

**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): **January 28, 2021**

**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:

(817) 963-1234

(817) 963-1234

N/A

(Former name or former address if changed since last report.)

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 |

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 January 28, 2021, American Airlines Group Inc. (the Company, we, us and our) issued a press release reporting financial results for the three and twelve months ended December 31, 2020. The press release is furnished as Exhibit 99.1.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, 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 (the Exchange Act), 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 (the Securities Act), except as shall be expressly set forth by specific reference in such filing (including as specified in Item 8.01 hereof).

ITEM 8.01. OTHER EVENTS.

Financial Results for Fourth Quarter and Full Year 2020:

The information provided in the financial tables and related notes on numbered pages 6 through 13 (inclusive) of Exhibit 99.1 furnished herewith is incorporated by reference into this Item 8.01 as if fully set forth herein.

Demand and Capacity Outlook:

The Company will continue to match its forward capacity with observed bookings trends. Compared to the first quarter of 2019, American Airlines, Inc. expects its first-quarter system capacity to be down 45%, with total revenue expected to be down 60 to 65%.

JetBlue Alliance:

In 2020, we announced our intention to enter into a marketing relationship with JetBlue Airways Corporation (JetBlue). This arrangement, once implemented, will include an alliance agreement with reciprocal codesharing on domestic and international routes from New York (John F. Kennedy International Airport (JFK), La Guardia Airport (LGA), and Newark Liberty International Airport (EWR)) and Boston (BOS), and will provide for reciprocal loyalty program benefits. The arrangement does not include JetBlue's future transatlantic flying. Pursuant to federal law, we and JetBlue submitted our proposed alliance arrangement to the United States Department of Transportation (DOT) for review. After we, JetBlue and the DOT agreed to a series of commitments, the DOT terminated its review of the proposed alliance. The commitments include growth commitments to ensure capacity expansion, slot divestitures at JFK and at Ronald Reagan Washington National Airport (DCA) in Washington, D.C., and antitrust compliance measures. Beyond this agreement with the DOT, we and JetBlue will also be refraining from certain kinds of coordination on certain city pair markets. In addition to the DOT review, the U.S. Department of Justice and the New York Attorney General are investigating this proposed alliance, which remains ongoing. We and JetBlue intend to cooperate with those investigations, but are proceeding with plans to implement this alliance. No assurances can be given as to any benefits that we may derive from any of the foregoing arrangements or any other arrangements that may ultimately be implemented, or whether or not regulators will, or if granted continue to, approve or impose material conditions on our business activities.

COVID-19 Update:

The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity.

The COVID-19 outbreak, along with the measures governments and private organizations worldwide have implemented in an attempt to contain the spread of this pandemic, has resulted in a severe decline in demand for air travel, which has adversely affected our business, operations and financial condition to an unprecedented extent. Measures ranging from travel restrictions, including testing regimes, "stay at home" and quarantine orders, limitations on public gatherings to cancellation of public events and many others have resulted in a precipitous decline in demand for both domestic and international business and leisure travel. In response to this material deterioration in demand, we have taken a number of aggressive actions to ameliorate our business, operations and financial condition. We have focused on reducing our capacity, making structural changes to our fleet, implementing cost reductions, preserving cash and improving our overall liquidity position. We have reduced our system-wide

capacity and will continue to monitor conditions and to proactively evaluate and adjust our schedule to match demand. Additionally, we have retired certain mainline aircraft earlier than planned, including Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft as well as regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft, which we expect will allow us to be more efficient by reducing the number of sub-fleets we operate, and we have also placed a number of Boeing 737-800 aircraft into temporary storage. We have moved quickly to attempt to better align our costs with our reduced schedule and made other cost-saving initiatives (including reductions in maintenance expense, marketing expense, event and training expense, airport facilities expense, salaries and benefits expense, and other volume-related expense reductions, including fuel). Nonetheless, we incurred significant negative operating cash flow in 2020, we continue to do so, and we expect to continue to do so until there is a significant recovery in demand for air travel. The duration and severity of the COVID-19 pandemic remain uncertain, and there can be no assurance that any of the mitigating actions we have taken will suffice to sustain our business and operations through this pandemic.

We have taken and will take additional actions to improve our financial position, including measures to improve liquidity, such as obtaining financial assistance under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law). In 2020, we received approximately \$6.0 billion in financial assistance from the U.S. Department of the Treasury (Treasury) through the payroll support program (PSP1) established under the CARES Act. Subsequently, in January 2021, we received an additional \$1.5 billion of financial assistance from Treasury through the payroll support program (PSP2) under the PSP Extension Law. In connection with the financial assistance we have received under PSP1 and PSP2, we are required to comply with certain provisions of the CARES Act and the PSP Extension Law, including the requirement that funds provided pursuant to PSP1 and PSP2 be used exclusively for the continuation of payment of employee wages, salaries and benefits; the requirement against involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021; the requirement to recall employees involuntarily terminated or furloughed after September 30, 2020; the requirement that certain levels of commercial air service be maintained; provisions prohibiting the repurchase of AAG's common stock and the payment of common stock dividends through March 31, 2022; and restrictions on the payment of certain executive compensation until October 1, 2022. Additionally, under PSP1 and PSP2, we and certain of our subsidiaries are subject to substantial and continuing reporting obligations. In addition, we received a secured loan from Treasury under the loan program pursuant to the CARES Act that is due in June 2025 and, as a result, the stock repurchase, dividend and executive compensation restrictions will remain in place through the date that is one year after such secured loan is fully repaid even if the restrictions imposed by PSP1 and PSP2 had previously lapsed. The substance and duration of these restrictions may materially affect our operations, and we may not be successful in managing these impacts.

