

American Airlines Group Inc. 2024 Annual Meeting of Stockholders Q&A

A number of questions were submitted by our stockholders before and during the 2024 Annual Meeting. Responses to appropriate questions that were submitted in accordance with the Annual Meeting's Rules of Conduct and which were not addressed during the Annual Meeting are provided below. As noted in the Company's proxy statement, in order to promote fairness, efficient use of the Company's resources, and to ensure all stockholders are responded to, we have responded to up to three questions from each stockholder who submitted questions. In some instances we have consolidated multiple questions on the same topic, made edits for clarity, brevity and/or corrected typographical errors. We have also removed questions and comments that violate the Rules of Conduct of the meeting, including those that were not relevant to the business of the Company or the conduct of its operations. The following responses may include forward-looking statements, and the Company's actual results may differ materially from those discussed here. Additional information concerning factors that could cause such a difference can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and our most recent Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024.

- **American's stock price has been stagnant for years and much lower than the other two of the "Big 3" network carriers. When will stockholders see improvement in value?**
- **American has consistently for years trailed our major competitors in stock price. What is being done to raise our stock price to match or exceed that of our competitors?**
- **What specific initiatives or strategies does American Airlines have in place to drive long-term growth and increase shareholder value? Since the merger, American's stock price performance has been lackluster and trailing behind the competition, and there have been no improvements and frankly mediocre performance from this management.**
- **What are the strategies to improve the Company's revenue and profit in the following quarters of 2024?**

While we cannot predict the future of our stock price, the Company remains focused on delivering on the objectives laid out at our Investor Day in March 2024. A strong and reliable operation underpins our financial performance, and our operational reliability continues to be among the very best in the industry. We operate the youngest, most simplified mainline fleet among the U.S. network carriers—driving value for the airline in terms of reliability and efficiency, but also providing for a stable and moderate capital expenditure outlook through the end of the decade. These low relative capital expenditure requirements have allowed us to make significant progress on strengthening our balance sheet and towards achieving our stated goal of \$15 billion in total debt reduction by the end of 2025. Our network is well-positioned, and we are renegotiating our co-branded credit card program—two factors that we believe differentiate us and we anticipate will drive value in the future. Finally, we're reengineering our business to operate as efficiently and productively as possible.

- **We are in a decline of being the leader of the industry. The current management is treating this airline as a domestic low-cost carrier, while the other two leading network carriers are**

developing and branding their product more efficiently and productively than American. What are you going to do to bring the label of AA again to the table of leading carriers?

- **Why are we not doing the necessary work to make this company one of the greatest airlines?**
- **How does AA become “American Airlines” going forward? How do we change direction without continuing revenue underperformance?**

American Airlines serves a wide range of customers with a variety of needs, but we’re doing everything we can to make each passenger’s travel experience a positive one. We want to make sure we offer a price-competitive product to all travelers, but we recognize that customers increasingly see premium experiences as a differentiator, and American is delivering those experiences while making them easier than ever to shop for.

American currently offers more premium seats than any other U.S. airline, and that number will only grow. In fact, by 2026 the number of premium seats on our fleet is expected to grow by more than 20%. We’re retrofitting our Airbus A319 and A320 and Boeing 777-300 fleets to provide an enhanced premium experience for our customers. We have introduced new amenity kits in our premium cabins that will feature a rotating range of premium branded amenities; we’re offering thousands of hours of free entertainment on board; we’re rolling out satellite Wi-Fi across our regional fleet, and we’re adding a variety of new dining options. Beyond the onboard experience, we’re also reimagining our AAdvantage® travel rewards program—giving customers more ways to use their AAdvantage miles. We’ve also invested heavily in our customer-facing technology—in particular our mobile app—making it easier than ever for customers to shop for and service their travel.

We believe the enhancements we’re making to the customer experience—in combination with our network strengths and our leading travel rewards program—position American well competitively, and will ultimately contribute to improved performance, both overall and relative to our primary network competitors.

- **Why is the Company’s earnings per share guidance so different from last-quarter predictions?**

We updated our guidance proactively in light of emerging data as described in the Form 8-K that we filed on May 28, 2024 and in the related comments our CEO made at an investment conference identified in that filing.

