OVERVIEW:
Co. reported 4Q21 revenues of $9.4b and GAAP net loss of $931m or $1.44 per share. Expects 1Q22 total revenue to be down approx. 20-22% vs. 1Q19.
CORPORATE PARTICIPANTS

Daniel Cravens  
American Airlines Group Inc. - MD of IR

Derek J. Kerr  
American Airlines Group Inc. - Executive VP & CFO

Maya Leibman  
American Airlines Group Inc. - Executive VP & Chief Information Officer

Robert D. Isom  
American Airlines Group Inc. - President

Vasu Raja  
American Airlines Group Inc. - Senior VP & Chief Commercial Officer

William Douglas Parker  
American Airlines Group Inc. - Chairman & CEO

CONFERENCE CALL PARTICIPANTS

Andrew George Didora  
BoFA Securities, Research Division - Director

Catherine Maureen O'Brien  
Goldman Sachs Group, Inc., Research Division - Equity Analyst

Daniel J. McKenzie  
Seaport Research Partners - Research Analyst

David Scott Vernon  
Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst

Duane Thomas Pfennigwerth  
Evercore ISI Institutional Equities, Research Division - Senior MD

Helane Renee Becker-Roukas  
Cowen and Company, LLC, Research Division - MD & Senior Research Analyst

Hunter Kent Keay  
Wolfe Research, LLC - MD and Senior Analyst of Passenger Airlines, Aerospace & Defense

Jamie Nathaniel Baker  
JPMorgan Chase & Co, Research Division - U.S. Airline and Aircraft Leasing Equity Analyst

Michael John Linenberg  
Deutsche Bank AG, Research Division - MD and Senior Company Research Analyst

Alison Sider

David Koenig

David Slotnick

Dawn Gilbertson

Leslie Josephs

Mary Schlangenstein

PRESENTATION

Operator

Good morning, and welcome to the American Airlines Group Fourth Quarter 2021 Earnings Conference Call. Today’s call is being recorded. (Operator Instructions) And now I would like to turn the conference over to your moderator, Head of Investor Relations, Mr. Dan Cravens.

Daniel Cravens  
American Airlines Group Inc. - MD of IR

Thank you, Liz, and good morning, everyone, and welcome to the American Airlines Group Fourth Quarter 2021 Earnings Conference Call. On the call this morning, we have Doug Parker, Chairman and CEO; Robert Isom, President and incoming CEO; and Derek Kerr, Chief Financial Officer. Also on the call for our Q&A session are some of our senior executives, including Maya Leibman, Steve Johnson, Vasu Raja, David Seymour, Nate Gatten and Devon May.
Like we normally do, Doug will start the call with an overview of our quarter and will update the actions we have taken during the pandemic. Robert will then follow up with some remarks about our operations and initiatives for 2022. After Robert’s remarks, Derek will follow with the details on the quarter and provide guidance for the year.

Before we begin, we must state that today’s call does contain forward-looking statements, including statements concerning future revenues, costs, forecasts of capacity and fleet plans. These statements represent our predictions and expectations as to future events, but numerous risks and uncertainties could cause results to differ from those projected. Information about some of these risks and uncertainties can be found in our earnings press release that was issued this morning as well as our Form 10-Q for the quarter ended September 30, 2021.

In addition, we will be discussing certain non-GAAP financial measures this morning, which exclude the impact of unusual items. A reconciliation of those numbers to the GAAP measures is included in the earnings release, and that can be found in the Investor Relations section of our website.

So thanks again and joining us for joining us this morning. And at this point, I'll turn the call over to our Chairman and CEO, Doug Parker.

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

Thank you, Dan, and good morning, everybody, and thanks for being on the call. We have a lot to cover today, but I'm going to start with the big news since last quarter's call, at least for me, which is that Robert Isom is going to be the next CEO of American Airlines. That change is effective on March 31. I'm going to remain Chairman of the American Board, but importantly, I will have no executive duties. Robert will be fully in-charge. I will stand as Chairman for as long as Robert and the Board find that a value.