We intend to pursue the issuance of additional unsecured and secured debt securities, equity securities and equity-linked securities and/or the entry into additional bilateral and syndicated secured and/or unsecured credit facilities, among other items. There can be no assurance as to the timing of any such financing transactions, which may be in the near term, or that we will be able to obtain such additional financing on favorable terms, or at all. Any such actions could be conducted in the near term, may be material in nature, could result in the incurrence and issuance of significant additional indebtedness or equity and could impose significant covenants and restrictions to which we are not currently subject.

The measures we have taken to reduce our expenditures and to improve our liquidity, and any other strategic actions that we may take in the future in response to the COVID-19 pandemic may not be effective in offsetting decreased demand, and we may not be permitted to take certain strategic actions that we believe are beneficial if such strategic actions are in contravention of the requirements under the CARES Act, the PSP Extension Law or the Treasury loan program, which could result in a material adverse effect on our business, operating results and financial condition.

The full extent of the ongoing impact of the COVID-19 pandemic on our longer-term operational and financial performance will depend on future developments, many of which are outside our control, including the effectiveness of the mitigation strategies discussed above; the duration and spread of COVID-19, including recurrence of the pandemic, and related travel advisories, restrictions and testing regimes; the impact of the COVID-19 pandemic on overall long-term demand for air travel; the impact on demand and capacity which could result from government mandates on air service (including, for instance, requirements for passengers to wear face coverings while traveling or have their temperature checked or have administered COVID-19 tests and other checks prior to or after entering an airport or boarding an airplane, or which would limit the number of seats that can be occupied on an aircraft to allow for social distancing); the impact of COVID-19 on our employees' ability to work because they are quarantined

or sickened as a result of exposure to COVID-19 or if they are subject to additional governmental COVID-19 curfews or "stay at home" health orders or similar restrictions; the impact of the COVID-19 pandemic on the financial health and operations of our business partners and future governmental actions, all of which are highly uncertain and cannot be predicted. At this time, we are also not able to predict whether the COVID-19 pandemic will result in permanent changes to our customers' behavior, with such changes including but not limited to a permanent reduction in business travel as a result of increased usage of "virtual" and "teleconferencing" products and more broadly a general reluctance to travel by consumers, each of which could have a material impact on our business.

In addition, an outbreak of another disease or similar public health threat, or fear of such an event, that affects travel demand, travel behavior or travel restrictions could adversely impact our business, financial condition and operating results. Outbreaks of other diseases could also result in increased government restrictions and regulation, such as those actions described above or otherwise, which could adversely affect our operations.

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, the Exchange Act, 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 in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (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. 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. In particular, the consequences of the COVID-19 outbreak to economic conditions and the travel industry in general and the financial position and operating results of the Company in particular have been material, are changing rapidly, and cannot be predicted. 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. Forward looking statements speak only as of the date hereof or as of the dates indicated in the statement.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press Release, dated January 28, 2021. |
| 104.1 | Cover page interactive data file (embedded within the Inline XBRL document). |

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: January 28, 2021

By: /s/ Derek J. Kerr
Derek J. Kerr
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: January 28, 2021

By: /s/ Derek J. Kerr
Derek J. Kerr
Executive Vice President and
Chief Financial Officer

**PRESS RELEASE**

Corporate Communications
mediarelations@aa.com

Investor Relations
investor.relations@aa.com

FOR RELEASE: Thursday, Jan. 28, 2021

**AMERICAN AIRLINES REPORTS FOURTH-QUARTER
AND FULL-YEAR 2020 FINANCIAL RESULTS**

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its fourth-quarter and full-year 2020 financial results, including:

- **Fourth-quarter revenue of \$4.0 billion, down 64% year over year on a 53% year-over-year reduction in total available seat miles (ASMs).**
- **Fourth-quarter net loss of \$2.2 billion, or (\$3.81) per share. Excluding net special items¹, fourth-quarter net loss was \$2.2 billion, or (\$3.86) per share.**
- **Full-year net loss of \$8.9 billion, or (\$18.36) per share. Excluding net special items², full-year net loss was \$9.5 billion, or (\$19.66) per share.**
- **Ended fourth quarter with approximately \$14.3 billion of total available liquidity. Company expects to end the first quarter of 2021 with approximately \$15.0 billion in total available liquidity.**
- **Incorporated more than \$1.3 billion of permanent non-volume, non-fuel efficiency cost-saving measures into 2021 operating plan.**

“Our fourth-quarter financial results close out the most challenging year in our company’s history,” said American Airlines Chairman and CEO Doug Parker. “However, we couldn’t be prouder of the American Airlines team and the great things they accomplished last year. Through collaboration, resourcefulness and hard work, our team did its part to keep the economy moving. The American team flew more customers than any other airline in 2020, and they did so safely and with the utmost care.

“As we look to the year ahead, 2021 will be a year of recovery. While we don’t know exactly when passenger demand will return, as vaccine distribution takes hold and travel restrictions are lifted, we will be ready. We are confident that the actions we have taken to improve our customer experience, enhance our network and increase our efficiency position us well for the future.”

American took a number of steps in 2020 to respond to the pandemic and strengthen its business, with an emphasis on supporting its team members, customers and communities; reducing costs; and improving its liquidity position.

