

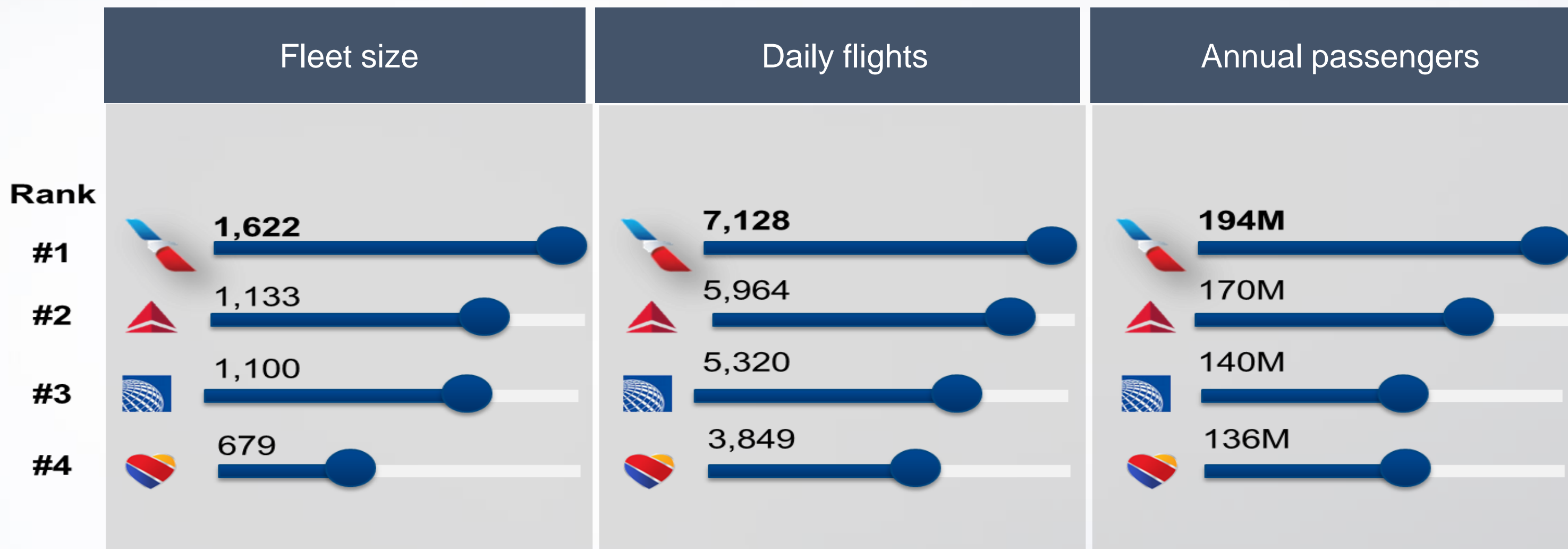


House Select Committee on Transportation and Long Term Funding March 5, 2017

***Tracy Montross
Regional Director of Government Affairs
American Airlines***

The Largest Network And Growing

More than 120,000 American Airlines employees support a global network that connects the world through 1,050 nonstop departures to 350 destinations.



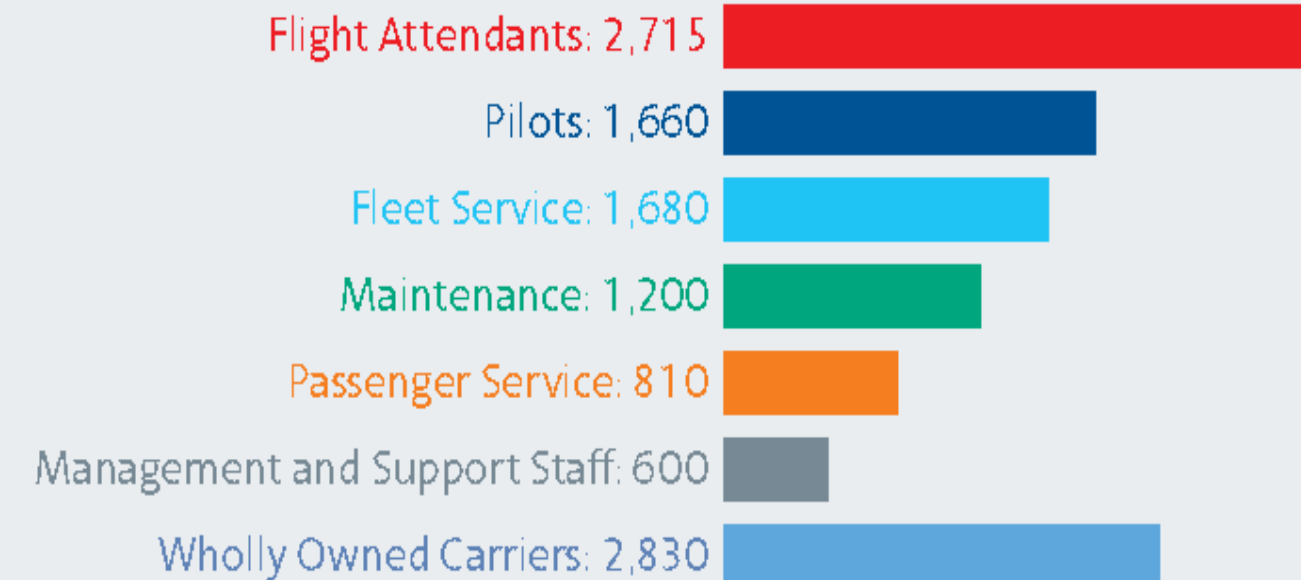
- AA operates **750** nonstop departures a day from North Carolina
 - In 2017, American Airlines offered more than 28 million seat departures, or 78,000 per day, from North Carolina Airports
 - Approximately 75% of total seats available in NC are offered by AA
 - Increased available seats by 400,000 seats vs. 2016. (1.5% Increase)
- American Airlines employs 13,933 people in North Carolina
 - 1,400 employees at Reservation call centers in Winston-Salem and Cary
 - Nine commercial airports in NC with 50 or fewer AA employees
 - American Airlines employees live in every NC Legislative District
- **Total Economic Output: \$14.9 Billion**
- **Total Employment Impact: 147,214**