- **When and why did American Airlines commission an external report/study regarding its sales & marketing strategy/engagement or any other reason. When was it concluded and reported to management?**
- **When was it known to management that revenue and earnings would fall due a failed strategy? When was the decision made to part ways with Mr. Vasu Raja?**

The Company does not comment publicly on its internal management and reporting processes, but regularly engages outside consultants to support and advise on the Company’s business efforts. With respect to the announcement that Mr. Raja would leave the Company, made in

the Form 8-K we filed on May 28, 2024, the Company was obligated to file such form within four business days of the determination that he would leave the Company and such filing complied with that obligation.

- **When will employees have a suggestion program where they can make the corporation a better place and they can have pride in contributing to its success?**
- **One of the reasons why I retired from AA is the way that upper management is handling the airlines—from the passengers, the paying people that keep us employed, to how they treat their employees. It is getting worse and worse.**

We encourage open dialogue among our team members and offer many ways for them to share feedback directly with the Company's senior leaders. For example, our quarterly State of the Airline is a forum for all team members to ask questions of our leaders, and our daily newsletter, Jetwire, also allows for team members to submit feedback and suggestions.

- **Why not have all executives and board members fly standby like other employees? Sold correctly it could increase the stock price? And who would benefit the most? Executives and board members whose compensation is based on stock price. Plus, the rank-and-file would love it. You will get to see what "flight benefit" means in today's era, and maybe get some insight on how to improve it.**

Confirmed ("positive space") travel privileges are an important perquisite for our leaders and Board members. Such programs vary across airlines, but are common in the industry and we believe these travel privileges are important in attracting and retaining talent at American. While we continuously benchmark the elements of our executive and Board compensation programs against industry peers and other public companies, we do not anticipate making any changes to these travel programs at this time.

Information regarding Board and executive-level travel benefits is provided in the Company's 2024 proxy statement on pages 41 and 58-59, respectively:

<https://www.proxydocs.com/branding/965250/2024/ps/41/>

<https://www.proxydocs.com/branding/965250/2024/ps/58/>

- **Why would it be that a \$31M salary vote would be made if the company only made \$19M? How did the company only make \$19M with flights packed to the gills?**

For the year ended December 31, 2023, the Company produced net income of \$822 million on a GAAP basis.

As to the determination of the CEO's compensation, detailed information concerning the Company's compensation policies and practices, and the Board's decision-making process in respect of compensation for its named executive officers in 2023, is provided in the 2024 proxy statement starting on page 44: <https://www.proxydocs.com/branding/965250/2024/ps/44/>

- **The Company's results are not outperforming our competitors—why? We need to evaluate executive compensation.**

- **Why is the CEO paid so highly? The vision he has for American is not globally focused. Delta and United are expanding international networks and their stock prices are outperforming ours. We need outside thinking for a total turnaround. Promoting the same people with the same vision is not going to make us great.**
- **How do we get rid of the America West Management team, and start running a Global world-class operation again?**

American's Board of Directors takes seriously its obligations to the Company's shareholders, including its decisions concerning the executive team and their compensation. We believe that shareholders reflected their confidence in the Board and its decision-making by reelecting each of our Director nominees at the Company's annual meeting by significant majorities.

Additionally, each year our shareholders have the opportunity to vote, on an advisory basis, on the Company's executive compensation for the prior fiscal year. At the Company's recent annual meeting of shareholder in 2024, nearly 76% of votes were cast in favor of approving the Company's executive compensation for 2023.

Detailed information concerning the Company's compensation policies and practices for its named executive officers is provided in the 2024 proxy statement starting on page 44:

<https://www.proxydocs.com/branding/965250/2024/ps/44/>

- **How many of the board & leadership possess tenure in the aviation industry & operations?**

The Board consists of individuals who have demonstrated success and leadership in a variety of fields and endeavors, with a broad diversity of experience, opinions, perspectives, professions, skills, expertise, education, geographic representation and backgrounds – this includes Board members with experience in the airline, travel and transportation industry. Information about the qualifications and experience of each Director elected at our recent annual meeting, including those with relevant industry experience, can be found in the Company's 2024 proxy statement beginning on page 7: <https://www.proxydocs.com/branding/965250/2024/ps/7/>

The company's senior leadership team is composed of individuals with a variety of skills and experience, including a majority with deep expertise in the airline industry. Biographical information about our CEO and our other named executive officers can be found in the Company's 2024 proxy statement beginning on page 62:

<https://www.proxydocs.com/branding/965250/2024/ps/62/>

- ***A stockholder described an unfortunate recent travel experience involving a delay, cancellation and rebooking in a lower cabin class, and asks: How is American managing its forward-facing interactions with consumers? How do we measure against other airlines?***

Our customers count on us to deliver on the commitments we make to them when they decide to travel on American. The cornerstone of customer satisfaction is getting our customers where they need to go, when they need to get there by running a reliable operation, and American has invested heavily in our operational resilience to better prepare for, adapt to, and recover from, disruptive events. American produced its best-ever fourth-quarter and full-year completion factor in 2023, with the lowest number of cancellations annually since the merger—all while

operating nearly 2 million flights with an average load factor of 83.5%. This momentum carried into the first quarter, when American produced its best-ever first-quarter completion factor and improved its mishandled baggage rate year over year.

