

Sievo Friends

September 2026

100SM



Our Story – We connect people, cultures and communities

Connecting communities

Our story began by **connecting communities** through mail delivery, flying a small propeller plane from Chicago to St. Louis back in 1926.

Connecting people

Over time, we began **connecting people to places**. We officially became American Airlines when 80 small carriers came together to create our first network.

Expanding worldwide

With C.R. Smith at the helm as our longest-serving CEO, American **expanded beyond mail and the Midwest to the world**, becoming one of the first global commercial airlines.

Growing our network and airline

Over time, through growth and mergers, **our network and airline expanded**. It's taken grit, perseverance and a passion to deliver.

Connecting **700,000+** customers every day



6,500+
daily departures



350+
destinations served



130,000+
#AATeam members



1,400+
aircraft with the
world's largest fleet



PURPOSE

To care for people on life's journey



IDENTITY

We are a premium global airline

- Connecting more of the U.S. to the world
- Leading the industry in loyalty
- With a proud and talented team
- With significant future upside

FOCUS

Deliver on our revenue potential

- Deliver a consistent, elevated customer experience
- Maximize the power of our network and fleet
- Build partnerships that deepen loyalty and lifetime value
- Effectively sell our product and experience

APPROACH

Enable American to win

- Powered by our people
- Empowered by technology
- Fueled by a strong foundation, efficiency and discipline

Our Vision & A Message from Our CPO



Be the best Procurement team in the airline industry in the eyes of our customers, colleagues and investors by leading with strategy, technology and data.

Message from Our Chief Procurement Officer

“ At American Airlines, Procurement is a critical partner in keeping our business moving by supporting operations, enabling innovation, and helping deliver for our customers every day. Our impact is strongest when we work side by side with our internal stakeholders and suppliers.

By building strong partnerships and aligning to shared priorities, we're able to solve complex challenges, unlock opportunities, and drive outcomes that support the broader business.

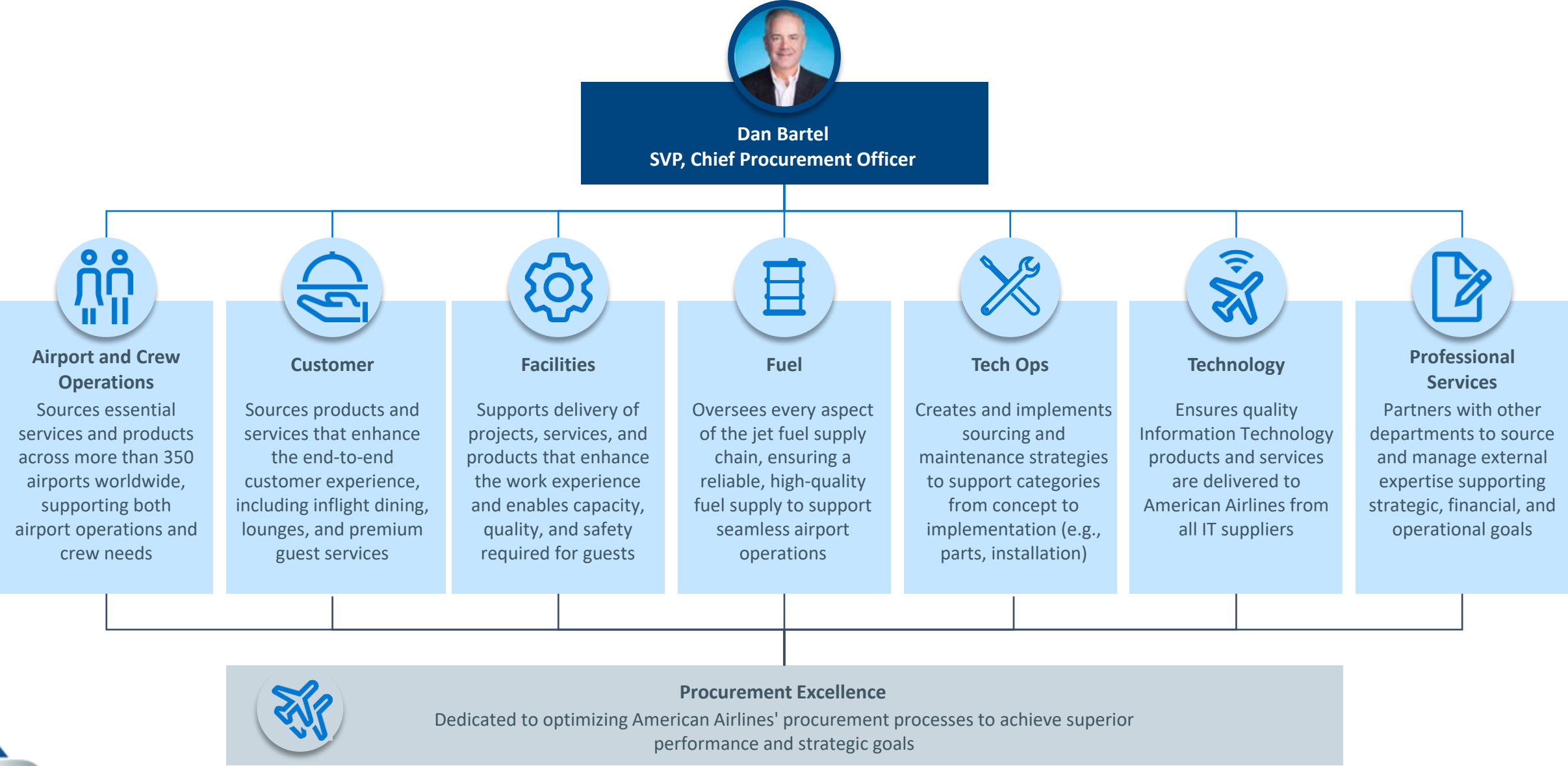
”