CLT: Second Largest Hub for the World's Largest Airline



- AA offers more than 650 flights per day to 145 destinations in 25 countries
- Mecklenburg's seventh largest employer
- 11,500 Employees, including Express
 - Fleet Service, Pilots, Flight Attendants, Customer Service agents and Mechanics
- Major Facilities
 - Training Center – 200,000 square feet with 13 flight simulators
 - Hangars for Heavy and Line Maintenance
 - Cargo and Catering
- 10 year lease completed with CLT in February 2016

American employs approximately
11,500 colleagues at CLT.



Total Economic Output: \$13.2 Billion
Total Employment Impact: 127,829

Charlotte Douglas International Airport (CLT)



CLT ranks as one of the most cost-competitive, efficient, and highly utilized airports in the world.

- 46 million passengers in 2017
- Fifth busiest airport in the country; 3rd largest Airline Hub in the world in terms of departures
 - 5th in Movements/Operations
 - 545,742 aircraft operations in CY2016; 752 average daily departures
 - Cargo activity experienced the biggest upswing due to surge in e-commerce, which climbed to 191,612 tons in 2017, a 28 percent increase.
 - 9th in Passengers
 - Passenger enplanements up 3 percent to 22.9 million
 - International travel rose 6 percent to 3.3 million passengers.
 - Local passenger traffic up 7% in 2016
- Over 121,643 passengers in the Terminal daily; generating more than \$30M/year in sales taxes from concessions and retail
- 90% of CLT's passengers are carried by AA; 80% of AA's passengers that use CLT are connecting

Destination CLT: Five Year \$2.5B Capital Investment Program

- Low Cost Per Enplanement (\$1.42)
- \$3.00 Passenger Facility Charge
- Terminal curb front expansion
- Concourse A Expansion (9 gates) scheduled to open in June 2018
- East Terminal Expansion – new food court and office space
- Projects commencing in FY18:
 - Joint Operations Center, Perimeter Fence, and Security Access Improvements - \$32.2 million
 - Concession Distribution Warehouse - \$27.9 million
 - Terminal Lobby Design - \$18 million