To support its team members, customers and communities, American:

- [Enhanced](#) its cleaning procedures at airports and onboard aircraft under the guidance of its Travel Health Advisory Panel, earning the STAR[®] Accreditation from the Global Biorisk Advisory Council for effective cleaning, disinfection and infectious disease prevention practices onboard its aircraft and in its lounges.
- Introduced a preflight coronavirus (COVID-19) testing program to help reopen certain international travel markets. American now offers testing for many international destinations and has introduced at-home testing for customers traveling to all U.S. locations that require negative tests.
- Began the rollout of mobile wellness wallet solution VeriFLY to make domestic and international travel simpler. Travelers can now easily understand COVID-19 testing and documentation requirements for their destination and streamline airport check-in through digital verification. Starting today, customers also will be able to use VeriFLY for travel from the United States to the U.K. and Canada.
- Eliminated fees for:
 - Ticket changes on all domestic and international itineraries when traveling from North and South America, with the exception of Basic Economy fares that are nonchangeable.
 - Mileage redeposits for canceled award bookings.
 - Domestic same-day standby.
 - Booking reservations by phone.
- Made it easier for top-tier customers to earn AAdvantage[®] elite status in 2020 and 2021, paused mileage expiration through June 30, 2021, and extended 2020 AAdvantage status into early 2022 for all members.
- Launched the company's first cargo-only flights since 1984 to transport critical goods, including the COVID-19 vaccine, and increased service to include 41 destinations for strategic cargo-only opportunities. American helped customers move nearly 800 million pounds of critical goods around the world in 2020, including 167 million pounds on the airline's more than 5,200 cargo-only flights.
- Announced its goal to reach net-zero carbon emissions by 2050 and detailed the company's strategy and pathway in its [ESG Report](#).

To reduce costs and conserve cash, American:

- Removed more than \$17 billion from its operating and capital budgets for 2020 primarily through reduced flying.
- Incorporated more than \$1.3 billion of permanent non-volume, non-fuel efficiency cost-saving measures into 2021 operating plan.
- Retired five aircraft types (Embraer 190, Boeing 757, Boeing 767, Airbus A330 and CRJ-200), along with a number of older regional aircraft. The company also placed certain older Boeing 737-800 aircraft into temporary storage. These changes removed more than 150 aircraft from the fleet and brought forward significant cost savings and efficiencies associated with operating fewer aircraft types, giving American the youngest fleet among the U.S. network carriers.
- Reached an agreement with Boeing to secure rights to defer deliveries of 18 Boeing 737 MAX aircraft and finalized a series of sale-leaseback transactions to finance its Airbus A321 aircraft deliveries in 2021. To date, five of the 18 737 MAX deferral rights have been exercised.
- Reset its international capacity and network for 2021, including exiting 19 international routes from six hubs.

- Reduced non-aircraft capital expense by \$700 million in 2020 and another \$300 million in 2021 through reductions in fleet modification work, the elimination of ground service equipment purchases, and pausing noncritical facility investments and IT projects.
- Introduced programs to right-size its frontline and management teams. In total, more than 20,000 team members opted to participate in a voluntary early out or long-term partially paid leave during the year, and the company reduced its management and support staff team by approximately 30%.
- Made the difficult decision to proceed with furloughs to reduce headcount absent an extension of the CARES Act Payroll Support Program (PSP). American's furloughed team members have since had their pay and benefits reinstated with the passage of a bipartisan COVID-19 relief package that renewed the PSP from Dec. 1, 2020, through March 31, 2021.

To improve its liquidity position, American:

- Reduced its daily cash burn rate³ from nearly \$100 million in April 2020 to approximately \$30 million in the fourth quarter. This improvement was driven by the company's revenue and cost-reduction initiatives throughout the year.
- Secured approximately \$9 billion in financial assistance through two rounds of PSP legislation and executed an agreement with the U.S. Department of the Treasury through the CARES Act loan program that gives the company access to up to \$7.5 billion of secured term loans, of which \$550 million has been drawn.
- Raised more than \$13 billion during the year through various other equity and debt offerings.
- Expects to end the first quarter with approximately \$15.0 billion in total available liquidity.

Network and partnerships

American reset its network in 2020 to play to the strengths of its hubs and take advantage of its younger and simplified fleet. The airline also established new and innovative partnerships with Alaska Airlines and JetBlue Airways that will create the best and largest network for customers on the West Coast and in the Northeast. These partnerships will allow for efficient growth, including the launch of new service in 2021 between Seattle and London, Shanghai and Bangalore, and between New York and Tel Aviv and Athens.

Demand and capacity outlook

The company will continue to match its forward capacity with observed bookings trends. Compared to the first quarter of 2019, American expects its first-quarter system capacity to be down 45%, with total revenue expected to be down 60 to 65%.

Conference call and webcast details

The company will conduct a live audio webcast of its financial results call at 7:30 a.m. CST today. The call will be available to the public on a listen-only basis at aa.com/investorrelations. An archive of the webcast will be available on the website through Feb. 28.

Notes

See the accompanying notes in the Financial Tables section of this press release for further explanation, including a reconciliation of all GAAP to non-GAAP financial information.

1. The company recognized \$36 million of nonoperating net special items during the fourth quarter of 2020. These net special items principally included mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments.
2. The 2020 12-month period mainline operating special items, net principally included \$3.7 billion of PSP financial assistance, offset in part by \$1.5 billion of fleet impairment charges, \$1.4 billion of salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to the company's operation due to COVID-19, and \$228 million of one-time labor contract expenses resulting from the ratification of a new contract with the company's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

The 2020 12-month period regional operating special items, net principally included \$444 million of PSP financial assistance, offset in part by \$117 million of fleet impairment charges and \$18 million of salary and medical costs primarily associated with the voluntary early retirement programs as discussed above.

The company recognized \$170 million of nonoperating net special items in 2020. These net special items principally included mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments as well as charges associated with debt refinancings and extinguishments.