Dan Bartel

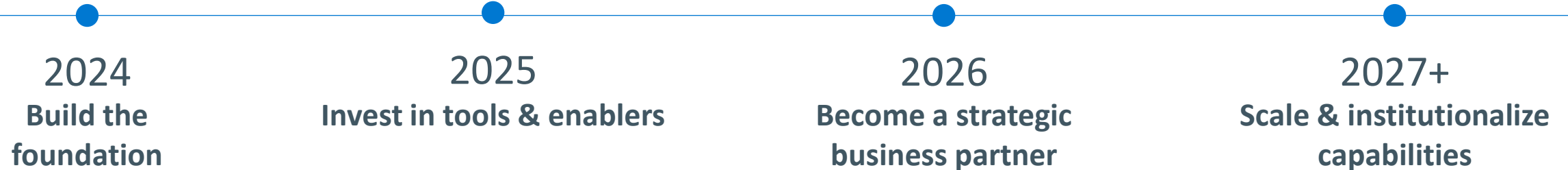
SVP, Chief Procurement Officer

Our Organization – Structured for Success



Procurement Transformation Vision

We are embarking on a journey evolving Procurement from a decentralized function to a unified strategic business partner delivering elevated value to American Airlines.



Priorities for 2026

	Source-to-Pay Optimization	Sourcing & Spend Analysis	Payment & Cash Management	Supplier & Risk Management	People & Capabilities
					
Priority	Reinforce policies and evolve processes , technology , and categories with strategic opportunities	Implement spend analytics and resources for faster, smarter decision-making and for improved savings visibility	Deliver smarter payment terms & cash flow strategies	Offer clear, comprehensive resources and data to support informed supplier selection and drive accountability and value	Build procurement capabilities through tailored learning paths
Value	Create a seamless end-to-end buying experience	Create visibility in achieved savings and spend insights	Improve cash flow & reduce costs	Enable high-performing, reliable, and risk-resilient supply partnerships	Provide opportunities for career growth and professional development

Why Working Capital

WHY IT MATTERS AT AMERICAN

Procurement sits at the intersection of spend, suppliers, and cash flow, creating opportunities to strengthen working capital and financial flexibility across American.

01

Why it matters

- Preserves liquidity
- Builds financial flexibility
- Aligns with company financial goals

02

Where Procurement influences

- Supplier payment terms
- Payment structures and timing
- How spend is allocated

03

How we are responding

- Create visibility into invoice behavior
- Identify practical, scalable levers
- Track realized cash impact

FROM PRIORITY TO ACTION

MEASURE PERFORMANCE



IDENTIFY OPPORTUNITIES



ACTIVATE LEVERS



REALIZE CASH IMPACT

Old to New Working Capital Reporting



WPT Weighted Payment Terms reflects applied terms weighted by invoice amount.

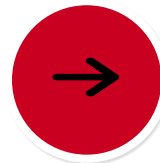


Old Method

LEGACY

- Supplier-level calculation using **historical spend**
- Benefit recognized when **payment terms are changed**

RECOGNITION POINT



New Method

CURRENT

- Tracks WPT for **all spend** within the category
- Benefit recognized once **invoices are posted** on new terms

$$\text{WPT} = \frac{\sum (\text{Term Days} \times \text{Invoice Amount})}{\text{Total Spend on Invoices}}$$

Weighted average of applied invoice terms

Key shift: From negotiated term changes to realized invoice performance across the category.