In cases where we're unable to operate a flight as planned and customer travel is impacted, we work quickly to get customers back on track. For instance, we've invested in reaccommodation technology to help continuously identify rebooking options for customers impacted by a delay or cancellation to help disrupted customers. When we compare this current technology to previous solutions, we've been able to get customers to their destinations an average of three hours earlier on average and consistently see a higher rate of success with customers who travel on the rebooking option provided by the new tool. To make the reaccommodation process as convenient as possible for our customers, they don't have to stand in line at a service center or call to receive these new options. We proactively notify the customer of their updated travel options online and through our mobile app.

In addition to these improvements, we've made it easier for customers to proactively manage upcoming travel through digital channels. Today, roughly 95% of the actions a customer may want to take to manage their travel are available on aa.com or the mobile app. For example, customers can now change or cancel their trip online. American's customers are increasingly going online, using digital channels over 25% more often than calling for support to make changes to their trip.

We're continuing to explore ways to improve our customers' experiences with us, including technology that empowers our team to proactively care for customers and in equipping our customers with the power and flexibility of managing their travel at their fingertips.

- **Are you ever going to start paying dividends to shareholders? Or are we simply paying out-of-bounds compensation to the company's directors?**

In connection with our receipt of financial assistance from the U.S. government during the COVID-19 pandemic, we agreed not to pay dividends on AAG common stock through September 30, 2022. Following the lapse of these restrictions, the Board has not made a determination to recommence dividend payments, as the Company prioritizes the use of excess liquidity for the paydown of debt and strengthening of its balance sheet. The determination regarding whether to pay dividends in future will be subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue a dividend for any fixed period, and the payment of dividends may be suspended or discontinued again at any time at our discretion and without prior notice.

We believe our policies regarding Board compensation are reasonable and in line with peer airlines. The Board's Compensation Committee reviews the compensation of directors in consultation with the full Board and with the assistance of an independent compensation consultant. Further information concerning our director compensation policy can be found in the Company's 2024 proxy statement on page 39: <https://www.proxydocs.com/branding/965250/2024/ps/39/>

- **The company has in place a director resignation governance policy that provides the Board post-election discretion to determine whether to accept or reject the resignation of an**

incumbent director who fails to be reelected. Does the policy undermine the voting rights of shareholders by allowing the Board to have the final say on the unelected director's status?

The policy referred to is found in the Company's Corporate Governance Guidelines and is a complement to the majority voting standard to elect directors which is already contained in the Company's Bylaws. The Company's policy provides an orderly process by which to address the fact that under the Delaware General Corporation Law, notwithstanding any failure to achieve a majority vote, a director continues to hold office until such director's successor is elected and qualified or until such director's earlier resignation or removal. We believe that shareholders reflected their confidence in the Board by reelecting each of our Director nominees at the Company's annual meeting by significant majorities.

- **Given the challenges Boeing has faced with quality, can leadership comment on what AA is doing to ensure the safety of all Boeing planes in the fleet?**

The safety of our customers and team members is the foundation of everything we do, and we have the highest confidence in the safety of our fleet. Boeing is an important partner for us, and for our industry. We are working closely with Boeing, and we also have confidence in and support the FAA as they work with Boeing to put in place rigorous processes and strenuous inspections to ensure the safety of the aircraft and to prevent a reoccurrence of issues in the future.

- **What would be the impact on the financials of the company if a retroactive pay-out (applying the new per hour rates) is provided to the FAs (flight attendants) as part of the new contract?**

We are committed to paying all of our employees at rates that are competitive and among the best in the industry. We continue to be engaged in active negotiations with the union representing our flight attendants and are working to reach an agreement that is beneficial to both our flight attendants and the Company as soon as possible. As our Chief Financial Officer discussed on our first-quarter earnings call we have built in certain assumptions regarding the timing and estimated costs associated with a new labor agreement with our flight attendants. However, the actual costs remain subject to a final agreement and may differ materially from these assumptions.