New Elevated Terminal Roadway



Expanded Ticketing Lobby





Gate & Concourse Expansion



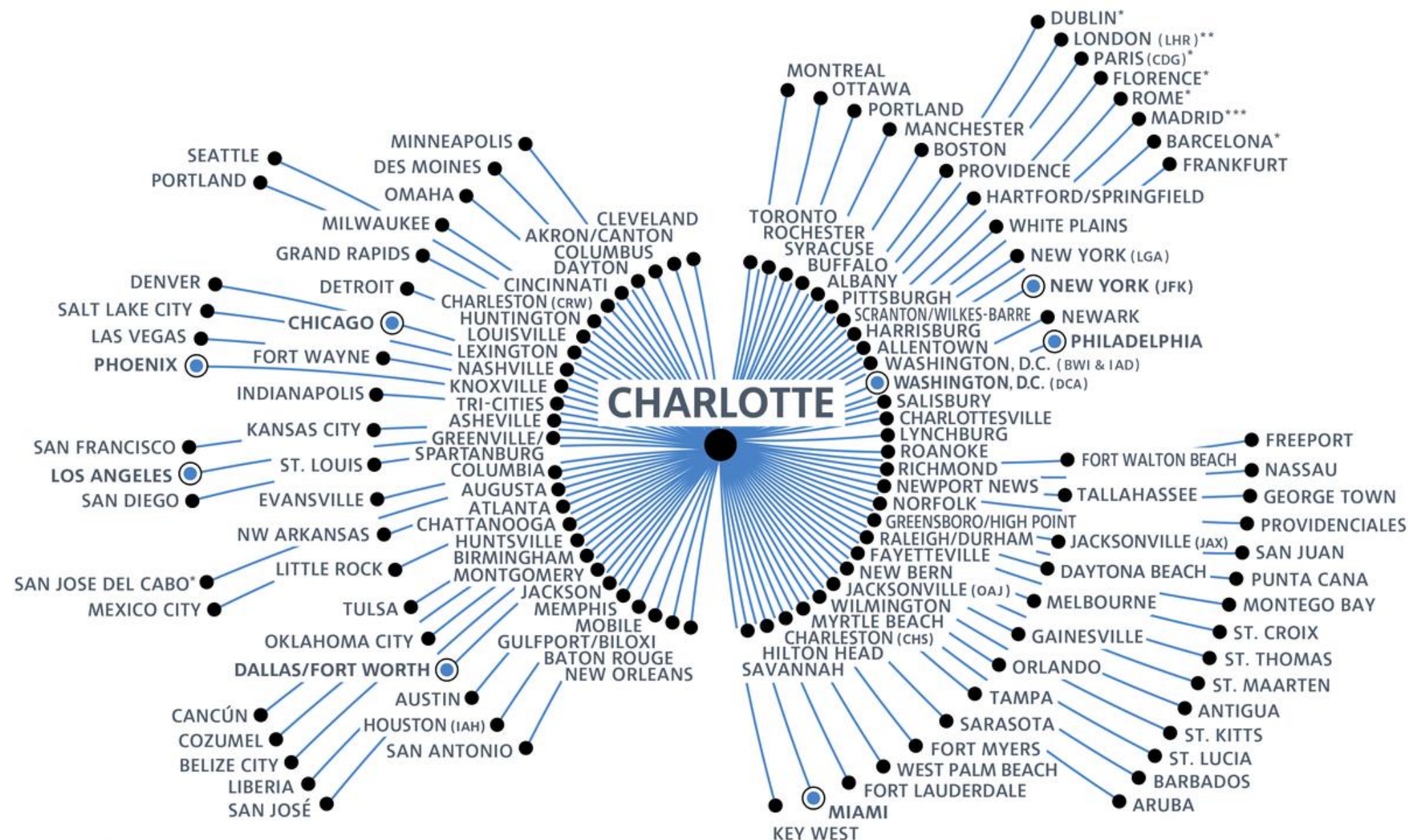
2025 Terminal Layout



Fourth Parallel Runway



Charlotte Hub's Connectivity – Direct Flights



*Seasonal service
 **Operated by American Airlines and British Airways.
 ***Operated by Iberia Airlines.

Bold type indicates a connecting city.
 American Airlines, US Airways, Envoy and/or
 US Airways Express service through April 2015.
 Schedules and destinations subject to change.

American Airlines is Growing in North Carolina

Since January 1st 2016, AA has initiated service from CLT to 13 new destinations.

City, State	Airport Code	# of Daily Departures to CLT	# of Daily Seats to CLT	Aircraft Type
Havana, Cuba	HAV	1	128	A319
San Jose, CA	SJC	1	150	A320
Tucson, AZ	TUS	1	150	A320
Peoria, IL	PIA	2	100	CRJ-200
Cedar Rapids, IA	CID	2	152	CRJ-900
Madison, WI	MSN	2	152	CRJ-900
Shreveport, LA	SHV	2	100	CRJ-200
Toledo, OH	TOL	2	100	CRJ-200
Bangor, ME	BGR	1	65	CRJ-700
Nantucket, MA	ACK	1 (Sat Only)	75	E-175
George Town, Bahamas	GGT	1 (Sat Only)	75	E-175
Montrose, CO	MTJ	1 (Sat Only)	128	A319
Rapid City, SD	RAP	1 (Sat Only)	76	CRJ-900

- **Raleigh Durham International Airport (RDU)**
 - RDU is AA's 5th largest spoke in terms of daily departures and 7th largest in terms of seats. Approximately 26% of RDU's total seats available are operated by AA.
 - RDU is American's only non-hub airport to have Transatlantic service (London Heathrow).
 - Due to tremendous success, AA up-gauged service from a 767-300 aircraft to larger 777-200 aircraft as of March 2017.
 - Cities Served: Dallas, Charlotte, Chicago, Philadelphia, Los Angeles, Miami, NYC, Washington, D.C., Pittsburgh, London Heathrow, Cancun
- **Central North Carolina / Piedmont Triad International Airport (GSO)**
 - Approximately 41% of GSO's total available seats are offered by AA.
 - Hub cities served: Dallas, Charlotte, Chicago, Philadelphia, Miami, NYC, Washington, D.C.
 - GSO-ORD service was initiated in July 2017.
- **Wilmington International Airport (ILM)**
 - AA is the largest carrier at Wilmington International Airport.
 - Approximately 75% of ILM's total available seats are offered by AA.
 - Hub cities served: Charlotte, Philadelphia, NYC, Washington, D.C.
 - In 2018, AA will initiate service from ILM to DFW and ORD. Service to DCA will become daily.