3. A reconciliation of this calculation can be found in the tables that follow.

About American Airlines Group

American's purpose is to care for people on life's journey. 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 and connect with American on Twitter [@AmericanAir](https://twitter.com/AmericanAir) and at 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 Act), the Securities Exchange Act of 1934, as amended (the Exchange Act), 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 in the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (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. 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. In particular, the consequences of the COVID-19 outbreak to economic conditions and the travel industry in general and the financial position and operating results of the company in particular have been material, are changing rapidly, and cannot be predicted. 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. 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)

| | 3 Months Ended December 31, | | Percent Change | 12 Months Ended December 31, | | Percent Change |
|--|--------------------------------|---------------|-------------------------|---------------------------------|-----------------|-------------------|
| | 2020 | 2019 | | 2020 | 2019 | |
| Operating revenues: | | | | | | |
| Passenger | \$ 3,190 | \$ 10,347 | (69.2) | \$ 14,518 | \$ 42,010 | (65.4) |
| Cargo | 285 | 216 | 32.0 | 769 | 863 | (10.8) |
| Other | 552 | 750 | (26.5) | 2,050 | 2,895 | (29.2) |
| Total operating revenues | 4,027 | 11,313 | (64.4) | 17,337 | 45,768 | (62.1) |
| Operating expenses: | | | | | | |
| Aircraft fuel and related taxes | 516 | 1,816 | (71.6) | 2,581 | 7,526 | (65.7) |
| Salaries, wages and benefits | 2,577 | 3,100 | (16.9) | 10,960 | 12,609 | (13.1) |
| Regional expenses: | | | | | | |
| Fuel | 182 | 475 | (61.6) | 821 | 1,869 | (56.1) |
| Depreciation and amortization | 79 | 90 | (12.3) | 325 | 336 | (3.1) |
| Other | 992 | 1,355 | (26.8) | 3,746 | 5,296 | (29.3) |
| Maintenance, materials and repairs | 330 | 635 | (48.0) | 1,583 | 2,380 | (33.5) |
| Other rent and landing fees | 387 | 487 | (20.5) | 1,536 | 2,055 | (25.3) |
| Aircraft rent | 336 | 330 | 2.0 | 1,341 | 1,326 | 1.1 |
| Selling expenses | 94 | 407 | (76.9) | 513 | 1,602 | (68.0) |
| Depreciation and amortization | 484 | 513 | (5.7) | 2,040 | 1,982 | 3.0 |
| Special items, net | — | 147 | (99.9) | (657) | 635 | nm |
| Other | 565 | 1,229 | (54.0) | 2,969 | 5,087 | (41.6) |
| Total operating expenses | 6,542 | 10,584 | (38.2) | 27,758 | 42,703 | (35.0) |
| Operating income (loss) | (2,515) | 729 | nm⁽¹⁾ | (10,421) | 3,065 | nm |
| Nonoperating income (expense): | | | | | | |
| Interest income | 5 | 24 | (80.0) | 41 | 127 | (67.7) |
| Interest expense, net | (376) | (265) | 41.6 | (1,227) | (1,095) | 12.0 |
| Other income, net | 77 | 83 | (7.2) | 154 | 159 | (3.2) |
| Total nonoperating expense, net | (294) | (158) | 85.5 | (1,032) | (809) | 27.5 |
| Income (loss) before income taxes | (2,809) | 571 | nm | (11,453) | 2,256 | nm |
| Income tax provision (benefit) | (631) | 157 | nm | (2,568) | 570 | nm |
| Net income (loss) | \$ (2,178) | \$ 414 | nm | \$ (8,885) | \$ 1,686 | nm |
| Earnings (loss) per common share: | | | | | | |
| Basic | \$ (3.81) | \$ 0.95 | | \$ (18.36) | \$ 3.80 | |
| Diluted | \$ (3.81) | \$ 0.95 | | \$ (18.36) | \$ 3.79 | |
| Weighted average shares outstanding (in thousands): | | | | | | |
| Basic | 571,984 | 434,578 | | 483,888 | 443,363 | |
| Diluted | 571,984 | 435,659 | | 483,888 | 444,269 | |

Note: Percent change may not recalculate due to rounding.

⁽¹⁾ Not meaningful or greater than 100% change.