This is terrific news for our team. Robert is going to be the ninth CEO in the nearly 100-year history of American Airlines, which we believe is the best job in all of aviation. And we all are excited for Robert and for American. As you all know, Robert's someone I've worked alongside for several decades. He's an extraordinary team builder, who understands the complexities of operating in an airline like American. He loves the people of American, and he brings a fresh perspective to the future of American. I know he's going to accomplish great things, and I'm looking forward to watching that happen, along with all of you.

Now what this transition does mean is this is going to be my last earnings call with you all, which is kind of a big deal for me. I've had a speaking role on every quarterly earnings call since I became CFO of America West Airlines in June of 1995. So by my calculations, this makes this my 107th consecutive quarterly call. So I'm going to try not to speak as much on this one as I have on the first 106 calls, rather, I'm going to let those who are leading American into the future to talk about that future.

But before I turn over the stage, I do have a couple of quick thank yous. First is to you, all, the sell-side analysts and the reporters, who cover our business. You all have very important jobs covering this crazy industry that we all love, and you do it extremely well. I hope you know I have great respect for what you do and the challenges you face. And I've done my best throughout my career to treat you with the respect you deserve and to give you access in the community you need to do your jobs well. And you've all been extremely fair to me, which I really appreciate. So thank you very much as a blanket thank you to all of you on the line.

It also goes to some of the great people that proceeded you, former analysts like [Carl Carros], Candace Browning, Sam Bucket and former reporters like Terry Max and Susan Carey and Scott McCartney. Thank you, all.

The second thank you is to the American Airlines team, which I can't begin to do adequately on this call. But what I can do to somewhat thank them is to tell you all about the phenomenal job they did in 2021. For the year when growing back to meet a huge increase in demand was the most important and challenging objective for all airlines. The American team grew back faster and further than anyone else. We served about 25% more customers than any other airline in 2020, which is phenomenal in our industry. The last time in the U.S. airline was that much larger than the next best -- next highest competitor was more than 10 years ago, and that was done by merging 2 existing airlines, not through organic growth.
This growth in 2021 led us to hire 16,000 new team members last year. We expect to hire another 18,000 in 2022. And our team managed that growth while taking great care of our customers. We posted the best operating performance in our company’s history in 2021 with the highest on-time performance and completion factor we’ve ever had. And we were the second highest to the 4 largest airlines in all of those metrics, despite the fact we grew back so much further and faster than they did.

We’re particularly proud of how we ended the year certainly relative to our competitors. Our team had far more customers than any other airline over holidays, and we did so with much less disruption than our primary competitors. American was the top-performing airline, among all airlines in December in each of the key operating metrics.

And as our teams performed as well, our customers have taken note. Our full year 2021 likelihood to recommend scores were the highest in American history. That’s an incredible testament to our people, who not only show up every day to operate the world’s largest airline, but they do so in a way that welcomes back our customers with open arms. And all this translated to our shareholders as well in a year of very difficult stock performance for the industry. American stock increased 19%, far more than any other U.S. airline.

So I want to summarize all this to convey my gratitude to the incredible American Airlines team. And I want to thank each of them on behalf of our customers, our shareholders and everyone who counts on them every day. It’s this performance that gives us great confidence and momentum as we head into 2022 and beyond.

So with that, thank you all again. I’m going to now turn it over to our soon-to-be CEO, Robert Isom, to talk about what lies ahead. Robert?

Robert D. Isom - American Airlines Group Inc. - President

Thanks, Doug, and good morning, everyone. I want to start by thanking the entire American Airlines team for their efforts in the fourth quarter and throughout the entire pandemic. And I’d like to reiterate how honored I am to be taking on the role as CEO. I want to express my appreciation for Doug’s partnership and friendship over the years. As you all know, Doug leaves behind an incredible legacy, having opened many doors for our airline and our industry. I look forward to continuing to work closely with him over the coming months to ensure a seamless transition.

I’m taking on this role at a very important time for American. Over the past few years, our airline and our industry have gone through a period of transformative change that American has made good use of that time, especially in regard to renewing our fleet, facilities and network and making the company as efficient as possible.

