

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 27, 2023

AMERICAN AIRLINES GROUP INC.  
AMERICAN AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware  
Delaware

(State or other Jurisdiction of Incorporation)

1-8400  
1-2691

(Commission File Number)

75-1825172  
13-1502798

(IRS Employer Identification No.)

1 Skyview Drive, Fort Worth, Texas  
1 Skyview Drive, Fort Worth, Texas

(Address of principal executive offices)

76155  
76155

(Zip Code)

Registrant's telephone number, including area code:

(682) 278-9000  
(682) 278-9000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	AAL	The Nasdaq Global Select Market
Preferred Stock Purchase Rights	—	(1)

(1) Attached to the Common Stock

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On April 27, 2023, American Airlines Group Inc. (the Company, we, us and our) issued a press release reporting financial results for the three months ended March 31, 2023. The press release is furnished as Exhibit 99.1 to this report.

**ITEM 7.01. REGULATION FD DISCLOSURE.**

On April 27, 2023, the Company provided a presentation to investors. This investor presentation is located on the Company's website at [www.aa.com](http://www.aa.com) under "Investor Relations" and is furnished as Exhibit 99.2 to this report.

Also on April 27, 2023, the Company provided an update for investors presenting information relating to its financial and operational outlook for the second quarter of 2023. This investor update is located on the Company's website at [www.aa.com](http://www.aa.com) under "Investor Relations" and is furnished as Exhibit 99.3 to this report.

The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibits 99.1, 99.2 and 99.3, is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section and shall not be deemed incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

**(d) Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated April 27, 2023.</a>
99.2	<a href="#">Investor Presentation, dated April 27, 2023.</a>
99.3	<a href="#">Investor Update, dated April 27, 2023.</a>
104.1	Cover page interactive data file (embedded within the Inline XBRL document).

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, American Airlines Group Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AMERICAN AIRLINES GROUP INC.**

Date: April 27, 2023

By: /s/ Devon E. May  
Devon E. May  
Executive Vice President and  
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, American Airlines, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AMERICAN AIRLINES, INC.**

Date: April 27, 2023

By: /s/ Devon E. May  
Devon E. May  
Executive Vice President and  
Chief Financial Officer

**PRESS RELEASE**

Corporate Communications  
[mediarelations@aa.com](mailto:mediarelations@aa.com)

Investor Relations  
[investor.relations@aa.com](mailto:investor.relations@aa.com)

FOR RELEASE: Thursday, April 27, 2023

**AMERICAN AIRLINES REPORTS FIRST-QUARTER 2023 FINANCIAL RESULTS**

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its first-quarter 2023 financial results, including:

- **First-quarter net income of \$10 million, or \$0.02 per diluted share. Excluding net special items<sup>1</sup>, first-quarter net income of \$33 million, or \$0.05 per diluted share.**
- **Record first-quarter revenue of \$12.2 billion, which represents a 37% increase year over year.**
- **Generated record operating cash flow of \$3.3 billion<sup>2</sup> and record free cash flow of \$3.0 billion<sup>2</sup> in the first quarter.**
- **Ended the quarter with \$14.4 billion of total available liquidity.**
- **Reiterating full-year 2023 adjusted earnings per diluted share<sup>3</sup> target of \$2.50 to \$3.50.**

"The American Airlines team ran a great operation and delivered on our financial guidance for the quarter, resulting in a first-quarter profit for the first time in four years," said American's CEO Robert Isom. "Looking ahead to the remainder of 2023, we remain focused on reliability, profitability, strengthening the balance sheet, and creating even more value for our shareholders, team members, customers and the communities we serve."

**Running a reliable operation**

The American Airlines team delivered a strong operational performance during the first quarter. American and its regional partners operated more than 476,000 flights in the first quarter, with an average load factor of 80.0%.

American delivered its best-ever first quarter completion factor and controllable completion factor, resulting in 13 mainline, 11 regional, and five combined mainline and regional zero-cancellation days, a significant improvement over the same period last year. American also outperformed the industry in on-time departures for the quarter, ranking first among the nine largest U.S. carriers.

**Returning to profitability**

American produced revenues of \$12.2 billion in the quarter, a record for the first quarter and an increase of 37% versus the first quarter of 2022 on 9.2% more capacity. The strong revenue performance was driven by the continued strength of the demand environment. The company

produced an operating margin of 3.6% on a GAAP basis and 3.7% excluding the impact of net special items. American produced net income of \$10 million in the first quarter on a GAAP basis.

Demand for American's product remains strong. Domestic and short-haul international revenue continue to perform well, and the airline has seen noticeable strength in long-haul international demand and yield performance this year.

American will make a profit-sharing payment to its team members for the first time in three years. The company has accrued approximately \$211 million to its profit-sharing pool, which for the purposes of 2022 was measured as the 12-month period ended March 31, 2023, and will be paid to team members in May.

#### **Liquidity and balance sheet**

American generated record operating and free cash flow of \$3.3 billion<sup>2</sup> and \$3.0 billion<sup>2</sup>, respectively, in the first quarter. The company reduced total debt<sup>4</sup> by more than \$850 million in the quarter. Strengthening the balance sheet continues to be a top priority, and the company is approximately 60% of the way to its goal of reducing total debt by \$15 billion by the end of 2025. As of March 31, 2023, American had reduced its total debt by more than \$9 billion from peak levels in the second quarter of 2021. The company ended the quarter with approximately \$14.4 billion of total available liquidity, comprised of cash and short-term investments plus undrawn capacity under revolving and other short-term credit facilities.

#### **Guidance and investor update**

Based on demand trends and the current fuel price forecast and excluding the impact of special items, the company expects its second-quarter 2023 adjusted earnings per diluted share<sup>3</sup> to be between \$1.20 and \$1.40. American continues to expect its full-year 2023 adjusted earnings per diluted share<sup>3</sup> to be between \$2.50 and \$3.50. The company's forecasts include the estimated impact of anticipated new labor agreements.

For additional financial forecasting detail, please refer to the company's investor update, furnished with this press release with the SEC on Form 8-K. This filing will also be available at [aa.com/investorrelations](https://www.aa.com/investorrelations).

