded a reverse osmosis system to treat 40 million gallons of wastewater. Second, they re-engineered and upgraded an outdated automation control system at half the estimated price. Finally, they created an inspection and inventory bar code system to track hazardous waste.

The project has allowed American Airlines to reduce its total water usage at AFW between 24% and 36% over the last three years and reduce costs by almost \$1 million. In addition, the team at AFW reduced the amount of hazardous waste generated in 2000 by more than 50%, at a significant cost savings. In 2006, the Texas Commission on Environmental Quality honored AFW with the Governor's Award for outstanding efforts in environmental protection and pollution prevention for this initiative. American Airlines is the first airline to win this award.

At our Tulsa, Oklahoma, maintenance facility, a state-of-the-art water treatment plant opened recently. The plant provides accurate analysis and batch treatment of industrial wastewater, ensuring complete compliance. The water is clean enough to be reintroduced into the hydrological cycle. By implementing this more efficient treatment system, AMR eliminated the previous practice of disposing wastewater in deep injection wells.

Recycling Efforts	
AMR's Recycled, Reused and Reclaimed Materials 2000 through 2006	
Material	Total Pounds
Petroleum-Based Chemicals Sent for fuel blending prior to energy recovery	4,495,775
Used Oil Recycled or used in fuel blending prior to energy recovery	1,961,269
Fluorescent Lamps-Straight Sent for lamp recycling	283,388
Nickel-Cadmium Batteries Sent for reclamation	183,624
Empty Drums-Poly and Metal Sent for metal or plastic recycling	133,674
Oil Filters-Metal Sent for metal recycling	107,257
Metal Spray Sent for metals recovery	33,721
U-Shaped Fluorescent Lamps Sent for lamp recycling	14,114
Lead Acid Batteries Sent for reclamation	13,713
HID Lamps Sent for lamp recycling	2,190
Elemental Mercury/Mercury-Contaminated Debris Sent for reclamation	479
Circular Fluorescent Lamps Sent for lamp recycling	234



Ensuring Quality Drinking Water

Have you ever wondered about the source of water on aircraft? Although we serve bottled water on our aircraft, the onboard aircraft water system is serviced using municipal public water systems, which are regulated by state and federal authorities. To comply with the Safe Drinking Water Act, we periodically sample and analyze water on our fleet using accredited, independent laboratories to ensure all water is safe for consumption.





If approved by the FAA, more direct and efficient routing could reduce fuel consumption by about 12% with proportional reductions in GHG emissions.

Waste Minimization

Quantum Program: AMR worked with a supplier to recycle all components of 30,000 retired computers. These components were separated into plastics, glass, copper, steel and fiber glass. The effort allowed AMR to adhere to a zero-landfill policy while providing a secure, economic and environmentally responsible method for disposing of inessential equipment.

Wings Program: Flight attendants voluntarily collect and recycle beverage cans from passengers, donating the funds to benefit the Wings Foundation, an organization formed to support flight attendants in critical need of assistance. In 2006, this effort raised more than \$100,000, which is equivalent to 10 million recycled cans.

Recycling Anything that Tears: In 2006, an ongoing program, primarily in our corporate headquarters campus, Anything that Tears, recycled 252 tons of paper, plastic and aluminum, collected in strategically placed blue bins throughout several buildings. We tracked the savings, which are equivalent to:

- 4,284 trees
- 95,760 gallons of oil
- 832 cubic yards of landfill space
- 1.7 million gallons of water
- 1.03 million kilowatt hours of energy

Maintenance Base Recycling: At our maintenance and engineering bases, we have begun to segregate high-temperature metals, purifying and remanufacturing them into aircraft components. The maintenance and engineering team has also begun using selected waste streams (waste oils, cups, rags and even food scraps) that have a total organic carbon (TOC) value greater than 100 as supplemental fuel stock.

Recycling Retired Aircraft: Our continual fleet modernization reduces emissions, noise, fuel usage and costs; however, it also means we must responsibly manage the removal of aircraft from service. Servicable aircraft are leased or sold to independent airlines, training schools and corporations. The remaining aircraft are sold for parts or recycled. Each of these aircraft is deconstructed piece by piece so the plastic, metal, rubber, glass and fiber components can be segregated and recycled into consumer products.

Paperless Tickets: Our reservations group aimed high to find more convenient ways for our customers to pay for tickets (e-tickets and internet reservations) and dramatically reduced our paper consumption and eliminated the need to store massive amounts of paper tickets. In combination, these efforts help the environment and reduce the costs of issuing tickets. Besides contributing to the sustainability of our industry, our paperless ticket technology helps keep your airfare as low as possible. In combination with other paper recycling efforts, we estimate we have achieved a 95% drop in paper usage in the last 10 years.

Environmental Management

Environmental Management Program

We practice balanced environmental stewardship using initiatives administered by our environmental management program. To effectively do so, we employ a team of environmental professionals to manage our program. Each AA aircraft maintenance base has an environmental department that supports the maintenance program and manages their environmental requirements. The Corporate Environmental Department manages the environmental programs at our airport destinations with the help of Environmental Coordinators (ECs). A Lead Environmental Coordinator (LEC) at the airport administers the local environmental business plan (EBP) which documents the environmental activity at their location. Each LEC has the support of other ECs trained on specific tasks and reporting requirements identified in the EBP. All ECs receive initial and annual recurrent training on a variety of environmental topics including hazardous material, spill response, and waste management.

We codify our environmental program through an environmental management system (EMS), a suite of policies and procedures. EMS allows company-wide oversight of airport-specific reporting, task completion and data management.

The EMS covers many operational tasks, including chemical product control, audit and training programs, stormwater and waste management and minimization. Representative examples of these programs follow:

Chemical Product Control

We have developed and implemented programs to prevent chemical products and other hazardous material spills by reducing the total number of chemicals, ensuring proper storage and disposal of chemicals and establishing procedures for reporting spills to federal, state and local agencies.



Fuel Audit System



AMR is performing a nationwide evaluation of its aircraft fueling systems. Each hydrant system is tested and maintained to prevent ground leakage of jet fuel. We repaired some systems to prevent the risk of fuel spills during routine operations. As a result of the audit, we have developed ongoing maintenance and testing to protect the environment.

Of human-generated CO₂ emissions, aviation contributes only 2%. By comparison, our automobiles are responsible for 18%.



The Power of the LEC



The lead environmental coordinator (LEC) at each location helps implement our environmental management program. We provide initial and recurrent training to each LEC, teaching them how to protect employees from environmental hazards, as well as how to comply with our rules and those of all regulatory authorities. Nearly 1,000 employees were trained and qualified as environmental coordinators at the end of 2006.

Audit and Training Program

Audits and training help us achieve our environmental objectives. Audits, conducted periodically at all AMR stations and facilities in the United States, identify potential environmental and contamination issues. Our training programs teach staff to recognize hazardous situations and protect the environment from contamination, which could result from exposures to emissions or spills of hazardous materials.

Stormwater Management

Managing stormwater impacts from deicing operations is a particular challenge both for airports that apply deicing fluid to runways and taxiways and for airlines that apply deicing fluids to the aircraft. Deicing can contaminate local surface water and harm fish and other organisms.

Many airports in cold climates have begun practices that capture deicing fluids and in many instances recycle them. AMR has improved deicing to minimize overspray and lower toxicity by using biodegradable fluids in a designated location where we collect or contain fluids to prevent runoff or drainage to stormwater sewers.





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