For fleet, we have dramatically simplified. We now operate just 4 fleet types. That gives us operating flexibility, reliability and efficiency. American’s fleet remains the youngest in the U.S. network carriers. Our aircraft are equipped with industry-leading Wi-Fi, new interiors, and we’ve added seats to our 737 and A321 fleets, bringing us more in line with the rest of the industry.

For facilities, we have expanded the number of gates we operate at our largest hubs in Dallas/Fort Worth and Charlotte. And we have inaugurated a wonderful new regional concourse at Reagan National, which is historically our most profitable hub. We’ve also invested more than $200 million in lounges over the past 5 years with new Admirals Club lounges opening at Reagan National and LaGuardia. New and upgraded airport spaces are underway in New York, Chicago and Los Angeles as well. And we’ve also updated maintenance, training and corporate spaces throughout the system to ensure our team can perform at an even higher level.

For network, we’re finding more to where our customers want to go. Our DFW and Charlotte hubs are prime to operate more than 900 and 700 flights per day, respectively. Our partnerships with JetBlue in the Northeast in Alaska and the West Coast allow us to create an industry-leading presence in markets that have historically been difficult for American. And our proposed investments in South American carriers strengthened our already industry-leading position in that region. As demand continues to recover and we return to full utilization of our assets, American is poised to outperform.

We have extracted $1.3 billion of efficiencies, and we’re operating an economic fleet that will provide CASM-X tailwinds as capacity is restored. Based on our current assumptions, we expect all of this to result in a return to profitability later this year and continued deleveraging as we pay
down $15 billion of debt by the end of 2025. And I'm excited to hit the ground running in April and build on our momentum to deliver results in 2022. So let's get to the business in the quarter.

This morning, American reported a fourth quarter GAAP net loss of $931 million and a full year GAAP net loss of $2 billion. Excluding net special items, we reported a net loss of $921 million for the quarter and a net loss of $5.4 billion for the full year. Our results for 2021 were significantly improved over 2020, but the impact of the Omicron variant has affected the timing of a full revenue recovery.

We delivered a strong revenue performance in the fourth quarter, despite the rise in infections. We reported fourth quarter revenues of $9.4 billion, our highest for any quarter since the start of the pandemic, and a sequential increase of $458 million from the third quarter. Our cargo team continues to do a fantastic work and delivered record cargo revenues of $1.3 billion in 2021, 30% higher than our previous record.

As we've seen throughout the pandemic, each new variance and corresponding increase in cases is followed by a faster recovery of demand with fewer regulatory restrictions and changes in travel policies. Based on what we're seeing, we expect Omicron to follow the same pattern. Bookings are recovering quickly after dropping off considerably in early December, though they're still not back to pre-Omicron levels.

Leisure travel, particularly in the U.S., and short-haul international market, remains very strong and is approaching a 100% recovery. We expect this trend to continue. And interestingly, we've seen many of our customers that have historically -- we've historically called leisure travelers are actually flying for reasons beyond just vacations. They may find a feature of a mountain destination, but they're actually going to work remotely for the week. The lines between leisure and business travel are definitely blurry. The recovery of international and business travel slowed late in the fourth quarter, given the Omicron variant, but we remain very bullish on both. The return of international travel is directly linked to travel restrictions around the globe. As the restrictions fall off, we expect international travel to pick up considerably.

We still expect business travel to come back in full, but it will come back in a different way. And by that, I mean the overall mix of business customers, how they travel and how we serve them. As we have shared previously, small and medium-sized business travel remains the strongest segment. In the fourth quarter, small and medium business travel was roughly 80% recovered, while large corporate travel was only 40% recovered. In addition, small and medium business revenue had sequential month-over-month improvement in December, in spite of the impact of Omicron. We're optimistic that as corporate travel returns in a significant way this year and as companies come back more fully into the office and get back on the road, we're going to be back on track. But as we're developing our plans and forecast for this year, we're working to build an airline that can be profitable, even without the full return of managed corporate travel.

The demand environment has changed a lot through the pandemic. Because of this, we have to be nimble and responsive. We have built agile processes that allow us to deliver the network our customers need and want, no matter the environment. The game has changed and our team is ready.