**American Airlines Group Inc.
Consolidated Operating Statistics
(Unaudited)**

| | 3 Months Ended December 31, | | | 12 Months Ended December 31, | | |
|--|--------------------------------|---------|-----------|---------------------------------|---------|-----------|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Mainline | | | | | | |
| Revenue passenger miles (millions) | 17,222 | 51,675 | (66.7) % | 77,065 | 212,859 | (63.8) % |
| Available seat miles (ASM) (millions) | 27,169 | 60,985 | (55.4) % | 119,567 | 248,833 | (51.9) % |
| Passenger load factor (percent) | 63.4 | 84.7 | (21.3)pts | 64.5 | 85.5 | (21.0)pts |
| Passenger enplanements (thousands) | 15,726 | 38,757 | (59.4) % | 65,756 | 155,821 | (57.8) % |
| Departures (thousands) | 141 | 279 | (49.3) % | 619 | 1,115 | (44.5) % |
| Aircraft at end of period ⁽¹⁾ | 855 | 942 | (9.2) % | 855 | 942 | (9.2) % |
| Block hours (thousands) | 425 | 847 | (49.8) % | 1,811 | 3,456 | (47.6) % |
| Average stage length (miles) | 1,171 | 1,177 | (0.5) % | 1,132 | 1,202 | (5.8) % |
| Fuel consumption (gallons in millions) | 414 | 895 | (53.8) % | 1,752 | 3,667 | (52.2) % |
| Average aircraft fuel price including related taxes (dollars per gallon) | 1.25 | 2.03 | (38.5) % | 1.47 | 2.05 | (28.2) % |
| Full-time equivalent employees at end of period | 78,300 | 104,200 | (24.9) % | 78,300 | 104,200 | (24.9) % |
| Regional ⁽²⁾ | | | | | | |
| Revenue passenger miles (millions) | 4,081 | 7,242 | (43.7) % | 14,760 | 28,393 | (48.0) % |
| Available seat miles (millions) | 6,050 | 9,287 | (34.9) % | 23,600 | 36,255 | (34.9) % |
| Passenger load factor (percent) | 67.4 | 78.0 | (10.6)pts | 62.5 | 78.3 | (15.8)pts |
| Passenger enplanements (thousands) | 7,911 | 15,096 | (47.6) % | 29,568 | 59,361 | (50.2) % |
| Aircraft at end of period ⁽³⁾ | 544 | 605 | (10.1) % | 544 | 605 | (10.1) % |
| Fuel consumption (gallons in millions) | 138 | 222 | (38.0) % | 545 | 870 | (37.4) % |
| Average aircraft fuel price including related taxes (dollars per gallon) | 1.33 | 2.14 | (38.0) % | 1.51 | 2.15 | (29.9) % |
| Full-time equivalent employees at end of period ⁽⁴⁾ | 24,400 | 29,500 | (17.3) % | 24,400 | 29,500 | (17.3) % |
| Total Mainline & Regional | | | | | | |
| Revenue passenger miles (millions) | 21,303 | 58,917 | (63.8) % | 91,825 | 241,252 | (61.9) % |
| Available seat miles (millions) | 33,219 | 70,272 | (52.7) % | 143,167 | 285,088 | (49.8) % |
| Passenger load factor (percent) | 64.1 | 83.8 | (19.7)pts | 64.1 | 84.6 | (20.5)pts |
| Yield (cents) | 14.98 | 17.56 | (14.7) % | 15.81 | 17.41 | (9.2) % |
| Passenger revenue per ASM (cents) | 9.60 | 14.72 | (34.8) % | 10.14 | 14.74 | (31.2) % |
| Total revenue per ASM (cents) | 12.12 | 16.10 | (24.7) % | 12.11 | 16.05 | (24.6) % |
| Cargo ton miles (millions) | 434 | 599 | (27.5) % | 1,383 | 2,489 | (44.4) % |
| Cargo yield per ton mile (cents) | 65.63 | 36.03 | 82.2 % | 55.63 | 34.67 | 60.5 % |
| Passenger enplanements (thousands) | 23,637 | 53,853 | (56.1) % | 95,324 | 215,182 | (55.7) % |
| Aircraft at end of period ^{(1) (3)} | 1,399 | 1,547 | (9.6) % | 1,399 | 1,547 | (9.6) % |
| Fuel consumption (gallons in millions) | 552 | 1,117 | (50.6) % | 2,297 | 4,537 | (49.4) % |
| Average aircraft fuel price including related taxes (dollars per gallon) | 1.27 | 2.05 | (38.2) % | 1.48 | 2.07 | (28.5) % |
| Full-time equivalent employees at end of period | 102,700 | 133,700 | (23.2) % | 102,700 | 133,700 | (23.2) % |
| Operating cost per ASM (cents) | 19.69 | 15.06 | 30.8 % | 19.39 | 14.98 | 29.4 % |
| Operating cost per ASM excluding net special items (cents) | 19.69 | 14.85 | 32.6 % | 20.06 | 14.75 | 36.0 % |
| Operating cost per ASM excluding net special items and fuel (cents) | 17.59 | 11.59 | 51.8 % | 17.69 | 11.46 | 54.4 % |

⁽¹⁾ Excludes 22 Boeing 737-800 mainline aircraft that are in temporary storage.

⁽²⁾ Regional includes wholly-owned regional airline subsidiaries and operating results from capacity purchase carriers.

⁽³⁾ Includes aircraft owned and leased by American as well as aircraft operated by third-party regional carriers under capacity purchase agreements. Excludes 27 regional aircraft that are in temporary storage as follows: 18 Embraer 140, seven Embraer 175 and two Embraer 145.

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

Note: Amounts may not recalculate due to rounding.

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

| | 3 Months Ended December 31, | | | 12 Months Ended December 31, | | |
|---|--------------------------------|--------|-----------|---------------------------------|---------|-----------|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Domestic ⁽¹⁾ | | | | | | |
| Revenue passenger miles (millions) | 17,915 | 40,436 | (55.7) % | 73,083 | 161,580 | (54.8) % |
| Available seat miles (ASM) (millions) | 26,392 | 48,068 | (45.1) % | 112,349 | 189,221 | (40.6) % |
| Passenger load factor (percent) | 67.9 | 84.1 | (16.2)pts | 65.0 | 85.4 | (20.4)pts |
| Passenger revenue (dollars in millions) | 2,663 | 7,833 | (66.0) % | 11,765 | 30,881 | (61.9) % |
| Yield (cents) | 14.86 | 19.37 | (23.3) % | 16.10 | 19.11 | (15.8) % |
| Passenger revenue per ASM (cents) | 10.09 | 16.30 | (38.1) % | 10.47 | 16.32 | (35.8) % |
| Latin America ⁽²⁾ | | | | | | |
| Revenue passenger miles (millions) | 2,956 | 7,235 | (59.1) % | 11,405 | 31,029 | (63.2) % |
| Available seat miles (millions) | 4,732 | 8,476 | (44.2) % | 16,273 | 36,653 | (55.6) % |
| Passenger load factor (percent) | 62.5 | 85.4 | (22.9)pts | 70.1 | 84.7 | (14.6)pts |
| Passenger revenue (dollars in millions) | 466 | 1,218 | (61.7) % | 1,852 | 5,047 | (63.3) % |
| Yield (cents) | 15.76 | 16.83 | (6.3) % | 16.24 | 16.27 | (0.2) % |
| Passenger revenue per ASM (cents) | 9.85 | 14.37 | (31.5) % | 11.38 | 13.77 | (17.3) % |
| Atlantic | | | | | | |
| Revenue passenger miles (millions) | 266 | 7,639 | (96.5) % | 4,982 | 34,152 | (85.4) % |
| Available seat miles (millions) | 1,368 | 9,372 | (85.4) % | 10,251 | 42,010 | (75.6) % |
| Passenger load factor (percent) | 19.4 | 81.5 | (62.1)pts | 48.6 | 81.3 | (32.7)pts |
| Passenger revenue (dollars in millions) | 33 | 947 | (96.5) % | 654 | 4,624 | (85.9) % |
| Yield (cents) | 12.49 | 12.40 | 0.8 % | 13.13 | 13.54 | (3.0) % |
| Passenger revenue per ASM (cents) | 2.43 | 10.11 | (76.0) % | 6.38 | 11.01 | (42.0) % |
| Pacific | | | | | | |
| Revenue passenger miles (millions) | 166 | 3,607 | (95.4) % | 2,355 | 14,491 | (83.7) % |
| Available seat miles (millions) | 727 | 4,356 | (83.3) % | 4,294 | 17,204 | (75.0) % |
| Passenger load factor (percent) | 22.9 | 82.8 | (59.9)pts | 54.8 | 84.2 | (29.4)pts |
| Passenger revenue (dollars in millions) | 28 | 349 | (91.8) % | 247 | 1,458 | (83.1) % |
| Yield (cents) | 17.15 | 9.68 | 77.2 % | 10.49 | 10.06 | 4.2 % |
| Passenger revenue per ASM (cents) | 3.92 | 8.02 | (51.1) % | 5.75 | 8.47 | (32.1) % |
| Total International | | | | | | |
| Revenue passenger miles (millions) | 3,388 | 18,481 | (81.7) % | 18,742 | 79,672 | (76.5) % |
| Available seat miles (millions) | 6,827 | 22,204 | (69.3) % | 30,818 | 95,867 | (67.9) % |
| Passenger load factor (percent) | 49.6 | 83.2 | (33.6)pts | 60.8 | 83.1 | (22.3)pts |
| Passenger revenue (dollars in millions) | 527 | 2,514 | (79.0) % | 2,753 | 11,129 | (75.3) % |
| Yield (cents) | 15.58 | 13.60 | 14.5 % | 14.69 | 13.97 | 5.2 % |
| Passenger revenue per ASM (cents) | 7.73 | 11.32 | (31.7) % | 8.93 | 11.61 | (23.0) % |