#### **Conference call and webcast details**

The company will conduct a live audio webcast of its financial results conference call at 7:30 a.m. CT today. The call will be available to the public on a listen-only basis at [aa.com/investorrelations](https://www.aa.com/investorrelations). An archive of the webcast will be available on the website through May 27.

#### **Notes**

See the accompanying notes in the financial tables section of this press release for further explanation, including a reconciliation of free cash flow and all GAAP to non-GAAP financial information.

1. The company recognized \$23 million of net special items after the effect of taxes in the first quarter, which principally included charges associated with debt refinancings and extinguishments.

2. Excludes the cash flow impact of financial assistance received pursuant to Payroll Support Program Agreements with the U.S. Department of the Treasury in prior periods. Please see the accompanying notes for the company's definition of free cash flow, a non-GAAP measure.
3. Adjusted earnings per diluted share guidance excludes the impact of net special items. The company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of net special items cannot be determined at this time.
4. All references to total debt include debt, finance leases, operating lease liabilities and pension obligations.

#### **About American Airlines Group**

To Care for People on Life's Journey<sup>®</sup>. Shares of American Airlines Group Inc. trade on Nasdaq under the ticker symbol AAL and the company's stock is included in the S&P 500. Learn more about what's happening at American by visiting [news.aa.com](https://news.aa.com) and connect with American on Twitter [@AmericanAir](https://twitter.com/AmericanAir) and at [Facebook.com/AmericanAirlines](https://Facebook.com/AmericanAirlines).

#### **Cautionary statement regarding forward-looking statements and information**

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about the company's plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on the company's current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth herein as well as in the company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (especially in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in the company's other filings with the Securities and Exchange Commission. Additionally, there may be other factors of which the company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. The company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.

**American Airlines Group Inc.**  
**Condensed Consolidated Statements of Operations**  
 (In millions, except share and per share amounts)  
 (Unaudited)

	2023	3 Months Ended March 31,	2022	Percent Increase (Decrease)	
<b>Operating revenues:</b>					
Passenger	\$	11,103	\$	7,818	42.0
Cargo		223		364	(38.7)
Other		863		717	20.4
Total operating revenues		12,189		8,899	37.0
<b>Operating expenses:</b>					
Aircraft fuel and related taxes		3,167		2,502	26.6
Salaries, wages and benefits		3,281		3,154	4.1
Regional expenses:					
Regional operating expenses		1,062		972	9.2
Regional depreciation and amortization		80		80	0.6
Maintenance, materials and repairs		712		617	15.4
Other rent and landing fees		708		678	4.4
Aircraft rent		344		353	(2.5)
Selling expenses		438		332	31.8
Depreciation and amortization		486		492	(1.2)
Special items, net		13		157	(91.4)
Other		1,460		1,285	13.5
Total operating expenses		11,751		10,622	10.6
<b>Operating income (loss)</b>		438		(1,723)	nm <sup>(1)</sup>
<b>Nonoperating income (expense):</b>					
Interest income		125		8	nm
Interest expense, net		(540)		(463)	16.6
Other income (expense), net		(6)		92	nm
Total nonoperating expense, net		(421)		(363)	16.0
<b>Income (loss) before income taxes</b>		17		(2,086)	nm
Income tax provision (benefit)		7		(451)	nm
<b>Net income (loss)</b>	\$	10	\$	(1,635)	nm
<b>Earnings (loss) per common share:</b>					
Basic	\$	0.02	\$	(2.52)	
Diluted	\$	0.02	\$	(2.52)	
<b>Weighted average shares outstanding (in thousands):</b>					
Basic		652,000		649,503	
Diluted		656,707		649,503	

Note: Percent change may not recalculate due to rounding.

<sup>(1)</sup> Not meaningful or greater than 100% change.

**American Airlines Group Inc.**  
**Consolidated Operating Statistics <sup>(1)</sup>**  
**(Unaudited)**

	3 Months Ended March 31,		Increase (Decrease)
	2023	2022	
Revenue passenger miles (millions)	52,014	44,290	17.4 %
Available seat miles (ASM) (millions)	65,006	59,533	9.2 %
Passenger load factor (percent)	80.0	74.4	5.6 pts
Yield (cents)	21.35	17.65	20.9 %
Passenger revenue per ASM (cents)	17.08	13.13	30.1 %
Total revenue per ASM (cents)	18.75	14.95	25.4 %
Cargo ton miles (millions)	422	536	(21.2) %
Cargo yield per ton mile (cents)	52.75	67.81	(22.2) %
Fuel consumption (gallons in millions)	965	894	7.9 %
Average aircraft fuel price including related taxes (dollars per gallon)	3.28	2.80	17.3 %
Operating cost per ASM (cents)	18.08	17.84	1.3 %
Operating cost per ASM excluding net special items (cents)	18.06	17.58	2.7 %
Operating cost per ASM excluding net special items and fuel (cents)	13.18	13.38	(1.4) %
Passenger enplanements (thousands)	48,232	42,722	12.9 %
Departures (thousands):			
Mainline	275	241	13.8 %
Regional	201	231	(12.8) %
Total	476	472	0.8 %
Average stage length (miles):			
Mainline	1,123	1,158	(3.0) %
Regional	469	484	(3.2) %
Total	846	828	2.2 %
Aircraft at end of period:			
Mainline <sup>(2)</sup>	931	881	5.7 %
Regional <sup>(3)</sup>	533	572	(6.8) %
Total	1,464	1,453	0.8 %
Full-time equivalent employees at end of period:			
Mainline	103,100	100,500	2.6 %
Regional <sup>(4)</sup>	27,700	26,500	4.5 %
Total	130,800	127,000	3.0 %

**Note: Amounts may not recalculate due to rounding.**

<sup>(1)</sup> Unless otherwise noted, operating statistics include mainline and regional operations. Regional includes wholly-owned regional airline subsidiaries and operating results from capacity purchase carriers.

<sup>(2)</sup> Excludes six Boeing 737-800 mainline aircraft that are in temporary storage at March 31, 2023.

<sup>(3)</sup> Includes aircraft owned and leased by American as well as aircraft operated by third-party regional carriers under capacity purchase agreements. Excluded from the aircraft count above are 70 regional aircraft that are in temporary storage at March 31, 2023 as follows: 41 Embraer 145, 19 Bombardier CRJ 700, five Embraer 170, four Bombardier CRJ 900 and one Embraer 175.