Growing back our network the way we did in 2020 is a feat in and of itself, but to do so while running a reliable operation and achieving strong revenue results along the way make it even more impressive. We entered 2022 with tremendous confidence as a result of the way we finished last year and started the new year. As Doug noted, American had the best reliability of all U.S. carriers in December and the highest annual likelihood to recommend scores in our history. We're very pleased that 97% of our team has been vaccinated or submitted a request for an accommodation, with no one losing their job. We put creative agreements in place with our union partners to support the operations throughout the pandemic and just recently reached new contract extensions for some of our team members to start the year, all of this while flying more flights and more passengers than any other U.S. carrier by a wide margin.

To ensure this momentum continues, we have 2 sharply focused priorities for this year: running a reliable airline for our customers; and returning to profitability. Returning to profitability is very much tied to the demand and revenue environment. But as I mentioned, the work we have done during the pandemic has positioned us very well. This includes our cost and efficiency actions, which Derek will touch on momentarily, as well as the work that we have done to refocus our network around our most profitable clients.
Enhancing our partnerships around the U.S. and around the world and driving value through the AAdvantage program and co-brand cards has found something that we've done well. And on an absolute basis, new AAdvantage member acquisitions in 2021 outpaced 2019, despite lower level of capacity, and our AAdvantage revenues in 2021 closed in on 2019 revenues.

So in summary, we're grateful for the incredible work of the American Airlines team over the past year. We remain optimistic about the return of demand, and we're very pleased with how American is positioned, thanks to the tremendous efforts of our team.

And now with that, I'll turn it over to Derek.

**Derek J. Kerr - American Airlines Group Inc. - Executive VP & CFO**

Thanks, Robert, and good morning, everyone. Before I review the results, I would also like to thank the American Airlines team for their outstanding work during the quarter. This pandemic has been relentless. And despite the uncertainty, our team continued to show it’s the best in the business.

This morning, we reported a fourth quarter GAAP net loss of $931 million or a loss of $1.44 per share. Excluding net special items, we reported a net loss of $921 million or a loss of $1.42 per share. For the full year 2021, we reported a GAAP net loss of $2 billion. And excluding net special items, we reported a net loss of $5.4 billion.

Despite the impact of Omicron that we saw in this quarter, the trajectory of our revenue recovery continues to be positive, and it even exceeded our initial expectations as we outlined on our last call. Our fourth quarter revenue was down 17% compared with the same period of 2019 versus our original guidance of down 20%. This gradual improvement makes it even clearer to us that despite the uncertain demand environment, the steps we have taken over the past 24 months to bolster our network and improve our revenue-generating capabilities are working.

On the cost side, we remain focused on keeping our controllable cost down, and we actioned $1.3 billion in permanent annual cost initiatives in 2021, providing a new and more efficient baselines for our 2022 budget. During the fourth quarter, we made the decision to invest in the operation with a holiday pay program for our employees as well as reducing our peak holiday capacity. These actions did put pressure on our unit cost performance in the fourth quarter, but they led to a strong operational performance over that period. This included an industry-leading month of operating performance in December when it mattered the most to our customers.

On the fleet side, I'm pleased to report that our fleet harmonization project is now nearly complete, with our last A321 going into the shop this quarter. This is a full year ahead of our original schedule. We're excited to have this project behind us. In addition to a consistent product and better experience for our customers, the operational benefits of having a simplified and streamlined fleet are already being realized.

The changes we have made to our A321s and 737s enable us to fly 2% more total capacity than we could have with the old configuration, thus, providing a unit cost tailwind as we continue to build back our network. In addition to better unit cost, these reconfigured aircraft will also generate more revenue, allowing us to recover from the pandemic even faster.

With respect to our widebody aircraft. We continue to have productive conversations with Boeing to determine the timing of our delayed 788 deliveries that were expected to arrive last year. Due to the continued uncertainty of delivery schedule, these aircraft remains out of our near-term schedule to minimize customer disruption. We expect to fly 4 aircraft during our peak summer schedule.