Ways to Capture Working Capital

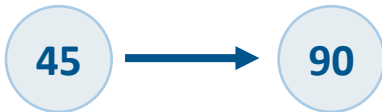
Four practical levers to improve cash flow through supplier payment structures

01



Increase Payment Terms

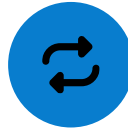
Negotiate additional days before payment is due.



More time before cash leaves

SUPPLIER NEGOTIATION

02



Adjust Payment Frequency

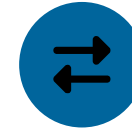
Replace large advance payments with smaller scheduled payments.



Annual in advance → monthly

PAYMENT CADENCE

03



Spend Shift

Move spend toward more favorable terms, across suppliers or within one supplier.



Supplier or spend allocation

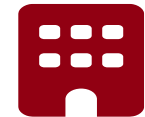
SOURCE + ALLOCATE

04



Project-Based Terms

Apply higher terms for the duration of a defined construction project.



Defined start and end dates

PROJECT SPECIFIC

Working Capital - Autonomous Negotiation

The Scaling Challenge



Manual Supplier Outreach

Multiple rounds of supplier outreach and negotiation



Limited Scalability

Engagement dependent on Category Manager bandwidth



High Administrative Effort

Ongoing follow-up and response management required

Autonomous AI transformed payment term negotiations from an inbox-driven activity into a scalable, governed procurement process.

1



2



3



4



5

SELECT

PE identifies uncontracted supplier opportunities

APPROVE

Category managers confirm the supplier population

SET

Benchmarks establish floors and ceilings

NEGOTIATE

AI bot conducts multi-round supplier negotiations in natural language

OVERSEE

Procurement oversees outcomes and manages exceptions

Negotiation Process

At American Airlines, we are launching a working capital initiative to create a more consistent payment framework across suppliers and align terms with industry standards. We are seeking 120-day payment terms.

9:01 AM

Many suppliers successfully manage longer payment terms through financing and cash flow solutions.

9:04 AM

Since you are firm on 30 days, would you consider a delay in the start of the new payment terms?

9:06 AM

For example, having the extended payment terms apply only after a certain period.

9:08 AM

We can't negotiate forever, we've reached our limit – this is the final offer I've got for you:

9:11 AM



FINAL OFFER

Payment Terms: 55 Days

Could you accept this agreement with these terms?

9:12 AM

Excellent, I've updated our terms!

9:14 AM

We are a small company and terms beyond 30 days are not financially feasible for us.

9:03 AM

We understand, however 30 days remains our standard payment term.

9:05 AM

This would not help. Again, we are a small company and cannot operate with any terms longer than 45 days.

9:07 AM

We could consider 45 days, but that is the maximum we can do at this time.

9:09 AM



Yes, we can accept 55 days.

9:13 AM



AGREEMENT REACHED

Payment terms updated to 55 days.



Effective Payment Terms
55 days



Status
Accepted



Updated on
May 27, 2025

Human-Centric

Allows suppliers to respond in natural language, ask questions, explain constraints, and propose alternatives through a dynamic, multi-round negotiation.

Contract Validation

Reviews payment terms, dates, signatures, and document completeness to determine the appropriate negotiation path.

Controlled Negotiation Parameters

Applies approved benchmarks, offer ranges, and negotiation guardrails while adapting responses to the supplier conversation.

Project Management

Uses standardized statuses and tags to track progress, categorize outcomes, and surface items requiring Procurement Excellence review.

Lead in loyalty – Increase engagement in AAdvantage®



Become an AAdvantage member
Scan the QR Code



Industry-leading loyalty program continues to evolve & offers exclusive benefits



Best airline loyalty program redemption value and expanded offerings



Complimentary Wi-Fi for AAdvantage® members, sponsored by AT&T



Exclusive redemption experiences: Ryder Cup

Next Steps

Contract Integrity Remediation

Address contract payment terms vs. supplier terms discrepancies to improve accuracy and support Working Capital goals.



Expand Working Capital Levers

Evaluate other operational opportunities to further improve Working Capital performance.



Benchmarking & Market Insights

Leverage external market insights to identify opportunities, validate strategies, and understand industry practices.



Reporting & Visibility

Continue to enhance Working Capital reporting and dashboards to improve tracking, adoption, and decision-making





Thank you for listening