- **Asheville Regional Airport (AVL)**
 - AA is the 3rd largest carrier at Asheville Regional Airport.
 - Approximately 25% of AVL's total available seats are offered by AA.
 - Offer seven daily departures, including early morning and late evening flights to serve both the business and leisure traveler.
 - In 2018, AA will initiate service from AVL to Dallas-Fort Worth.
- **Fayetteville Regional Airport (FAY)**
 - AA is the largest carrier at Fayetteville Regional Airport.
 - Approximately 46% of FAY's total available seats are offered by AA.
- **Albert J. Ellis Airport – Jacksonville (OAJ)**
 - AA largest carrier at Albert J. Ellis Airport.
 - Approximately 62% of OAJ's total available seats are offered by AA.
 - Serves the military customer by offering early departures.
- **Coastal Carolina Regional Airport – New Bern (EWN)**
 - AA is the largest carrier at Coastal Carolina Regional Airport.
 - Approximately 75% of EWN's total available seats are offered by AA.
- **Pitt-Greenville Airport (PGV)**
 - AA is the only airline to operate at Pitt-Greenville Airport (PGV)

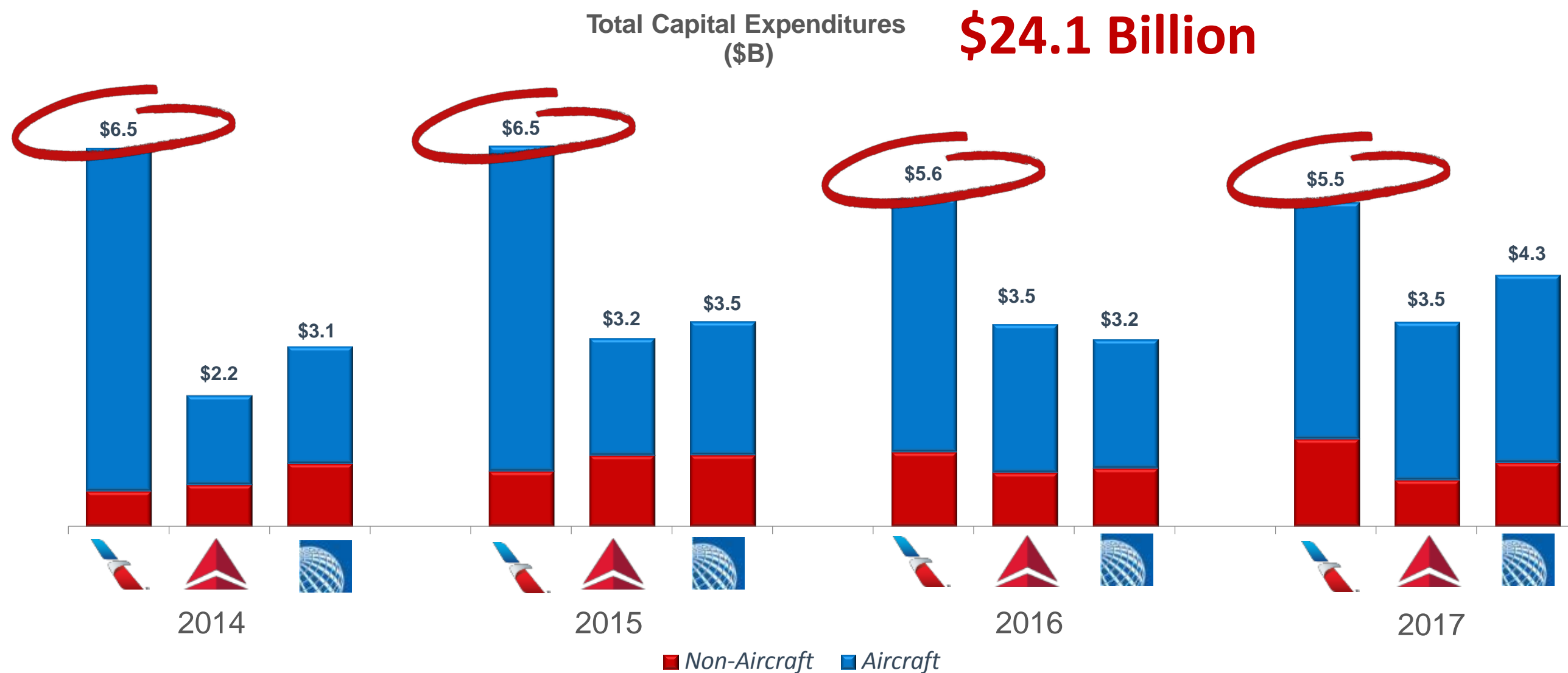
Investing in North Carolina's Airports



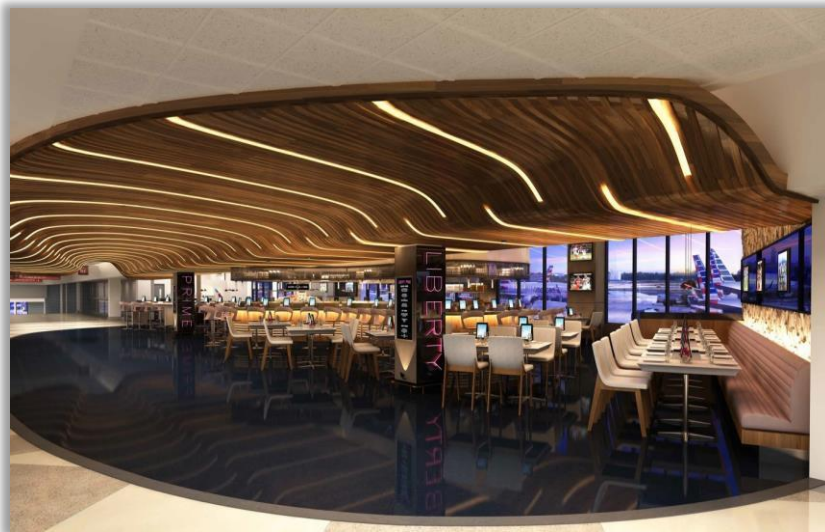
- Since January 2016, American has committed more than **\$147 Million** on capital improvement projects at NC Airports
 - More than \$100M already invested at Charlotte Douglas International Airport for Destination CLT, Employee Support Space Refresh, On-Site Medical Clinic, Concourse E Bag Transfer, etc.
 - Committed to invest more than \$39M for improvements to Winston-Salem Reservation Call Center for data center optimization and security
 - \$9.5M spent at RDU Airport for facility modifications, including \$4M for Admirals Club up fit
 - \$3.9M at Cary Reservation Call Center for renovation and refresh



