

**ONE
COMPANY.
MANY
DESTINATIONS.**



MBA Leadership Program



American Airlines[®]
AA.com[™]



Why the Airline Industry?

Why American Airlines?

Lifestyle

Importance of Airline Industry

- The airline industry impacts people on a professional and personal level
 - \$100 billion market (1% of U.S. GDP)
 - Employs over 20 million people
 - Almost everyone has traveled by plane
 - Everyone has experiences to share about their travels



Challenges in the Airline Industry

Competition

- Low-cost carriers
- International carriers

Capital-intensive Industry

- Big-bet decisions
- Every \$ counts



Regulation

- Airport access
- Security
- Environmental





Challenges Present Opportunities

MBAs are needed to tackle these issues

Finance · Marketing · Strategy · Operations

- **The future of the industry provides the following opportunities as possible projects for MBAs:**
 - **Using game theory to determine competitor pricing and capacity adjustments**
 - **Adjusting network capacity while maintaining competitiveness and network effect benefits**
 - **M&A Opportunities**
 - **Exploration of alliances to better position AA within the global industry**
 - **Analysis of features that drive customer value and increase revenue opportunities**



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American's Competitive Advantages

- Our competitive advantages include:
 - Vast network
 - Every day, American operates approximately 3,700 flights to 250 cities in 50 countries carrying 250,000 passengers and transporting almost four million pounds of cargo
 - Strong corporate client base and relative revenue strength
 - Continued cost reduction and productivity momentum
 - Leading alliance network geared toward business customer
 - World's first and largest frequent flyer program

AA - Leading the Industry



Sample Project

Joint Business Agreement

- **The Problem**
 - Increasing competition and record high fuel prices have emphasized AA's need to find a way to strengthen its position in the Transatlantic market and, ultimately, worldwide
- **Role of an MBA finance analyst**
 - Complete analyses to determine AA's desired agreement structure
 - Collaborate with BA & Iberia finance teams to structure details of agreement
 - Conduct sensitivity analyses to highlight potential areas of concern in the agreement
- **The Result**
 - American Airlines, British Airways, and Iberia signed a Joint Business Agreement and subsequently filed for antitrust immunity



Sample Project

AA.com Enhancement

- **The Problem**
 - Identify ways to improve profitability and enhance customer appeal and loyalty using American Airlines' AA.com website
- **Role of an MBA strategy analyst**
 - Understand evolving customer expectations and e-commerce trends in airline, travel, and other relevant online spaces, and identify travelers' needs
 - Recommend potential strategies and goals to senior management
 - Collaborate with various departments to design new website functionality and to optimize business policies and processes to enhance online sales
- **The Result**
 - AA.com launched the new Price & Schedule “matrix” booking path that shows customers flight and fare options +/-3 days from their selected dates

Why American: Diversity

- **Project Diversity**
 - American's MBA rotational program offers MBAs the opportunity to experience and make an impact in a number of different capacities
 - Employees at American are encouraged to pursue experiences that are professionally and personally satisfying within AA's vast network of diverse departments, including Finance, Marketing, and Sales



Why American: Diversity

- **Employee Diversity**

- As a global company with a wide range of operations, American values the contributions and perspectives of a diverse workforce
- In accommodating its diverse workforce, American offers the following employee resource groups:

- * **40+**

- * **African American**

- * **Asian & Pacific Islander**

- * **Caribbean,**

- * **Christian**

- * **Employees with Disabilities**

- * **Generation Now**

- **GLEAM (Gay, Lesbian, Bisexual and Transgender)**

- * **Hispanic Latin**

- * **Indian**

- * **Jewish**

- * **Muslim**

- * **Native American**

- * **Parents AAt Work**

- * **Women in AAviation**

Where MBAs Work: Finance

Corporate Finance

- Forecast financial results
- Competitive analysis
- Analyze network performance
- Evaluate capital projects

Marketing

Ops Finance & Strategic Planning

- Business plan development
- Project economics analysis
- Operations strategy development
- Business process studies