<sup>(4)</sup> Regional full-time equivalent employees only include our wholly-owned regional airline subsidiaries.



American Airlines Group Inc.  
 Consolidated Revenue Statistics by Region  
 (Unaudited)

	3 Months Ended March 31,		Increase (Decrease)
	2023	2022	
<b>Domestic</b> <sup>(1)</sup>			
Revenue passenger miles (millions)	35,750	32,632	9.6 %
Available seat miles (ASM) (millions)	44,554	41,873	6.4 %
Passenger load factor (percent)	80.2	77.9	2.3 pts
Passenger revenue (dollars in millions)	8,037	6,060	32.6 %
Yield (cents)	22.48	18.57	21.1 %
Passenger revenue per ASM (cents)	18.04	14.47	24.6 %
<b>Latin America</b> <sup>(2)</sup>			
Revenue passenger miles (millions)	9,008	7,652	17.7 %
Available seat miles (millions)	10,510	10,310	1.9 %
Passenger load factor (percent)	85.7	74.2	11.5 pts
Passenger revenue (dollars in millions)	1,915	1,227	56.1 %
Yield (cents)	21.26	16.04	32.6 %
Passenger revenue per ASM (cents)	18.22	11.90	53.1 %
<b>Atlantic</b>			
Revenue passenger miles (millions)	5,821	3,605	61.5 %
Available seat miles (millions)	8,242	6,380	29.2 %
Passenger load factor (percent)	70.6	56.5	14.1 pts
Passenger revenue (dollars in millions)	931	466	99.6 %
Yield (cents)	16.00	12.94	23.6 %
Passenger revenue per ASM (cents)	11.30	7.31	54.5 %
<b>Pacific</b>			
Revenue passenger miles (millions)	1,435	401	nm
Available seat miles (millions)	1,700	970	75.3 %
Passenger load factor (percent)	84.4	41.4	43.0 pts
Passenger revenue (dollars in millions)	220	65	nm
Yield (cents)	15.30	16.13	(5.2) %
Passenger revenue per ASM (cents)	12.91	6.67	93.5 %
<b>Total International</b>			
Revenue passenger miles (millions)	16,264	11,658	39.5 %
Available seat miles (millions)	20,452	17,660	15.8 %
Passenger load factor (percent)	79.5	66.0	13.5 pts
Passenger revenue (dollars in millions)	3,066	1,758	74.4 %
Yield (cents)	18.85	15.08	25.0 %
Passenger revenue per ASM (cents)	14.99	9.96	50.6 %

Note: Amounts may not recalculate due to rounding.

<sup>(1)</sup> Domestic results include Canada, Puerto Rico and U.S. Virgin Islands.

<sup>(2)</sup> Latin America results include the Caribbean.

**Reconciliation of GAAP Financial Information to Non-GAAP Financial Information**

American Airlines Group Inc. (the Company) sometimes uses financial measures that are derived from the condensed consolidated financial statements but that are not presented in accordance with GAAP to understand and evaluate its current operating performance and to allow for period-to-period comparisons. The Company believes these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. The Company is providing a reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

The tables below present the reconciliations of the following GAAP measures to their non-GAAP measures:

- Operating Income (Loss) (GAAP measure) to Operating Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Operating Margin (GAAP measure) to Operating Margin Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Income (Loss) (GAAP measure) to Pre-Tax Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Margin (GAAP measure) to Pre-Tax Margin Excluding Net Special Items (non-GAAP measure)
- Net Income (Loss) (GAAP measure) to Net Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Basic and Diluted Earnings (Loss) Per Share (GAAP measure) to Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items (non-GAAP measure)

Management uses these non-GAAP financial measures to evaluate the Company's current operating performance and to allow for period-to-period comparisons. As net special items may vary from period-to-period in nature and amount, the adjustment to exclude net special items allows management an additional tool to understand the Company's core operating performance.

Additionally, the tables below present the reconciliations of total operating costs (GAAP measure) to total operating costs excluding net special items and fuel (non-GAAP measure) and total operating costs per ASM (CASM) to CASM excluding net special items and fuel. Management uses total operating costs excluding net special items and fuel and CASM excluding net special items and fuel to evaluate the Company's current operating performance and for period-to-period comparisons. The price of fuel, over which the Company has no control, impacts the comparability of period-to-period financial performance. The adjustment to exclude fuel and net special items allows management an additional tool to understand and analyze the Company's non-fuel costs and core operating performance.

Reconciliation of Operating Income (Loss) Excluding Net Special Items	3 Months Ended March 31,		Percent Increase (Decrease)
	2023	2022	
	(in millions)		
Operating income (loss) as reported	\$ 438	\$ (1,723)	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	13	157	
Operating income (loss) excluding net special items	\$ 451	\$ (1,566)	nm
<b>Calculation of Operating Margin</b>			
Operating income (loss) as reported	\$ 438	\$ (1,723)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Operating margin	3.6 %	(19.4 %)	
<b>Calculation of Operating Margin Excluding Net Special Items</b>			
Operating income (loss) excluding net special items	\$ 451	\$ (1,566)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Operating margin excluding net special items	3.7 %	(17.6 %)	
<b>Reconciliation of Pre-Tax Income (Loss) Excluding Net Special Items</b>			
Pre-tax income (loss) as reported	\$ 17	\$ (2,086)	
Pre-tax net special items:			
Mainline operating special items, net <sup>(1)</sup>	13	157	
Nonoperating special items, net <sup>(2)</sup>	15	3	
Total pre-tax net special items	28	160	
Pre-tax income (loss) excluding net special items	\$ 45	\$ (1,926)	nm
<b>Calculation of Pre-Tax Margin</b>			
Pre-tax income (loss) as reported	\$ 17	\$ (2,086)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Pre-tax margin	0.1 %	(23.4 %)	
<b>Calculation of Pre-Tax Margin Excluding Net Special Items</b>			
Pre-tax income (loss) excluding net special items	\$ 45	\$ (1,926)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Pre-tax margin excluding net special items	0.4 %	(21.6 %)	