We ended the fourth quarter with $15.8 billion of total available liquidity, which is the highest year-end liquidity balance in the company's history. As we have said in the past, the deleveraging of American's balance sheet remains a top priority, and we are committed to significant debt reduction in the years ahead. Even with this volatile demand environment, we remain on track with our target of reducing overall debt levels by $15 billion by the end of 2025. In fact, as of the end of 2021, we have already reduced our overall debt levels by $3.7 billion from our peak levels in the second quarter of 2021.

During the quarter, we made $706 million in scheduled debt payments, which resulted in paying off the 2013-1 AATC B-tranche. In the first quarter, we expect to make $337 million of scheduled debt payments, which will include unencumbering 12 aircraft. For our pension, our funded status...
improved by 9.2 points to 77.9%, resulting in a $2 billion reduction in the underfunded liability on a year-over-year basis. Lastly, during the fourth quarter, we completed approximately $960 million of AATC financing, and we now have financing secured for all our 2022 deliveries through the third quarter.

Our 2022 budget reflects our priorities to run a reliable airline for our customers and return to profitability. Our plan includes ongoing investments that will help build upon the positive momentum we’ve seen in our operations, while leveraging the cost efficiencies and network enhancements we have talked so much about. We believe these actions will provide a solid baseline for both profitability and free cash flow production when demand has fully recovered.

Looking to the first quarter, COVID-impacted demand and elevated fuel prices will continue to put pressure on our near-term margins. In this environment, we expect our capacity to be down approximately 8% to 10% versus the first quarter of 2019. Based on current demand assumptions and capacity plans, we expect total revenue to be down approximately 20% to 22% versus the first quarter of 2019. We expect our first quarter CASM, excluding fuel and net special items, to be up between 8% and 10%. While we expect to be unprofitable on a pretax basis in January and February, we anticipate a material improvement and a return to profitability in March as demand returns.

As for 2022 capacity, much of our plans are subject to the uncertain timings of deliveries of our 788 aircraft. As I mentioned previously, we [moved] these aircraft from our near-term schedule to protect our customers. This reduction is worth approximately 1 to 2 points of scheduled capacity for 2022. With this adjustment, we expect to add back our capacity throughout the year and to have full year capacity recovered to approximately 95% of 2019 levels. This, of course, is subject to the future demand environment, and we always have the ability to adapt, if demand conditions warrant.

As we look at our costs, like other airlines, we are seeing inflationary pressures in fuel prices, hiring and training for both new hires and existing crews as we build back our operation, including on the regional side. We are also seeing increased starting wages for certain work groups, including vendors. In addition, we are seeing unit cost pressures from the rolling 788 delays as well as the impact from our ramp and mechanic contract that was ratified in early 2020. Even with these unit cost pressures, our fleet simplification strategy enables higher aircraft utilization and higher average gauge, both of which will help alleviate some of these pressures. As such, we expect our full year CASM, excluding fuel and special items, to be up approximately 5% versus 2019, with the second half of the year much lower than the first half as we fly in more efficient schedule.

For the full year, our projected debt maturities are expected to be $2.6 billion. This includes the cash settlement of our $750 million unsecured notes that mature in June. Without any additional prepayment of debt, we project our total debt will be down $5.4 billion at the end of 2022 versus our peak levels in 2021.

With respect to capital expenditures, we expect full year 2022 CapEx to be approximately $2.6 billion, which is significantly lower than in previous years and versus others as our fleet replacement needs are complete. Net aircraft CapEx, including predelivery deposits, is expected to be $1.8 billion, and non-aircraft CapEx is expected to be $800 million.

So in conclusion. We are incredibly proud of our team for their continued resilience in a very challenging environment. With the bold actions we’ve taken and steadfast commitment of our team, we are well-positioned for the future.

Now before we open up the line to questions, I would like to acknowledge Dan Cravens for a minute. Today is Dan Cravens’ 62nd call, not quite as many as 107, but 67 is pretty amazing, and final earnings call as part of our American Airlines, U.S. Airways and America West team. I’d like to personally thank Dan for his 2 decades of service, his advocacy for both the airline and our investors and for his friendship. The continuing Dan provided – or the continuity, excuse me, Dan provided over 20 years in his role across multiple airlines, multiple crisis and a global academic is unmatched. We wish him the best of luck in his next adventure. We will be introducing Scott Long, who will be stepping into Dan’s role from our financial planning organization later this month.