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

⁽²⁾ Latin America results include the Caribbean.

Note: Amounts may not recalculate due to rounding.

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:

- 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)
- Operating Income (Loss) (GAAP measure) to Operating Income (Loss) 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). Management uses total operating costs excluding net special items and aircraft 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 aircraft 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 Pre-Tax Income (Loss) Excluding Net Special Items | 3 Months Ended December 31, | | | 12 Months Ended December 31, | | |
|--|---|-----------|-------------------|---|-----------|-------------------|
| | 2020 | 2019 | Percent Change | 2020 | 2019 | Percent Change |
| | (in millions, except per share amounts) | | | (in millions, except per share amounts) | | |
| Pre-tax income (loss) as reported | \$ (2,809) | \$ 571 | | \$ (11,453) | \$ 2,256 | |
| Pre-tax net special items: | | | | | | |
| Mainline operating special items, net ⁽¹⁾ | — | 147 | | (657) | 635 | |
| Regional operating special items, net ⁽²⁾ | — | — | | (309) | 6 | |
| Nonoperating special items, net ⁽³⁾ | (36) | (39) | | 170 | 3 | |
| Total pre-tax net special items | (36) | 108 | | (796) | 644 | |
| Pre-tax income (loss) excluding net special items | \$ (2,845) | \$ 679 | nm | \$ (12,249) | \$ 2,900 | nm |
| Calculation of Pre-Tax Margin | | | | | | |
| Pre-tax income (loss) as reported | \$ (2,809) | \$ 571 | | \$ (11,453) | \$ 2,256 | |
| Total operating revenues as reported | \$ 4,027 | \$ 11,313 | | \$ 17,337 | \$ 45,768 | |
| Pre-tax margin | -69.7 % | 5.0 % | | -66.1 % | 4.9 % | |
| Calculation of Pre-Tax Margin Excluding Net Special Items | | | | | | |
| Pre-tax income (loss) excluding net special items | \$ (2,845) | \$ 679 | | \$ (12,249) | \$ 2,900 | |
| Total operating revenues as reported | \$ 4,027 | \$ 11,313 | | \$ 17,337 | \$ 45,768 | |
| Pre-tax margin excluding net special items | -70.7 % | 6.0 % | | -70.7 % | 6.3 % | |
| Reconciliation of Net Income (Loss) Excluding Net Special Items | | | | | | |
| Net income (loss) as reported | \$ (2,178) | \$ 414 | | \$ (8,885) | \$ 1,686 | |
| Net special items: | | | | | | |
| Total pre-tax net special items ^{(1), (2), (3)} | (36) | 108 | | (796) | 644 | |
| Net tax effect of net special items | 4 | (20) | | 170 | (151) | |
| Net income (loss) excluding net special items | \$ (2,210) | \$ 502 | nm | \$ (9,511) | \$ 2,179 | nm |
| Reconciliation of Basic and Diluted Earnings (Loss) Per Share Excluding Net Special Items | | | | | | |
| Net income (loss) excluding net special items | \$ (2,210) | \$ 502 | | \$ (9,511) | \$ 2,179 | |
| Shares used for computation (in thousands): | | | | | | |
| Basic | 571,984 | 434,578 | | 483,888 | 443,363 | |
| Diluted | 571,984 | 435,659 | | 483,888 | 444,269 | |
| Earnings (loss) per share excluding net special items: | | | | | | |
| Basic | \$ (3.86) | \$ 1.15 | | \$ (19.66) | \$ 4.91 | |
| Diluted | \$ (3.86) | \$ 1.15 | | \$ (19.66) | \$ 4.90 | |

American Airlines Group Reports Fourth-Quarter and Full-Year 2020 Financial Results