Operations

MBAs

Finance

Cargo - Finance

- Cargo shipment profitability
- Route applications
- Offline shipment planning
- Cargo loyalty programs

International

Information Technology - Finance

- Strategic development
- Contract negotiations
- Business process development
- Cost reduction initiatives

Where MBAs Work: Marketing

Revenue Management (PAX/Cargo)

- Formulate pricing strategies
- Evaluate entity performance
- Forecast revenue for new markets
- Formulate revenue plans

Marketing

Passenger Sales

- Manage distribution to limit costs
- Analyze impact of routes on accts
- Manage incentive programs
- Coordinate sales/mktg plans

Operations

MBAs

Finance

AA.com

- Develop new site functionality
- Create marketing plans
- CRM strategy
- Manage online marketing efforts

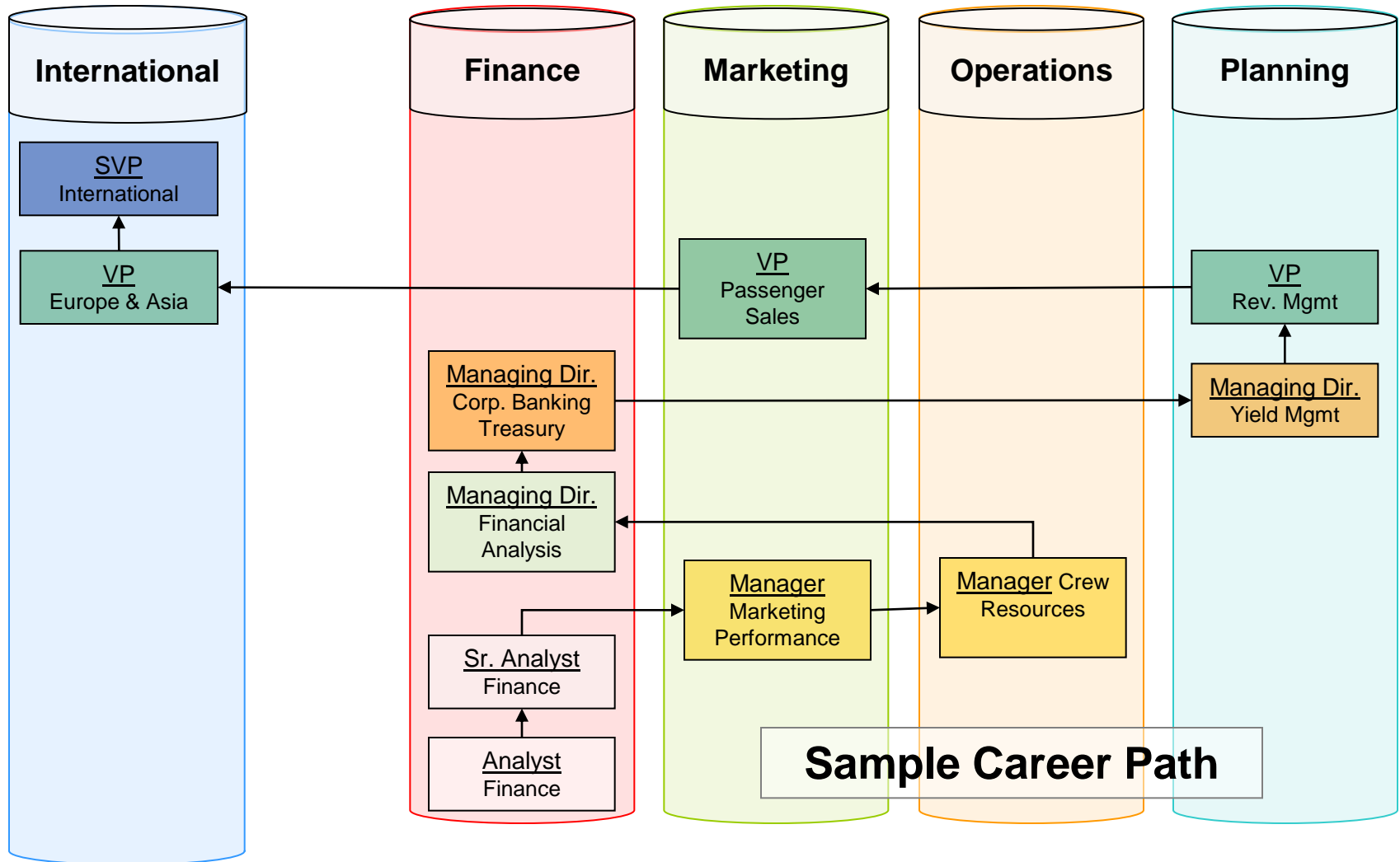
International

AAdvantage

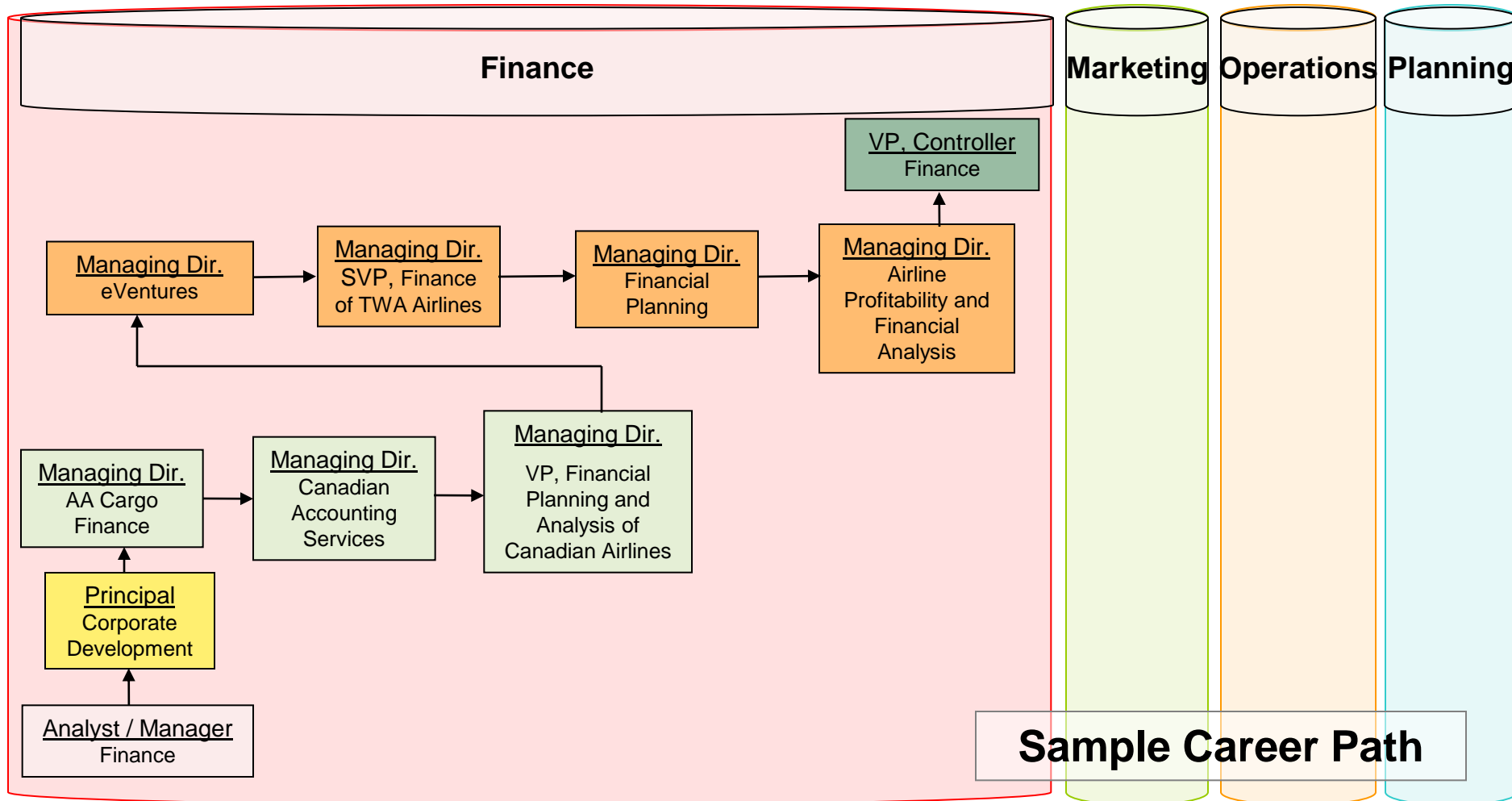
- Lead AAdv. strategic initiatives
- Create promotions for new routes
- Coordinate mktg efforts w/ partners
- Conduct database mktg & analysis