So with that, I’d like to open up the line for analyst questions.
QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Jamie Baker with JPMorgan.

Jamie Nathaniel Baker - JPMorgan Chase & Co, Research Division - U.S. Airline and Aircraft Leasing Equity Analyst

Just quickly, Doug, I love your prepared remarks. I know the point wasn't make me feel old, but Paul, Candace, Sam, I mean, what a throwback. But it really has been a privilege to speak to you on these calls, all these conferences, all these years. I did want to just add my own thanks and congratulations. And obviously, same goes to my friend, Dan Cravens.

First question, on the traffic liability, Derek. So sequentially, from the third quarter to the fourth, it declined by about $360 million, granted this is less than the customary seasonal decline, but Delta and United both experienced flat sequential trends. And I'm just trying to understand what the nuances, the puts and takes are, whether it's a network issue, differences in forward bookings. Any additional color on the ATL sequential change?

Derek J. Kerr - American Airlines Group Inc. - Executive VP & CFO

No, there's not really any difference, any color. I think, from a stored value basis, though that stayed pretty much the same. Future travel dropped from -- I think we were at 6.4 in total ATL balance, future travel was 3.6, went down to 3.2, which is a normal seasonality for us.

We did see a pickup at the end of the month or at the end of the month from normal buying. So I think it's just normal seasonality for us. And what we didn't see as much as the stored value being used and some additions because, as you know, some of the issues with the cancellations and things that were out there, we added a little bit to that. But I would have expected it to drop even more, but it held up just because of the fact that from an operations standpoint, there were -- we added a little bit in the fourth quarter from issues with the operation. But other than that, I think it's just seasonality or what we normally see. I'm not sure why others were flat or up other than what they did.

Jamie Nathaniel Baker - JPMorgan Chase & Co, Research Division - U.S. Airline and Aircraft Leasing Equity Analyst

All right. That's perfect. And just a quick follow-up, and I don't want to get bogged down in comparing your guides to that of United and Delta. But you all expect to arrive at a pretty similar first quarter revenue outcome, down 20-plus points from '19. But you have to fly considerably more capacity to arrive at that output. Can you just remind us what some of the seasonal and network factors that drive this? I understand there's more seasonality for you in the first quarter, but I'm just trying to figure out what causes that drag.

Vasu Raja - American Airlines Group Inc. - Senior VP & Chief Commercial Officer

Jamie, this is Vasu. The reality of where we still are in the first quarter is that there's still probably a pretty large variability in first quarter forecast. But you all expect to arrive at a pretty similar first quarter revenue outcome, down 20-plus points from '19. But you have to fly considerably more capacity to arrive at that output. Can you just remind us what some of the seasonal and network factors that drive this? I understand there's more seasonality for you in the first quarter, but I'm just trying to figure out what causes that drag.

We've been encouraged by recent trends as case growth spikes. We're already seeing bookings come in stronger so we'll see. But what we see to realize through the pandemic is that we have a lot of levers to go play in the airline really flexibly, and we can shift things up and down and indeed move capacity from one market to another, but more nimbly than we had in times past. And after so many crises, we thought we were nimble before and we got even faster. So there's still a lot yet to do in the first quarter, and we'll see how things come together as demand start hitting back up.
Operator

Our next question comes from Mike Linenberg with Deutsche Bank.

Michael John Linenberg - Deutsche Bank AG, Research Division - MD and Senior Company Research Analyst

Yes, really to echo a lot of what Jamie said. Doug, it’s been a privilege, really. And I’ve learned a lot going all the way back to the early 2000s, and Dan as well. Dan, you’ve been a great friend and you’ve been a great supporter. And so Scott, you’ve got some pretty big shoes to fill there.

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

Thanks, Mike.