Unprecedented Capital Investment



Investments in our Product



TERMINAL IMPROVEMENTS



NEW 787-9s

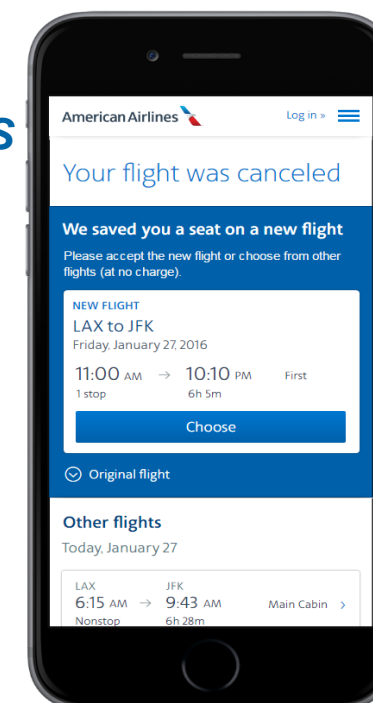


NEWLY REDESIGNED CLUBS



**ON BOARD AND
IN-FLIGHT
ENTERTAINMENT**

SELF SERVICE TOOLS



REDESIGNED HOLDROOMS



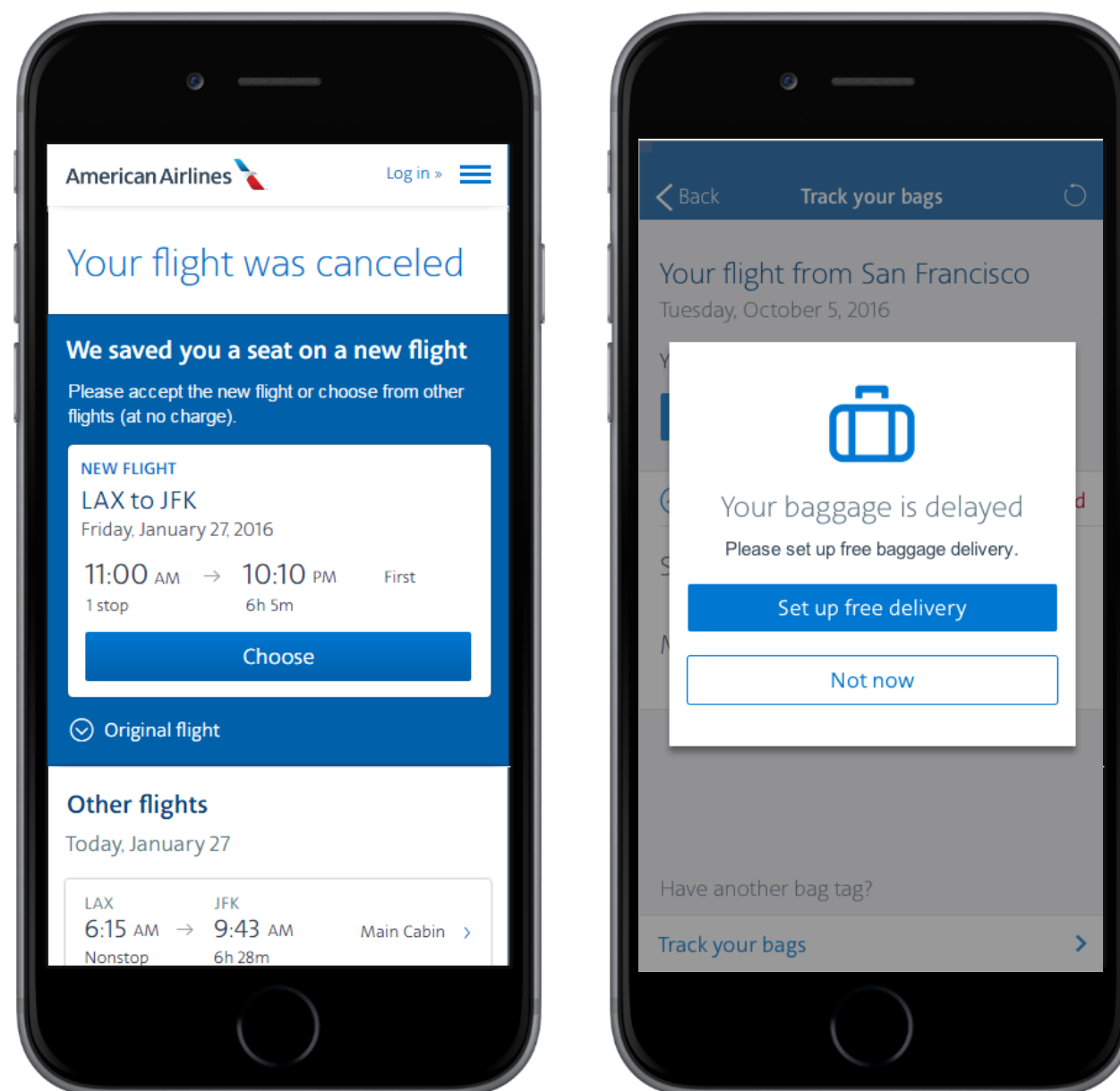
Investments in our Product

- In 2017, AA purchased 69 new airplanes at a cost of \$4 billion



	2017	2018	2019	Beyond 2019	Total
A320 Family / Neo	20	-	25	75	120
A350-900	-	2	5	15	22
B737-800 / Max	24	16	20	60	120
B787 Family	13	8	-	-	21
Mainline Total	57	26	50	150	283
