

American Airlines

PARTNERING FOR SAFETY —
ON THE GROUND AND IN THE AIR

A 25% reduction in Lost Work Day cases and 40% reduction in Workers Compensation costs saved American Airlines almost \$70 million.



“We weren’t convinced that anyone could move the dial on employee injuries. But the DuPont process – a thorough, detailed, specific task- and action-oriented process – drove the needed cultural and behavioral change throughout our organization.”

— Bob Reding

**Executive Vice President, Operations
American Airlines**

“Our goal is to be the number one airline in terms of safety for flights and employees. DuPont’s real hands-on experience and their demonstrated success in workplace safety and in our industry were key in our selection.”

— Peggy Sterling

**Vice President of Safety, Health, Environment & Security
American Airlines**

Challenge

In 2002, American Airlines (AA) experienced approximately 9,700 OSHA-recordable injuries -- 75% of which resulted in lost work time. Valued employees were injured, and AA was paying hundreds of millions of dollars in direct workers' compensation costs.

In a letter to employees, then COO and now Chairman, President & CEO Gerard Arpey stated: “Safety must be at the core of our operating philosophy because the product that we sell to our customers depends on it.”

Solution

To improve workplace safety for all its employees and operations, AA leadership decided to focus its efforts on: (1) reducing incidents and injuries; (2) involving employees and creating a sense of teamwork in a safety-oriented environment; (3) reducing workers' compensation and other associated costs of incidents and injuries; and (4) reducing damage to equipment and associated costs.

The company's joint union and management leadership team sought a partner with the ability to help AA build an effective safety management system and culture. AA turned to DuPont, who had recently assisted Qantas Airways and American Eagle with their own successful safety endeavors.

Peggy Sterling, Vice President of Safety, Health, Environment & Security for AA recalls, “The competitive environment made it difficult for us to stay focused on getting it done by ourselves, to really change how we think and act about safety. DuPont’s real hands-on experience and demonstrated success in workplace safety and in our industry were key in our selection.”

DuPont designed an assessment methodology that not only understood the American Airlines safety culture and evaluated its operating environments, but defined a course of action to dramatically improve performance.

Results

AA reduced injuries by 25% and workers' compensation claims by 40%, saving the company almost \$70 million during the three-year period beginning in 2005.

The DuPont and AA partnership fulfilled AA's obligation to protect the public at large, its customers, and its employees and their families. It has also helped reduce the significant indirect cost of injuries.

Here's how they did it.



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How DuPont Helped American Airlines Achieve its Objectives

American Airlines management and unions jointly established the "Partnership for Safety." DuPont aided this internal effort with training and infrastructure. AA and DuPont then began shifting the safety culture through a multi-phase process:

- Creating awareness and building management support;
- Developing the functional capability of the organization; and
- Utilizing the functional capability for total performance.



In the first phase, AA aligned employees on a common safety philosophy and policy, and began to build an integrated safety management system. This system was based on DuPont's 12 essential elements of safety management. DuPont also helped deliver executive-level training for safety awareness and safety management techniques.

The second phase entailed developing the functioning capability of the organization in the Flight Service division and at two key AA hubs -- Chicago (ORD) and Dallas-Ft. Worth (DFW).

Dan Garton, Executive VP of Marketing, notes, "By involving the front line, DuPont got a great response which fit well with the AA collaborative employee engagement model. DuPont's discipline provided us with a new process and a new focus that we need to continue on our own."

The third phase of work focused on preventing incidents and injuries, and eliminating the causes of injury. DuPont then helped develop metrics to track safety improvement throughout AA.

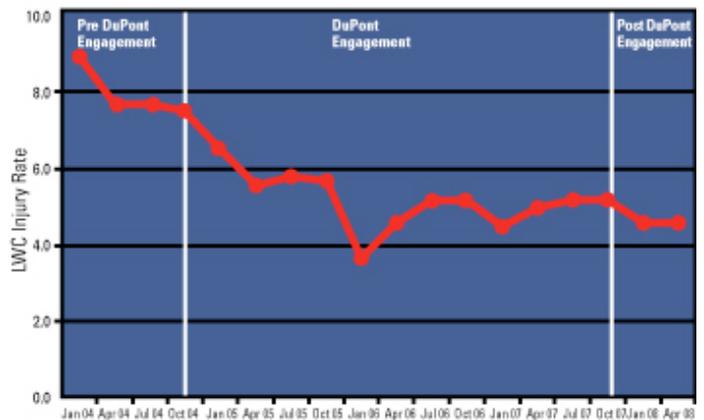
Bob Reding, Executive VP of Operations at AA, believes the DuPont team helped employees think about safety in a different way by developing a "safety consciousness" -- both on the job and at home. He says, "DuPont helped us realize that the safety of our employees should be the highest level of priority -- that's what has contributed to a real 'injury- and accident-free' environment at AA."

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AMERICAN AIRLINES SAFETY RESULTS



Safety Results

The partnership achieved a 25% reduction in injuries and 40% in subsequent workers compensation costs. AA saved almost \$70MM during the three-year period beginning in 2005.

Tom Langebahn, former Managing Director of Partnership for Safety, sums it up for AA, "DuPont helped us understand the connection between safety and running a successful operation. And they did it by starting first with senior leadership and identifying for them what is a world-class safety culture."

Langebahn believes DuPont's practical owner-operator experience and confidence built trust within AA and helped drive change that resulted in an overwhelming positive experience, with lots of continuing progress. According to him, "DuPont had a good understanding of our safety challenges and tailored the effort to meet those challenges. Even though there was resistance to change across many levels of the organization, the DuPont team was tenacious, capable, and adaptive -- a style that pushed and led AA to our success."

The AA Goal: Keeping Passengers and Employees Safe at All Times

American Airlines, the world's largest airline, has nearly 67,000 employees worldwide. On an average day, AA will fly about 270,000 passengers on more than 3,300 flights worldwide.

At American Airlines, no commitment is more important -- or pursued more pervasively or with greater energy, day after day -- than its commitment to the safety of customers and employees. Indeed, safety is at the very core of the airline, as AA pursues the goal of being the "Safest Airline in the Industry."