Michael John Linenberg - Deutsche Bank AG, Research Division - MD and Senior Company Research Analyst

Just quickly on to questions. I’m sure you’re going to get some along these lines. I just want to hit on sort of this G5-ish -- or excuse me, G5, 5G issue. The FAA was out, I think, yesterday or 2 days ago saying something like 62% of the U.S. fleet is -- should be fine. Where do you guys stack up? And the way we should think about this, is this going to be -- is this going to blow over the next few weeks? Or is this going to sort of reappear 5, 6 months down the road, when maybe some of these exemption zones or buffer zones around airports, maybe there’s changes there. Like what should we be concerned about? What should we anticipate as this 5G rolls out over time?

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

Okay. They’re asking me to take this one, even though (inaudible) going start very much, Mike, the 5G. This has been like my last assignment. Anyway -- this is look -- and we’ve all been -- every airline, all CEOs that involve this over the holidays, it wasn’t -- anyway, it wasn’t our finest hour, I think, as a country to get us to that point. But the good news is we now have what should have been going on for quite some time, which is the manufacturers, the telecoms, the government agencies all sharing information that they need to make sure that this can be rolled out in a way that all Americans get 5G and all Americans know that their flights aren’t going to be impacted by that 5G.

So where we sit right now is the way that we’re all able to upgrade our fleet is because the telecoms have agreed not to fully deploy some of their towers near airports. So with that agreement, everything is fine. Again, I -- well, I’ll turn to David (inaudible). As far as you’ll ever see, everything is totally fine. You see, we don’t expect really any material disruption whatsoever as long as that’s in place. As against stay in place, we need to get to where they can actually -- and we want to get to where they actually can deploy all the towers they have in place and that we can still do that. But no one’s going to make -- no one’s going to go do that until we all agree that it can be done without disruption.

So a long way of me saying, it’s taken a while to get to the right spot, but I feel like we’re in the right spot and the right people to derive information. I don’t think you’re going to see any material disruption going forward because of this.

Michael John Linenberg - Deutsche Bank AG, Research Division - MD and Senior Company Research Analyst

Great. That’s what I wanted to hear. And just, Derek, a quick one on the non-op expense, $360 million for the quarter. Because of where your pension is and maybe the potential gains that you’re anticipating and how you book it into 2022, is there going to be a pension tailwind not only in the March quarter, but for the year and any sort of rough estimate on what we should use from a modeling perspective?
Yes. I think there is a pension tailwind into the year. So if we ended up the quarter $380 million for this quarter. We’re projecting it to be in the $350 million range for non-op and slowly declining as we pay off some debt throughout the quarter. So I would -- first quarter should be more in the $350 million, $360 million range and declining to about the $340 million range in the fourth quarter.

Operator

Our next question comes from Helane Becker with Cowen.

Helane Renee Becker-Roukas  - Cowen and Company, LLC, Research Division - MD & Senior Research Analyst

And yes, Doug, it’s been really nice knowing you, but hopefully, we’ll continue to stay in touch. And Dan, I mean you’ve been a really good supporter. Actually, your whole team has been a really good support of our conferences over the years. So thank you very much and best wishes to both of you. And I refused to tell you how many of those conference calls.

William Douglas Parker  - American Airlines Group Inc. - Chairman & CEO

I think I know, but thanks, Helane.

Helane Renee Becker-Roukas  - Cowen and Company, LLC, Research Division - MD & Senior Research Analyst

Worries. So actually, I guess, I don’t know, maybe to Robert. Can you just address two things? There -- you guys have said you’re going to hire, I guess, a gross number of 18,000 people this year. And some of those are going to be pilots. We’re seeing United and American -- or Delta, rather, cut regional jet capacity because they don’t have enough pilots. Are you going down that similar path? Or are you in a better position from a training perspective?

Robert D. Isom  - American Airlines Group Inc. - President

So Helane, it’s Robert. Thanks for that question. So we are going to be doing a lot of hiring this year. We did a lot of hiring as well last year. So from a ton of perspective, we had a couple of years of the pandemic in which, quite frankly, there weren’t a lot of people being trained. And given the demand, we -- the capacity in the industry fell by quite a bit. So as we all rebound, of course, there is a constraint that we’re all dealing with. There’s not enough production. I do -- of pilot. I do believe that over time that, that supply and demand in Palace will be remedied. It’s an incredibly attractive profession when you think about the starting wages and the ultimate compensation for the industry. So we’re doing everything that we can, and I know other companies are as well, to encourage those that are looking for a great profession to come into the business.