Reconciliation of Net Income (Loss) Excluding Net Special Items	3 Months Ended March 31,		Percent Increase (Decrease)
	2023	2022	
	(in millions, except share and per share amounts)		
Net income (loss) as reported	\$ 10	\$ (1,635)	
Net special items:			
Total pre-tax net special items <sup>(1), (2)</sup>	28	160	
Net tax effect of net special items	(5)	(35)	
Net income (loss) excluding net special items	\$ 33	\$ (1,510)	nm
<b>Reconciliation of Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items</b>			
Net income (loss) excluding net special items	\$ 33	\$ (1,510)	
Shares used for computation (in thousands):			
Basic	652,000	649,503	
Diluted	656,707	649,503	
Earnings (loss) per share excluding net special items:			
Basic	\$ 0.05	\$ (2.32)	
Diluted	\$ 0.05	\$ (2.32)	
<b>Reconciliation of Total Operating Costs per ASM Excluding Net Special Items and Fuel</b>			
Total operating expenses as reported	\$ 11,751	\$ 10,622	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	(13)	(157)	
Total operating expenses excluding net special items	11,738	10,465	
Aircraft fuel and related taxes	(3,167)	(2,502)	
Total operating expenses excluding net special items and fuel	\$ 8,571	\$ 7,963	
	(in cents)		
Total operating expenses per ASM as reported	18.08	17.84	
Operating net special items per ASM:			
Mainline operating special items, net <sup>(1)</sup>	(0.02)	(0.26)	
Total operating expenses per ASM excluding net special items	18.06	17.58	
Aircraft fuel and related taxes per ASM	(4.87)	(4.20)	
Total operating expenses per ASM excluding net special items and fuel	13.18	13.38	

Note: Amounts may not recalculate due to rounding.

**FOOTNOTES:**

<sup>(1)</sup> The 2022 first quarter mainline operating special items, net principally included a non-cash impairment charge to write down the carrying value of the Company's retired Airbus A330 fleet to the estimated fair value due to the market conditions for certain used aircraft. The Company retired its Airbus A330 fleet in 2020 as a result of the decline in demand for air travel due to the COVID-19 pandemic.

<sup>(2)</sup> Principally included charges associated with debt refinancings and extinguishments.

**American Airlines Group Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
 (In millions)(Unaudited)

	3 Months Ended March 31,	
	2023	2022
<b>Net cash provided by operating activities</b>	\$ 3,333	\$ 1,185
<b>Cash flows from investing activities:</b>		
Capital expenditures, net of aircraft purchase deposit returns	(505)	(807)
Purchases of short-term investments	(5,131)	(7,035)
Sales of short-term investments	2,666	7,089
Decrease in restricted short-term investments	29	36
Other investing activities	145	(54)
Net cash used in investing activities	(2,796)	(771)
<b>Cash flows from financing activities:</b>		
Payments on long-term debt and finance leases	(2,326)	(661)
Proceeds from issuance of long-term debt	1,824	367
Other financing activities	(37)	(16)
Net cash used in financing activities	(539)	(310)
Net increase (decrease) in cash and restricted cash	(2)	104
Cash and restricted cash at beginning of period	586	408
Cash and restricted cash at end of period <sup>(1)</sup>	\$ 584	\$ 512

<sup>(1)</sup> The following table provides a reconciliation of cash and restricted cash to amounts reported within the condensed consolidated balance sheets:

Cash	\$ 452	\$ 376
Restricted cash included in restricted cash and short-term investments	132	136
Total cash and restricted cash	\$ 584	\$ 512

**Free Cash Flow**

The Company's free cash flow summary is presented in the table below, which is a non-GAAP measure that management believes is useful information to investors and others in evaluating the Company's ability to generate cash from its core operating performance that is available for use to reinvest in the business or to reduce debt. The Company defines free cash flows as net cash provided by operating activities less net cash used in investing activities, adjusted for (1) net purchases of short-term investments and (2) change in restricted cash. We believe that calculating free cash flow as adjusted for these items is more useful for investors because short-term investment activity and restricted cash are not representative of activity core to our operations.

This non-GAAP measure may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. Our calculation of free cash flow is not intended, and should not be used, to measure the residual cash flow available for discretionary expenditures because, among other things, it excludes mandatory debt service requirements and certain other non-discretionary expenditures.

	3 Months Ended March 31, 2023	
	(in millions)	
<b>Net cash provided by operating activities</b>	\$	3,333
<b>Adjusted net cash used in investing activities <sup>(1)</sup></b>		<b>(317)</b>
<b>Free cash flow</b>	<b>\$</b>	<b>3,016</b>

<sup>(1)</sup> The following table provides a reconciliation of adjusted net cash used in investing activities for the three months ended March 31, 2023 (in millions):

Net cash used in investing activities	\$	(2,796)
Adjustments:		
Net purchases of short-term investments		2,465
Decrease in restricted cash		14
<b>Adjusted net cash used in investing activities</b>	<b>\$</b>	<b>(317)</b>

American Airlines Group Inc.  
 Condensed Consolidated Balance Sheets  
 (In millions, except shares)

	March 31, 2023 (unaudited)	December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 452	\$ 440
Short-term investments	11,041	8,525
Restricted cash and short-term investments	955	995
Accounts receivable, net	1,989	2,138
Aircraft fuel, spare parts and supplies, net	2,308	2,279
Prepaid expenses and other	907	892
Total current assets	<u>17,652</u>	<u>15,269</u>
<b>Operating property and equipment</b>		
Flight equipment	40,020	39,703
Ground property and equipment	10,030	9,913
Equipment purchase deposits	640	613
Total property and equipment, at cost	50,690	50,229
Less accumulated depreciation and amortization	<u>(20,546)</u>	<u>(20,029)</u>
Total property and equipment, net	30,144	30,200
<b>Operating lease right-of-use assets</b>		
	7,838	8,094
<b>Other assets</b>		
Goodwill	4,091	4,091
Intangibles, net	2,057	2,059
Deferred tax asset	3,088	3,099
Other assets	1,916	1,904
Total other assets	<u>11,152</u>	<u>11,153</u>
Total assets	<u>\$ 66,786</u>	<u>\$ 64,716</u>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt and finance leases	\$ 3,579	\$ 3,274
Accounts payable	2,455	2,149
Accrued salaries and wages	1,809	1,713
Air traffic liability	9,053	6,745
Loyalty program liability	3,486	3,169
Operating lease liabilities	1,439	1,465
Other accrued liabilities	2,769	2,981
Total current liabilities	<u>24,590</u>	<u>21,496</u>
<b>Noncurrent liabilities</b>		
Long-term debt and finance leases, net of current maturities	31,586	32,389
Pension and postretirement benefits	2,737	2,837
Loyalty program liability	5,881	5,976
Operating lease liabilities	6,325	6,559
Other liabilities	1,438	1,258
Total noncurrent liabilities	<u>47,967</u>	<u>49,019</u>
<b>Stockholders' equity (deficit)</b>		
Common stock, 652,817,674 shares outstanding at March 31, 2023	7	6
Additional paid-in capital	7,290	7,291
Accumulated other comprehensive loss	(4,567)	(4,585)
Retained deficit	(8,501)	(8,511)
Total stockholders' deficit	<u>(5,771)</u>	<u>(5,799)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 66,786</u>	<u>\$ 64,716</u>