E175	12	-	-	-	12
Regional Total	12	-	-	-	12

Self-Service Tools for Customers



Dynamic reaccommodation

- Trip interruption push notification
- Ability to choose alternate flights
- Decreases airport and reservation agent burden during irregular operations

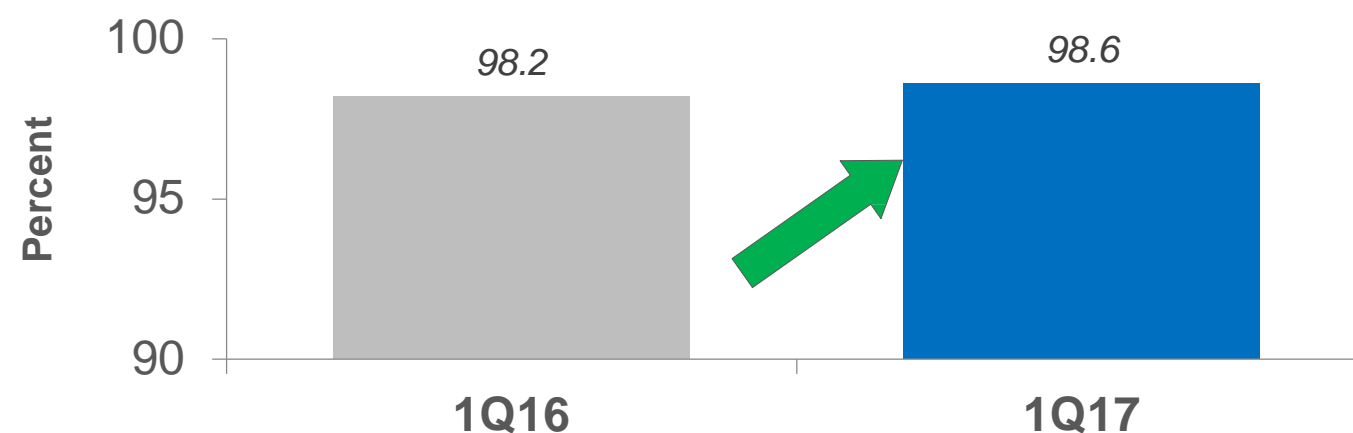
Proactive bag notification

- Bag delay push notification
- Ability to select delivery options

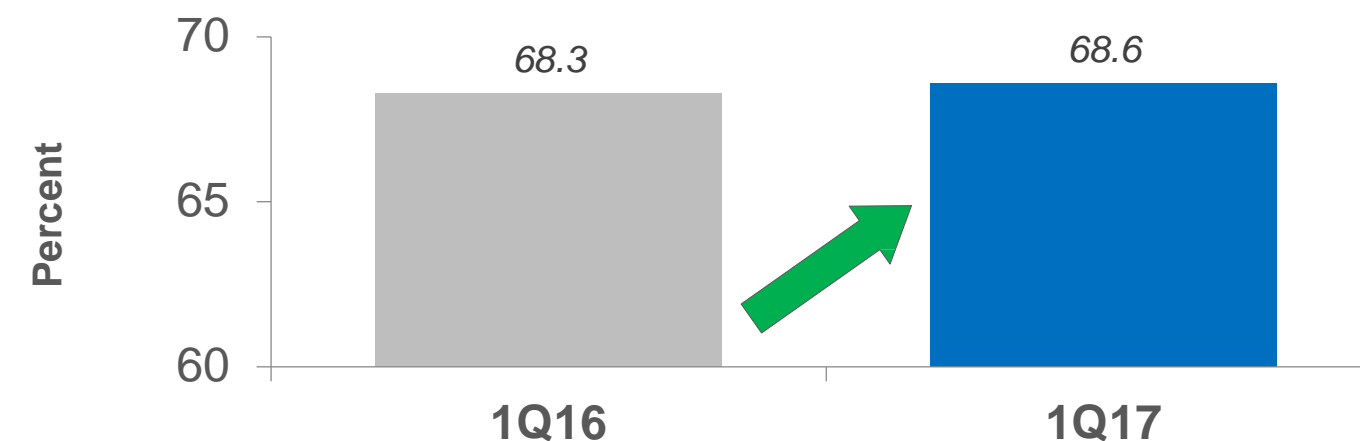
1Q17 OPERATIONAL PERFORMANCE

Our operational performance is improving and investments in the operation are paying off