AA MBAs Get Diverse Experience



...Or Can Focus On One Discipline



AA MBAs become Executives

“American Airlines long has been regarded as the executive training ground for the entire airline industry” (*Air Transport World*)

American Airlines Executives

Gerard Arpey, Chairman & CEO (UT-Austin)

Tom Horton, President (SMU)

Dan Garton, President & CEO American Eagle (Cornell)

Bella Goren, SVP CFO (SMU)

Craig Kreeger, SVP Customer Experience (UCLA)

Carol Wright, VP HR (Northwestern)

John Hutchinson, CFO & SVP American Eagle (UT-Austin)

Derek DeCross, VP Sales (TCU)

Virasb Vahidi, SVP Marketing & Planning, CCO (ENPC, FR)

Kurt Stache, VP International (Harvard)

Kenji Hashimoto, VP Strategic Alliances (Northwestern)

Susan Garcia, VP ITS (SMU)

Brian McMenemy, VP & Controller (Northwestern)

David Brooks, President Cargo Ops (Cornell)

Doug Herring, VP Ops/Strategic Plan (UT-Austin)

Patrick O’Keeffe, VP IT Services (TCU)

Jim Ream, SVP Maintenance & Engineering (Northwestern)



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Work / Life Balance

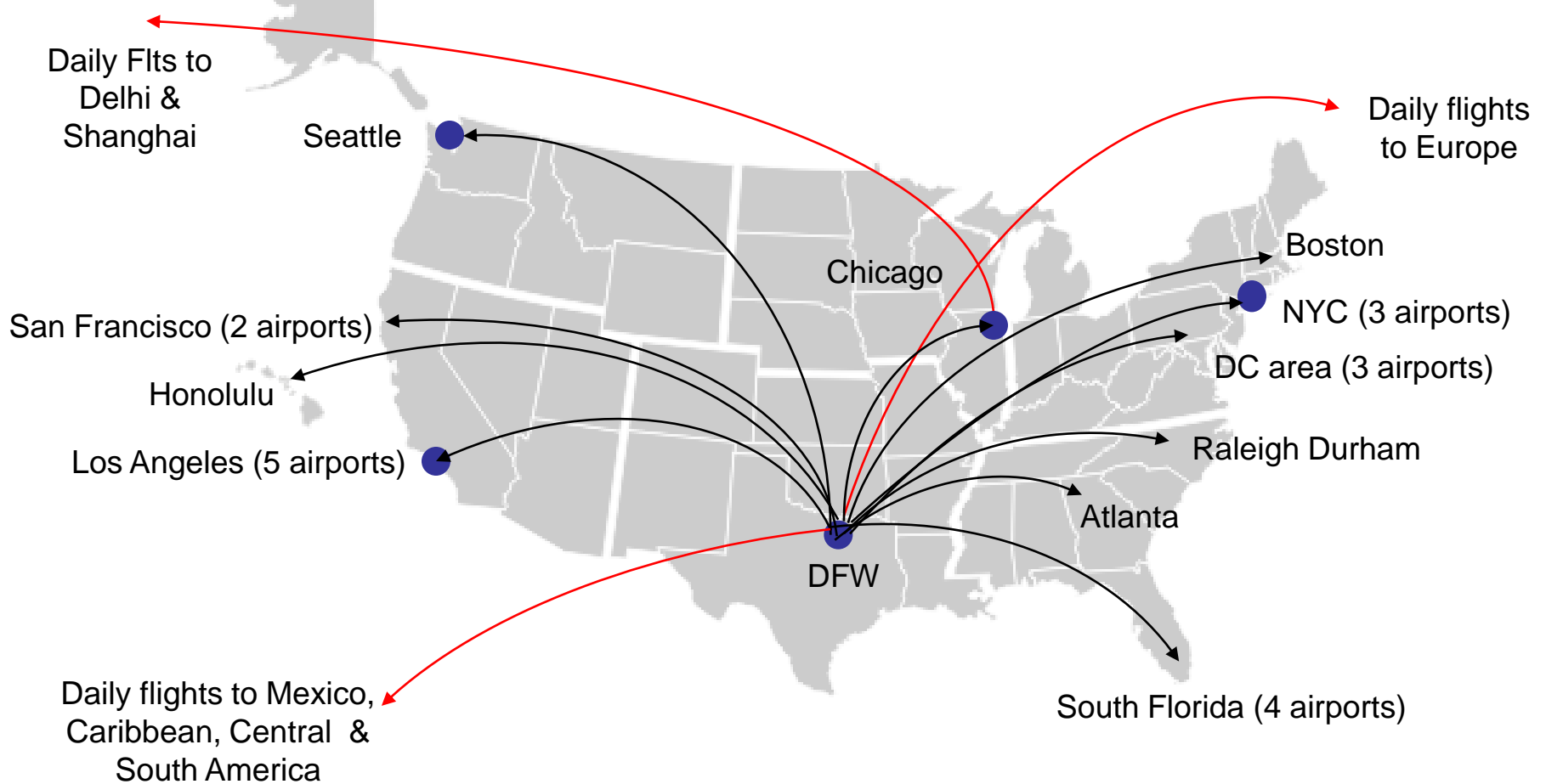
- Travel privileges and a strong work/life balance make for a good time!