American Airlines Group Inc.

# FIRST QUARTER 2023 FINANCIAL RESULTS

April 27, 2023



## Forward-looking statements

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Certain of the statements contained in this presentation should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about the Company's plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on the Company's current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth herein as well as in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (especially in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in the Company's other filings with the Securities and Exchange Commission. Additionally, there may be other factors of which the Company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. The Company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.





# Introductory remarks and commercial update



## 2023 on track with strong first quarter

- Net income in the first quarter of \$10 million. Excluding net special items<sup>1</sup>, net income of \$33 million
- Record first-quarter revenue and **record quarterly free cash flow generation<sup>1</sup> of \$3.0 billion**
- Operated more than 476,000 flights in the quarter, with an average load factor of 80.0%
- **Strong operational performance**, serving ~48 million customers during the quarter
- Ended the first quarter with \$14.4 billion of total available liquidity

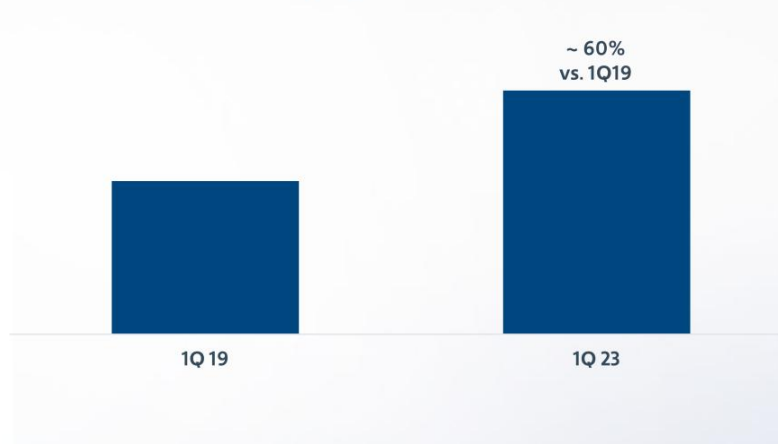


<sup>1</sup> See GAAP to non-GAAP and free cash flow reconciliations at the end of this presentation.

## Loyalty program remains strong

- American's AAdvantage loyalty and travel rewards program continues to grow, with enrollments up ~60% vs. 1Q19

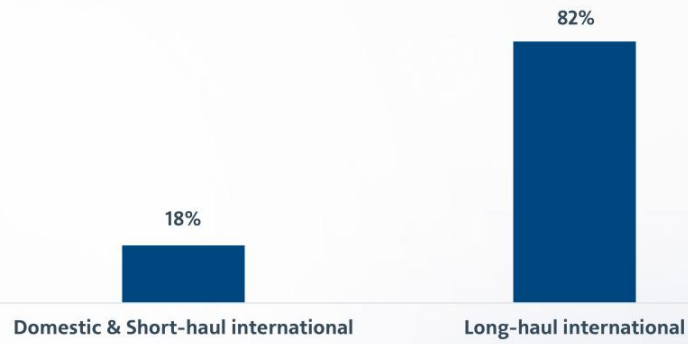
New loyalty member accounts



## 2Q 2023 capacity growth mix

- More than 80% of American's 2Q23 year-over-year capacity growth is driven by restoring its long-haul international network and boosting utilization of its widebody aircraft assets

Contribution to 2Q23 y/y capacity<sup>1</sup> growth



1. Scheduled ASMs. Diiio selling as of 4/24/23. Atlantic includes Middle East/India.

# Financial update



## First-quarter results

	GAAP		Non-GAAP <sup>1</sup>	
	1Q23	1Q22	1Q23	1Q22
	<i>(in millions, except share and per share amounts)</i>			
Operating Income (Loss)	\$438	(\$1,723)	\$451	(\$1,566)
Income (Loss) Before Income Taxes	\$17	(\$2,086)	\$45	(\$1,926)
Net Income (Loss)	\$10	(\$1,635)	\$33	(\$1,510)
Earnings (Loss) per common share:				
Basic	\$0.02	(\$2.52)	\$0.05	(\$2.32)
Diluted	\$0.02	(\$2.52)	\$0.05	(\$2.32)
Weighted average shares outstanding (in thousands):				
Basic	652,000	649,503	652,000	649,503
Diluted	656,707	649,503	656,707	649,503

Note: May not recalculate due to rounding.  
1. See GAAP to non-GAAP reconciliation at the end of this presentation.

## Limited capex and debt maturities support deleveraging

- Manufacturer delivery delays have pushed aircraft capex requirements to outer years

### Limited maturities minimize refi risk

#### Debt payments<sup>1</sup> (in billions)



### Younger fleet drives lower capex

#### Total capex forecast<sup>2</sup> (in billions)



Note: May not recalculate due to rounding.

1. Source: Company filings, as of December 31, 2022. Debt payments include amortization and final maturity payments for debt and finance leases.