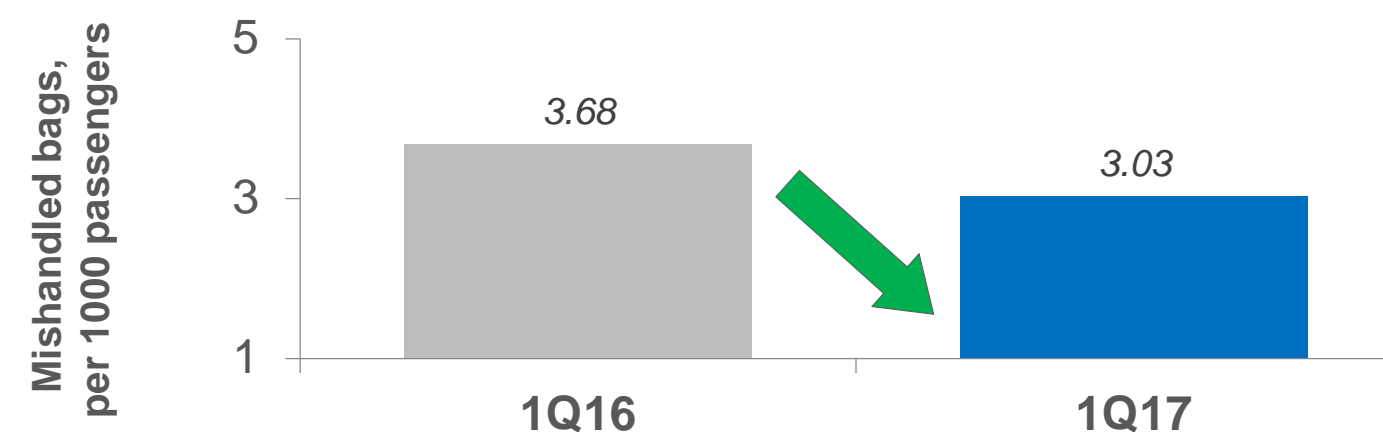
Completion factor



On-time departures



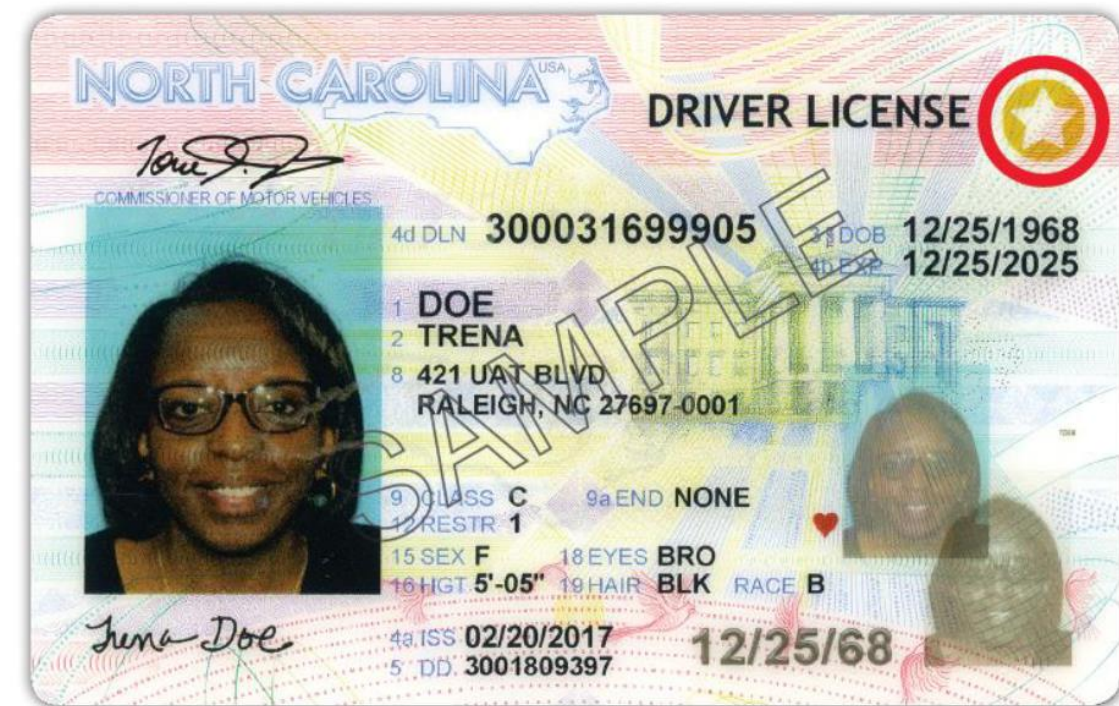
Mishandled baggage



Partnering with the State of North Carolina



1. Supporting Economic Development and Business Recruitment
2. Working with NC Division of Motor Vehicles to promote REAL ID implementation ahead of October 2020 enforcement deadline
3. Actively engaged in Workforce Development initiatives across the Carolinas
4. Invested almost \$1 Million in North Carolina non-profit organizations in 2017
5. Asking the NCGA to provide long-term certainty related to the taxation of jet fuel