Some Sample AA Destinations

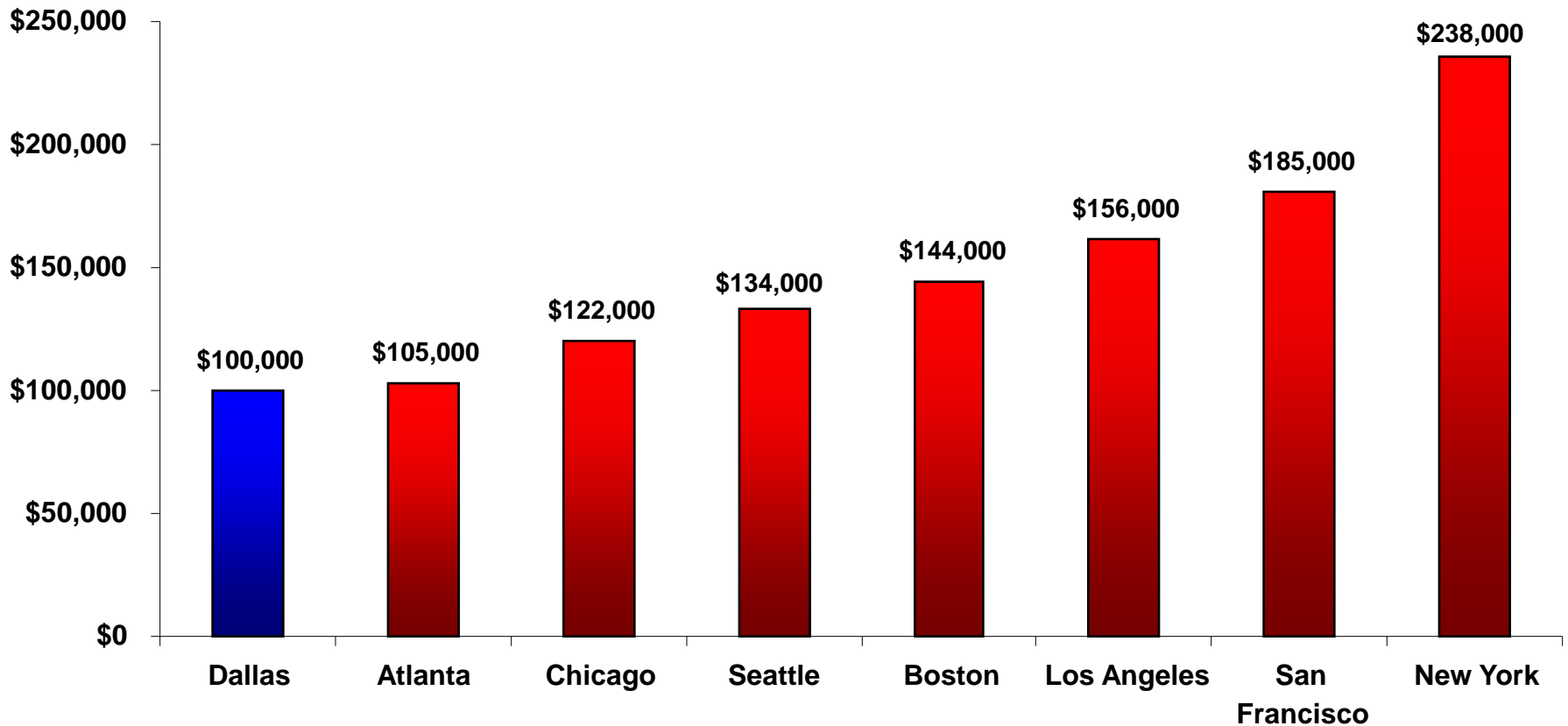
Most major U.S. cities are within a 3 hour flight from DFW. AA and Eagle offer **750 flights** daily from DFW to **over 100 destinations**, including more than **30 non-stop international routes**





Dallas / Fort Worth Cost of Living

What Earning \$100K in Dallas Equals in Other Cities



Housing Comparisons

Dallas/Ft. Worth



\$325,000

3,680 square feet, 4 Bedrooms

New York



\$975,000 - 769 square feet

Chicago



\$529,000- 2,700 square feet

Plus No State Income Tax!

Thank You for Your Interest



We know why you fly..



American Airlines[®]
AA.com[™]

APPENDIX

Texas Overview

- The Lone Star State ranks among the top business leaders in the United States
 - Offers thriving cities with affordable housing, warm climates, and low taxes
 - Boasts 58 Fortune 500 headquarters, ahead of both New York and California
- With no state income tax, Texas is very attractive when compared to higher taxed states
- In a recent CNBC study, Texas ranked third behind Tennessee and South Dakota for best cost of living in the US



Dallas / Fort Worth Offerings

- The “Metroplex” is a great area for sports fans, art lovers and shopping connoisseurs alike
 - Five professional sports teams, NASCAR, horse racing, 150+ golf courses, 60 lakes and 50,000 acres of parks within 100 miles
 - World renowned museums such as the Nasher Sculpture Center, the Kimball Museum and the Museum of Modern Art
 - Morton H. Meyerson Symphony Center and Bass Performance Hall for music enthusiasts
 - Two world-class zoos, a giant amusement park, and authentic stockyards recalling the area's western heritage
 - Enough shopping centers, boutiques and nearby outlets to exhaust you and your checkbook

Renting in Dallas

- A 700 square foot apartment in the Dallas/Ft. Worth area can range from \$800-\$1,200 per month
 - Most complexes have a pool and gym
 - Dallas and Ft. Worth have experienced downtown revitalizations, providing new living, eating, shopping and entertainment options



- In NYC and San Francisco, a similar apartment typically costs between \$2,500-\$3,500.
- Rents in Chicago are well over \$1,200