2. Source: Company filings. 2021 includes net inflows from return of PDPs.

## Deleveraging progress continues...

- On track to reduce total debt<sup>1</sup> from peak levels by \$10 to \$11 billion by the end of 2023



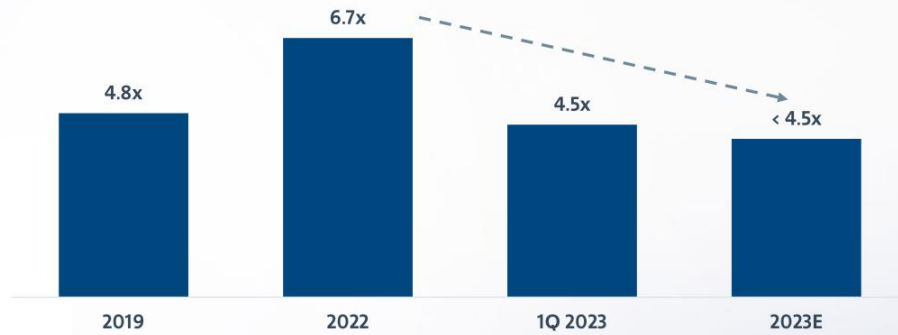
1. Total debt includes debt, finance leases, operating lease liabilities and pension obligations.  
 2. Net of new financings.



## ...and credit ratios are improving

- 1Q23 ending net debt<sup>1</sup> to adjusted EBITDAR<sup>2</sup> ratio of 4.5x, the lowest level since year-end 2019
- Long-term target of BB credit rating would be supported by the completion of our debt-reduction goal and continued earnings strength

Net Debt<sup>1</sup>/Adj. EBITDAR<sup>2</sup> Over Time



1. Net debt is defined as debt, finance leases, operating lease liabilities and pension obligations net of unrestricted cash and short-term investments.  
2. Adj. EBITDAR is defined as earnings excluding the impact of net special items before net interest, other non-operating expenses, taxes, depreciation, amortization and aircraft rent. See Adj. EBITDAR reconciliation at the end of this presentation.

## Second-quarter and full-year outlook

	2Q2023	FY2023
Total capacity (ASMs) (vs. 2022)	~+3.5% to +5.5%	~+5% to +8%
TRASM (vs. 2022)	~ - 2% to - 4%	
CASM-ex <sup>1,2</sup> (vs. 2022)	~+3.5% to +5.5%	
Fuel (\$/gallon) <sup>3</sup>	~\$2.65 to \$2.75	
Adjusted operating margin <sup>1</sup>	~11% to 13%	
Adjusted earnings per diluted share <sup>1</sup>	~\$1.20 to \$1.40	~\$2.50 to \$3.50

1. CASM-ex is cost per available seat mile (CASM) excluding fuel and net special items and is a non-GAAP measure. All adjusted operating margin and adjusted earnings per diluted share guidance excludes the impact of net special items and are non-GAAP measures. The Company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of net special items cannot be determined at this time. Please see GAAP to non-GAAP reconciliation at the end of this document.

2. The Company's full-year 2023 forecast includes approximately 3 points for the estimated CASM-ex impact of anticipated new labor agreements.

3. Consumption of ~1,040 million gallons in 2Q 2023 based on April 14, 2023 forward fuel curve.



Thank you,  
#AATeam!

1Q23  
April 27, 2023

# GAAP to non-GAAP reconciliation

## Reconciliation of GAAP Financial Information to Non-GAAP Financial Information

American Airlines Group Inc. (the Company) sometimes uses financial measures that are derived from the condensed consolidated financial statements but that are not presented in accordance with GAAP to understand and evaluate its current operating performance and to allow for period-to-period comparisons. The Company believes these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. The Company is providing a reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

The tables below present the reconciliations of the following GAAP measures to their non-GAAP measures:

- Operating Income (Loss) (GAAP measure) to Operating Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Operating Margin (GAAP measure) to Operating Margin Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Income (Loss) (GAAP measure) to Pre-Tax Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Pre-Tax Margin (GAAP measure) to Pre-Tax Margin Excluding Net Special Items (non-GAAP measure)
- Net Income (Loss) (GAAP measure) to Net Income (Loss) Excluding Net Special Items (non-GAAP measure)
- Basic and Diluted Earnings (Loss) Per Share (GAAP measure) to Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items (non-GAAP measure)

Management uses these non-GAAP financial measures to evaluate the Company's current operating performance and to allow for period-to-period comparisons. As net special items may vary from period-to-period in nature and amount, the adjustment to exclude net special items allows management an additional tool to understand the Company's core operating performance.

Additionally, the tables below present the reconciliations of total operating costs (GAAP measure) to total operating costs excluding net special items and fuel (non-GAAP measure) and total operating costs per ASM (CASM) to CASM excluding net special items and fuel. Management uses total operating costs excluding net special items and fuel and CASM excluding net special items and fuel to evaluate the Company's current operating performance and for period-to-period comparisons. The price of fuel, over which the Company has no control, impacts the comparability of period-to-period financial performance. The adjustment to exclude fuel and net special items allows management an additional tool to understand and analyze the Company's non-fuel costs and core operating performance.



## GAAP to non-GAAP reconciliation

Reconciliation of Operating Income (Loss) Excluding Net Special Items	3 Months Ended March 31,		Percent Increase (Decrease)
	2023	2022	
	(in millions)		
Operating income (loss) as reported	\$ 438	\$ (1,723)	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	13	157	
Operating income (loss) excluding net special items	\$ 451	\$ (1,566)	nm
<b>Calculation of Operating Margin</b>			
Operating income (loss) as reported	\$ 438	\$ (1,723)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Operating margin	3.6%	(19.4%)	
<b>Calculation of Operating Margin Excluding Net Special Items</b>			
Operating income (loss) excluding net special items	\$ 451	\$ (1,566)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Operating margin excluding net special items	3.7%	(17.6%)	
<b>Reconciliation of Pre-Tax Income (Loss) Excluding Net Special Items</b>			
Pre-tax income (loss) as reported	\$ 17	\$ (2,086)	
Pre-tax net special items:			
Mainline operating special items, net <sup>(1)</sup>	13	157	
Nonoperating special items, net <sup>(2)</sup>	15	3	
Total pre-tax net special items	28	160	
Pre-tax income (loss) excluding net special items	\$ 45	\$ (1,926)	nm
<b>Calculation of Pre-Tax Margin</b>			
Pre-tax income (loss) as reported	\$ 17	\$ (2,086)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Pre-tax margin	0.1%	(23.4%)	
<b>Calculation of Pre-Tax Margin Excluding Net Special Items</b>			
Pre-tax income (loss) excluding net special items	\$ 45	\$ (1,926)	
Total operating revenues as reported	\$ 12,189	\$ 8,899	
Pre-tax margin excluding net special items	0.4%	(21.6%)	