Jan. 28, 2021

Page 10

| Reconciliation of Operating Income (Loss) Excluding Net Special Items | 3 Months Ended December 31, | | 12 Months Ended December 31, | |
|--|--------------------------------|-----------|---------------------------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| | (in millions) | | (in millions) | |
| Operating income (loss) as reported | \$ (2,515) | \$ 729 | \$ (10,421) | \$ 3,065 |
| Operating net special items: | | | | |
| Mainline operating special items, net ⁽¹⁾ | — | 147 | (657) | 635 |
| Regional operating special items, net ⁽²⁾ | — | — | (309) | 6 |
| Operating income (loss) excluding net special items | \$ (2,515) | \$ 876 | \$ (11,387) | \$ 3,706 |
| Reconciliation of Total Operating Cost per ASM Excluding Net Special Items and Fuel | | | | |
| Total operating expenses as reported | \$ 6,542 | \$ 10,584 | \$ 27,758 | \$ 42,703 |
| Operating net special items: | | | | |
| Mainline operating special items, net ⁽¹⁾ | — | (147) | 657 | (635) |
| Regional operating special items, net ⁽²⁾ | — | — | 309 | (6) |
| Total operating expenses, excluding net special items | 6,542 | 10,437 | 28,724 | 42,062 |
| Fuel: | | | | |
| Aircraft fuel and related taxes - mainline | (516) | (1,816) | (2,581) | (7,526) |
| Aircraft fuel and related taxes - regional | (182) | (475) | (821) | (1,869) |
| Total operating expenses, excluding net special items and fuel | \$ 5,844 | \$ 8,146 | \$ 25,322 | \$ 32,667 |
| | (in cents) | | (in cents) | |
| Total operating expenses per ASM as reported | 19.69 | 15.06 | 19.39 | 14.98 |
| Operating net special items per ASM: | | | | |
| Mainline operating special items, net ⁽¹⁾ | — | (0.21) | 0.46 | (0.22) |
| Regional operating special items, net ⁽²⁾ | — | — | 0.22 | — |
| Total operating expenses per ASM, excluding net special items | 19.69 | 14.85 | 20.06 | 14.75 |
| Fuel per ASM: | | | | |
| Aircraft fuel and related taxes - mainline | (1.55) | (2.58) | (1.80) | (2.64) |
| Aircraft fuel and related taxes - regional | (0.55) | (0.68) | (0.57) | (0.66) |
| Total operating expenses per ASM, excluding net special items and fuel | 17.59 | 11.59 | 17.69 | 11.46 |

Note: Amounts may not recalculate due to rounding.

FOOTNOTES:

⁽¹⁾ The 2020 twelve month period mainline operating special items, net principally included \$3.7 billion of Payroll Support Program (PSP) financial assistance, offset in part by \$1.5 billion of fleet impairment charges, \$1.4 billion of salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to the company's operation due to the COVID-19 pandemic and \$228 million of one-time labor contract expenses resulting from the ratification of a new contract with the company's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

Cash payments related to the special charges for salary and medical costs primarily associated with the voluntary early retirement programs discussed above were approximately \$195 million and \$365 million for the 2020 fourth quarter and twelve month period, respectively.

Fleet impairment charges resulted from the company's decision to retire certain aircraft earlier than planned driven by the decline in air travel due to the COVID-19 pandemic. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft. The 2020 twelve month period fleet impairment charges included a \$1.4 billion non-cash write-down of mainline aircraft and spare parts and \$102 million in cash charges primarily for impairment of right-of-use assets and lease return costs.

The 2019 fourth quarter mainline operating special items, net principally included \$85 million of merger integration expenses and \$39 million of fleet restructuring expenses. The 2019 twelve month period mainline operating special items, net principally included \$271 million of fleet restructuring expenses, a \$213 million non-cash impairment charge principally related to the retirement of the company's Embraer E190 fleet and \$191 million of merger integration expenses, offset in part by a \$53 million credit to reduce certain litigation reserves.

⁽²⁾ The 2020 twelve month period regional operating special items, net included \$444 million of PSP financial assistance, offset in part by \$117 million of fleet impairment charges and \$18 million of salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to the company's operation due to the COVID-19 pandemic.

The fleet impairment charges principally included a non-cash write-down of regional aircraft and spare parts resulting from the company's decision to retire certain aircraft earlier than planned driven by the decline in air travel due to the COVID-19 pandemic. Aircraft retired include certain Embraer 140 and Bombardier CRJ200 aircraft.

⁽³⁾ Principally included mark-to-market net unrealized gains and losses associated with certain equity investments and treasury rate lock derivative instruments as well as charges associated with debt refinancings and extinguishments.

Average Daily Cash Burn

The company's average daily cash burn 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 liquidity position and cash flows from its core operating performance. The company defines cash burn as net cash provided by (used in) operating activities, net cash provided by (used in) investing activities and net cash provided by (used in) financing activities, adjusted for (1) CARES Act Payroll Support Program grant proceeds, (2) net purchases (proceeds from sale) of short-term investments and restricted short-term investments, (3) proceeds from issuance of long-term debt, net of deferred financing costs, but excluding aircraft financing, (4) proceeds from issuance of equity, (5) prepayments of long-term debt and (6) other cash flows that are not representative of our core operating performance.