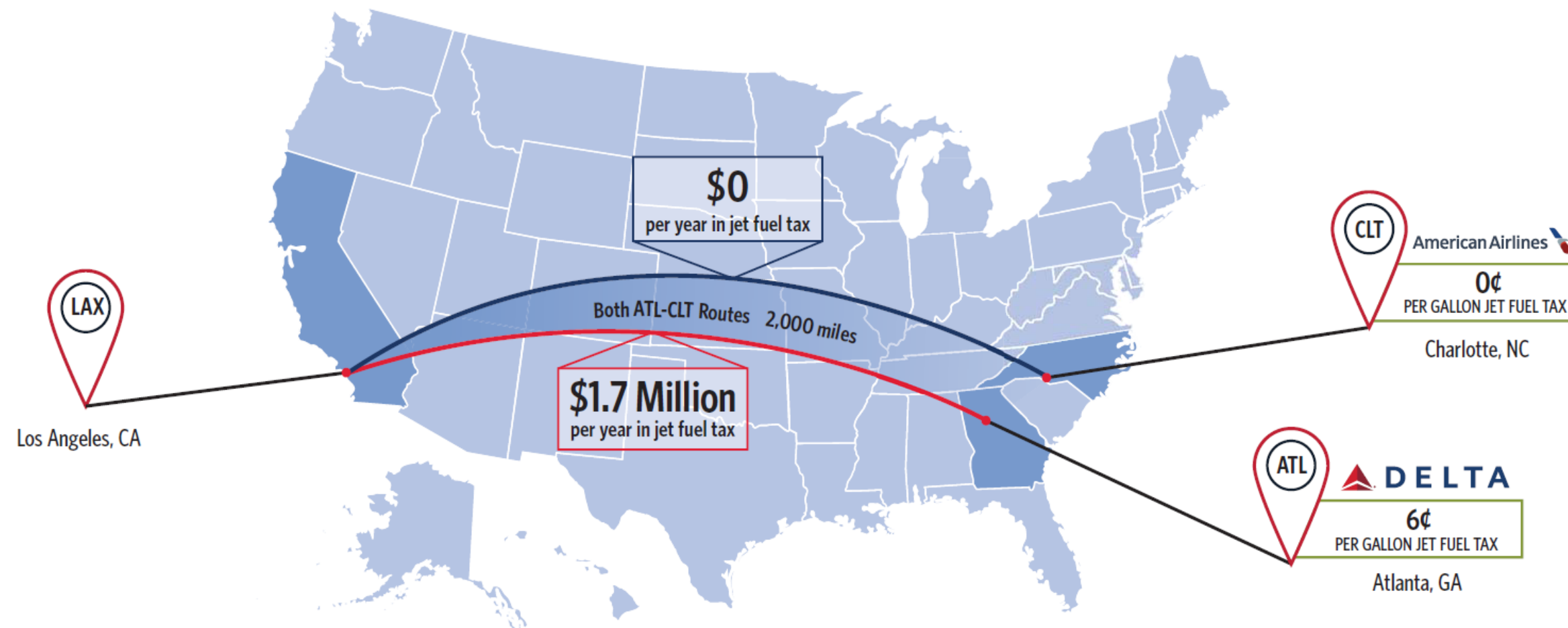


- Fuel is airlines second largest operating expense behind labor
- A majority of states with a hub airport have incentivized strong air service with a state jet fuel tax of \$.01/gallon or less, including 5 states that have no state jet fuel tax at all, including North Carolina and South Carolina.
- NC House Bill 117 passed in September 2015 exempted commercial air carriers from sales tax on jet fuel from January 1, 2016 through **January 1, 2020**.
 - In the first full year after North Carolina eliminated its state jet fuel tax, scheduled service grew by 4%.
- The Tax Foundation, Americans for Tax Reform and the Council on State Taxation support jet fuel as a business input.
 - In NC, other industries currently benefit from business input exemptions on sales tax for fuel or electricity:
 - Railroads, Manufacturing facilities, Power Generating facilities, Marine businesses and ocean-going vessels

HIGHER TAX RATE, HIGHER BUSINESS COSTS



Even though both airlines use the similar sized aircraft, carry the same number of customers and travel the same distance, Georgia's high jet fuel tax means that it costs \$1.7 million more per year for Delta to operate daily service from Atlanta to Los Angeles than it does for American Airlines to operate daily service from Charlotte to Los Angeles.



Q & A