# GAAP to non-GAAP reconciliation

Reconciliation of Net Income (Loss) Excluding Net Special Items	3 Months Ended March 31,		Percent Increase (Decrease)
	2023	2022	
	(in millions, except share and per share amounts)		
Net income (loss) as reported	\$ 10	\$ (1,635)	
Net special items:			
Total pre-tax net special items <sup>(1)</sup>	28	160	
Net tax effect of net special items	(5)	(35)	
Net income (loss) excluding net special items	\$ 33	\$ (1,510)	nm
<b>Reconciliation of Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items</b>			
Net income (loss) excluding net special items	\$ 33	\$ (1,510)	
Shares used for computation (in thousands):			
Basic	652,000	649,503	
Diluted	656,707	649,503	
Earnings (loss) per share excluding net special items:			
Basic	\$ 0.05	\$ (2.32)	
Diluted	\$ 0.05	\$ (2.32)	
<b>Reconciliation of Total Operating Costs per ASM Excluding Net Special Items and Fuel</b>			
Total operating expenses as reported	\$ 11,751	\$ 10,622	
Operating net special items:			
Mainline operating special items, net <sup>(1)</sup>	(13)	(157)	
Total operating expenses excluding net special items	11,738	10,465	
Aircraft fuel and related taxes	(3,167)	(2,502)	
Total operating expenses excluding net special items and fuel	\$ 8,571	\$ 7,963	
	(in cents)		
Total operating expenses per ASM as reported	18.08	17.84	
Operating net special items per ASM:			
Mainline operating special items, net <sup>(1)</sup>	(0.02)	(0.28)	
Total operating expenses per ASM excluding net special items	18.06	17.56	
Aircraft fuel and related taxes per ASM	(4.87)	(4.20)	
Total operating expenses per ASM excluding net special items and fuel	13.18	13.38	

Note: Amounts may not recalculate due to rounding.

#### FOOTNOTES:

- <sup>(1)</sup> The 2022 first quarter mainline operating special items, net principally included a non-cash impairment charge to write down the carrying value of the Company's retired Airbus A330 fleet to the estimated fair value due to the market conditions for certain used aircraft. The Company retired its Airbus A330 fleet in 2020 as a result of the decline in demand for air travel due to the COVID-19 pandemic.
- <sup>(2)</sup> Principally included charges associated with debt refinancings and extinguishments.

## Free Cash Flow reconciliation

The Company's free cash flow summary is presented in the table below, which is a non-GAAP measure that management believes is useful information to investors and others in evaluating the Company's ability to generate cash from its core operating performance that is available for use to reinvest in the business or to reduce debt. The Company defines free cash flows as net cash provided by operating activities less net cash used in investing activities, adjusted for (1) net purchases of short-term investments and (2) change in restricted cash. We believe that calculating free cash flow as adjusted for these items is more useful for investors because short-term investment activity and restricted cash are not representative of activity core to our operations.

This non-GAAP measure may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. Our calculation of free cash flow is not intended, and should not be used, to measure the residual cash flow available for discretionary expenditures because, among other things, it excludes mandatory debt service requirements and certain other non-discretionary expenditures.

	3 Months Ended March 31, 2023 (in millions)
<b>Net cash provided by operating activities</b>	\$ 3,333
<b>Adjusted net cash used in investing activities <sup>(1)</sup></b>	<u>(317)</u>
<b>Free cash flow</b>	<u>\$ 3,016</u>

<sup>(1)</sup> The following table provides a reconciliation of adjusted net cash used in investing activities for the three months ended March 31, 2023 (in millions):

Net cash used in investing activities	\$ (2,796)
Adjustments:	
Net purchases of short-term investments	2,465
Decrease in restricted cash	<u>14</u>
Adjusted net cash used in investing activities	<u>\$ (317)</u>

## Net Debt/Adj. EBITDAR reconciliation

The Company's ratio of net debt to adjusted EBITDAR is presented below, which is a non-GAAP measure that management believes is an indicator of the Company's level of indebtedness and ability to service such debt, and which may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP.

Adjusted EBITDAR is defined as earnings excluding the impact of net special items before net interest and other nonoperating expenses, taxes, depreciation, amortization and aircraft rent.

Net debt is defined as debt, finance leases, operating lease liabilities and pension obligations, net of unrestricted cash and short-term investments.

Adjusted EBITDAR	12 Months Ended		
	12/31/2019	12/31/2022	3/31/2023
	(in millions)		
Operating income as reported	\$ 3,065	\$ 1,607	\$ 3,768
Adjustments <sup>(1)</sup> :			
Aircraft rent	1,355	1,400	1,390
Depreciation and amortization	2,318	2,298	2,295
Operating special items, net	641	198	53
Adjusted EBITDAR	\$ 7,379	\$ 5,503	\$ 7,506
<b>Net Debt (at end of period)</b>			
Debt and finance leases	\$ 24,315	\$ 35,663	\$ 35,165
Operating lease liabilities	9,129	8,024	7,764
Pension obligations	5,461	2,153	2,043
Total debt	38,905	45,840	44,972
Less: cash and short-term investments	3,826	8,965	11,493
Net debt	\$ 35,079	\$ 36,875	\$ 33,479
Net debt to adjusted EBITDAR ratio	4.8x	6.7x	4.5x

<sup>(1)</sup> Includes amounts associated with regional operations that are reflected in regional expenses in the condensed consolidated statements of operations.