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.

| | 3 Months Ended December 31, 2020 | 3 Months Ended September 30, 2020 | 3 Months Ended June 30, 2020 |
|--|-------------------------------------|--------------------------------------|---------------------------------|
| (in millions, except days in period) | | | |
| Net cash used in operating activities | \$ (2,800) | \$ (2,612) | \$ (963) |
| Net cash provided by (used in) investing activities | 1,696 | 923 | (6,799) |
| Net cash provided by financing activities | 1,206 | 1,519 | 7,743 |
| Adjustments: | | | |
| CARES Act Payroll Support Program grant proceeds | — | (525) | (3,693) |
| Net purchases (proceeds from sale) of short-term investments and restricted short-term investments | (1,422) | (1,391) | 6,608 |
| Proceeds from issuance of non-aircraft long-term debt, net of deferred financing costs | — | (1,926) | (7,714) |
| Proceeds from issuance of equity | (1,443) | — | (1,525) |
| Prepayments of long-term debt | — | — | 1,047 |
| Other | — | — | — |
| Total cash burn ⁽¹⁾ | \$ (2,763) | \$ (4,012) | \$ (5,296) |
| Days in period | 92 | 92 | 91 |
| Average daily cash burn | \$ (30) | \$ (44) | \$ (58) |

Note: Amounts may not recalculate due to rounding.

⁽¹⁾ Of the total cash burn for each of the three months ended December 31, 2020, September 30, 2020 and June 30, 2020, approximately \$515 million, \$540 million and \$505 million were cash payments for debt amortization, respectively, and approximately \$195 million, \$120 million and \$50 million were cash payments for salary and medical costs principally for our voluntary early retirement programs, respectively, totaling an equivalent of approximately \$8 million, \$8 million per day and \$6 million per day, respectively.

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

| | Year Ended December 31, | |
|---|----------------------------|----------|
| | 2020 | 2019 |
| Net cash provided by (used in) operating activities | \$ (6,543) | \$ 3,815 |
| Cash flows from investing activities: | | |
| Capital expenditures and aircraft purchase deposits | (1,958) | (4,268) |
| Proceeds from sale-leaseback transactions | 665 | 850 |
| Proceeds from sale of property and equipment | 351 | 54 |
| Purchases of short-term investments | (5,873) | (3,184) |
| Sales of short-term investments | 2,803 | 4,144 |
| Proceeds from vendor | 90 | 250 |
| Increase in restricted short-term investments | (308) | (3) |
| Other investing activities | (112) | (86) |
| Net cash used in investing activities | (4,342) | (2,243) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt | 11,780 | 3,960 |
| Payments on long-term debt and finance leases | (3,535) | (4,190) |
| Proceeds from issuance of equity | 2,970 | — |
| Deferred financing costs | (93) | (61) |
| Treasury stock repurchases and shares withheld for taxes pursuant to employee stock plans | (173) | (1,097) |
| Dividend payments | (43) | (178) |
| Other financing activities | 88 | (2) |
| Net cash provided by (used in) financing activities | 10,994 | (1,568) |
| Net increase in cash and restricted cash | 109 | 4 |
| Cash and restricted cash at beginning of year | 290 | 286 |
| Cash and restricted cash at end of year ⁽¹⁾ | \$ 399 | \$ 290 |

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

| | | |
|--|--------|--------|
| Cash | \$ 245 | \$ 280 |
| Restricted cash included in restricted cash and short-term investments | 154 | 10 |
| Total cash and restricted cash | \$ 399 | \$ 290 |

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

| | December 31, 2020 (unaudited) | December 31, 2019 |
|---|----------------------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 245 | \$ 280 |
| Short-term investments | 6,619 | 3,546 |
| Restricted cash and short-term investments | 609 | 158 |
| Accounts receivable, net | 1,342 | 1,750 |
| Aircraft fuel, spare parts and supplies, net | 1,614 | 1,851 |
| Prepaid expenses and other | 666 | 621 |
| Total current assets | 11,095 | 8,206 |
| Operating property and equipment | | |
| Flight equipment | 37,816 | 42,537 |
| Ground property and equipment | 9,194 | 9,443 |
| Equipment purchase deposits | 1,446 | 1,674 |
| Total property and equipment, at cost | 48,456 | 53,654 |
| Less accumulated depreciation and amortization | (16,757) | (18,659) |
| Total property and equipment, net | 31,699 | 34,995 |
| Operating lease right-of-use assets | 8,039 | 8,737 |
| Other assets | | |
| Goodwill | 4,091 | 4,091 |
| Intangibles, net | 2,029 | 2,084 |
| Deferred tax asset | 3,239 | 645 |
| Other assets | 1,816 | 1,237 |
| Total other assets | 11,175 | 8,057 |
| Total assets | \$ 62,008 | \$ 59,995 |
| Liabilities and Stockholders' Equity (Deficit) | | |
| Current liabilities | | |
| Current maturities of long-term debt and finance leases | \$ 2,797 | \$ 2,861 |
| Accounts payable | 1,196 | 2,062 |
| Accrued salaries and wages | 1,716 | 1,541 |
| Air traffic liability | 4,757 | 4,808 |
| Loyalty program liability | 2,033 | 3,193 |
| Operating lease liabilities | 1,651 | 1,708 |
| Other accrued liabilities | 2,419 | 2,138 |
| Total current liabilities | 16,569 | 18,311 |
| Noncurrent liabilities | | |
| Long-term debt and finance leases, net of current maturities | 29,796 | 21,454 |
| Pension and postretirement benefits | 7,069 | 6,052 |
| Loyalty program liability | 7,162 | 5,422 |
| Operating lease liabilities | 6,777 | 7,421 |
| Other liabilities | 1,502 | 1,453 |
| Total noncurrent liabilities | 52,306 | 41,802 |
| Stockholders' equity (deficit) | | |
| Common stock, 621,479,522 shares outstanding at December 31, 2020 | 6 | 4 |
| Additional paid-in capital | 6,894 | 3,945 |
| Accumulated other comprehensive loss | (7,103) | (6,331) |
| Retained earnings (deficit) | (6,664) | 2,264 |
| Total stockholders' deficit | (6,867) | (118) |
| Total liabilities and stockholders' equity (deficit) | \$ 62,008 | \$ 59,995 |