**Investor Relations Update  
April 27, 2023**

**General Overview**

- **Capacity** - The Company expects its second-quarter capacity to be up approximately 3.5% to 5.5% versus the second quarter of 2022. Based on current assumptions, the Company continues to expect its full-year capacity to be up approximately 5% to 8% year over year.
- **TRASM** - The Company expects its second-quarter total revenue per available seat mile (TRASM) to be down approximately 2% to 4% versus the second quarter of 2022.
- **CASM-ex<sup>1</sup>** - The Company expects its second-quarter CASM-ex to be up approximately 3.5% to 5.5% versus the second quarter of 2022. The Company's forecast includes the estimated impact of a new pilot agreement in the second quarter and other open labor agreements in the second half of the year. Anticipated new labor agreements are estimated to have a full-year 2023 impact of approximately 3 points of CASM-ex.
- **Fuel** - Based on the April 14, 2023, forward fuel curve, the Company expects to pay an average of between \$2.65 and \$2.75 per gallon of jet fuel (including taxes) in the second quarter. Based on its current plans, the Company expects to consume approximately 1,040 million gallons of jet fuel in the second quarter.
- **Adjusted operating margin<sup>1</sup>** - The Company expects an adjusted operating margin of approximately 11% to 13% in the second quarter.
- **Adjusted nonoperating expense<sup>1</sup>** - The Company expects its total adjusted nonoperating expense to be approximately \$405 million in the second quarter.
- **Adjusted EPS<sup>1</sup>** - Based on the assumptions outlined above, the Company presently expects its second-quarter adjusted earnings per diluted share to be between approximately \$1.20 and \$1.40. The Company continues to expect its full-year adjusted earnings per diluted share to be between \$2.50 and \$3.50, based on current assumptions.

**Notes:**

1. *CASM-ex is cost per available seat mile (CASM) excluding fuel and net special items and is a non-GAAP measure. All adjusted operating margin, adjusted nonoperating expense and adjusted earnings per diluted share guidance excludes the impact of net special items and are non-GAAP measures. The Company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of net special items cannot be determined at this time. Please see GAAP to non-GAAP reconciliation at the end of this document.*

**Please refer to the footnotes and the forward-looking statements page of this document for additional information.**

## Financial Update April 27, 2023

	2Q 2023 <sup>1</sup>			
Available seat miles (ASMs)				~ + 3.5% to + 5.5% (vs. 2Q 22)
TRASM				~ - 2.0% to - 4.0% (vs. 2Q 22)
CASM excluding fuel and net special items				~ + 3.5% to + 5.5% (vs. 2Q 22)
Average fuel price (incl. taxes) (\$/gal)				~ \$2.65 to \$2.75
Fuel gallons consumed (mil)				~ 1,040
Adjusted operating margin				~ 11.0% to 13.0%
Adjusted nonoperating expense (\$ mil)				~ \$405
Adjusted earnings per diluted share (\$/share)				~ \$1.20 to \$1.40
	2Q 2023 Shares Forecast			
	Shares (mil) <sup>2</sup>			
Earnings Level (\$ mil)	Basic	Diluted	Addback (\$ mil) <sup>3</sup>	
Earnings above \$128	653.2	721.3		\$12
Earnings up to \$128	653.2	659.5		—
Net loss	653.2	653.2		—

	FY 2023 <sup>1</sup>			
Available seat miles (ASMs)				~ + 5.0% to + 8.0% (vs. 2022)
Adjusted earnings per diluted share (\$/share)				~ \$2.50 to \$3.50
	FY 2023 Shares Forecast			
	Shares (mil) <sup>2</sup>			
Earnings Level (\$ mil)	Basic	Diluted	Addback (\$ mil) <sup>3</sup>	
Earnings above \$471	653.1	722.3		\$44
Earnings up to \$471	653.1	660.5		—
Net loss	653.1	653.1		—

### Notes:

1. Includes guidance on certain non-GAAP measures, which exclude, among other things, net special items. The Company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of net special items cannot be determined at this time. Please see the GAAP to non-GAAP reconciliation at the end of this document. Numbers may not recalculate due to rounding.
2. Shares outstanding are based upon several estimates and assumptions, including average per share stock price and stock award activity. The number of shares in actual calculations of earnings per share will likely be different from those set forth above.
3. Interest addback for earnings per diluted share calculation for 6.5% convertible notes, net of estimated profit sharing, short-term incentive and tax effects.

Please refer to the footnotes and the forward-looking statements page of this document for additional information.

## GAAP to Non-GAAP Reconciliation April 27, 2023

The Company sometimes uses financial measures that are derived from the condensed consolidated financial statements or otherwise provided in the form of guidance but that are not presented in accordance with GAAP to understand and evaluate its current operating performance and to allow for period-to-period comparisons. The Company believes these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. The Company is providing a reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis. The table below presents the reconciliation of total operating costs (GAAP measure) to total operating costs excluding fuel and net special items (non-GAAP measure) and total operating costs per ASM (CASM) to CASM excluding fuel and net special items. Management uses total operating costs excluding fuel and net special items and CASM excluding fuel and net special items to evaluate the Company's current operating performance and for period-to-period comparisons. The price of fuel, over which the Company has no control, impacts the comparability of period-to-period financial performance. Additionally, net special items may vary from period-to-period in nature and amount. These adjustments to exclude fuel and net special items allow management an additional tool to understand and analyze the Company's non-fuel costs and core operating performance.

### GAAP to Non-GAAP Reconciliation of Total Operating Costs and CASM (\$ mil, except ASM and CASM data)

	2Q 23 Range	
	Low	High
Total operating expenses	\$11,743	\$12,198
Less fuel expense	2,756	2,860
Less operating net special items	—	—
Total operating expense excluding fuel and net special items (Non-GAAP)	\$8,987	\$9,338
Total CASM (cts)	17.15	17.47
Total CASM excluding fuel and net special items (cts) (Non-GAAP)	13.12	13.38
Percentage change compared to 2Q 2022 (%)	3.5%	5.5%
Total ASMs (bil)	68.5	69.8

Note: Amounts may not recalculate due to rounding.

Please refer to the footnotes and the forward-looking statements page of this document for additional information.

**Forward Looking Statements**  
**April 27, 2023**

**Cautionary Statement Regarding Forward-Looking Statements**

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about the Company's plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on the Company's current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth herein as well as in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (especially in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in the Company's other filings with the Securities and Exchange Commission. Additionally, there may be other factors of which the Company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. The Company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.

**Please refer to the footnotes and the forward-looking statements page of this document for additional information.**