But in the short run, from a mainline perspective, look, we have -- American is a very, very attractive brand. We’re going to have plenty of pilots. The biggest issue that we’re dealing with is the throughput of pilots and getting them through training. We’ve invested an incredible amount of resources and having training assets ready to go. Those are all coming online.

And again, from a mainline perspective, we’ll be able to supply all that we need. The imbalance is really going to be played out in the regional carriers. And on that front, like other carriers, we’re going to have issues as well. We have them right now. We’re working very hard on that. It’s impacting us to a certain degree, but we’re going to do everything that we can to make sure that it’s not a material impact over time.
Okay. That’s very helpful. And then just my follow-up question. I don’t know who wants to answer this one. But when you talk about small- and medium-sized businesses and those folks who are traveling, because they really have to, for their livelihood, can you talk about also whether they’ve got the credit card? And if you’re seeing increased credit card acquisition in that category?

Helane Renee Becker-Roukas - Cowen and Company, LLC, Research Division - MD & Senior Research Analyst

Okay. That’s very helpful. And then just my follow-up question. I don’t know who wants to answer this one. But when you talk about small- and medium-sized businesses and those folks who are traveling, because they really have to, for their livelihood, can you talk about also whether they’ve got the credit card? And if you’re seeing increased credit card acquisition in that category?

Vasu Raja - American Airlines Group Inc. - Senior VP & Chief Commercial Officer

Helane, this is Vasu, and I’m happy to answer your question. Indeed, this is one of our increasingly fair topics to talk about. You are correct. We see small and mid-market business growth. But look, the diversity of who that customer is really can’t be overstated. Everybody from somebody starting a business to sometimes relatively large companies who are seeing growth through the pandemic and get on the road to drive sales or visit factories or whatever the case might be.

And for us, we do very -- we haven’t seen growing acquisitions on our co-branded credit cards. Indeed, in Q4, it’s not just that our spend level were eclipsed in 2019. But our acquisitions, even net of attrition, was equal to and very often, for some months and some weeks, greater than what it was in 2019, which means that where people are coming to the card. That said, we see a real opportunity within the space of small business, mid-market business because the reality is we don’t actually have a true card product or an entire consumer offering for that segment. A lot of things that we have are either tailored for really large corporate accounts or individual travelers. So we see a lot of opportunity as we come out of this and a lot of ways to go and drive a lot more value to that customer and captured in our P&L.

Operator

Our next question comes from Duane Pfennigwerth with Evercore ISI.

Duane Thomas Pfennigwerth - Evercore ISI Institutional Equities, Research Division - Senior MD

I wanted to ask you both the same question I asked Gary and Bob at their Investor Day. You have worked together for a long time as a team. But from a change perspective, is there any daylight between the 2 of you strategically? And do you have any examples of issues where you really constructively disagreed over the last decade?

Robert D. Isom - American Airlines Group Inc. - President

Duane, thanks. I’ll start. Look, Doug and I are different leaders, and we definitely go about how we lead the company in different ways. But I’ll tell you that in terms of the strategic direction of American, I’ve not only worked with Doug, but I’ve been part of every major decision in this company over the last -- since the merger.

And so from that perspective, we’re doing the right thing. I’m excited about the positioning of American. The assets that we’ve put in place, whether it’s fleet, airport, alliances, our network, we’re ready to go. As demand recovers and we can put our assets to full utilization, we’re poised to outperform. So from that perspective, I don’t expect to hear a lot of difference in terms of the way that Doug does these things. But right now, I am solely focused on making sure that we deliver a great product for our customers, and that’s running a reliable airline, and getting back to profitability.

Duane Thomas Pfennigwerth - Evercore ISI Institutional Equities, Research Division - Senior MD

Thanks for that thoughts, and appreciate it. It’s a tricky question. Maybe one for Vasu. How different would March quarter capacity have been if we never had Omicron? Maybe this is an unfair observation, but it feels like Americans’ plans relative to the industry are very static in what is obviously a very dynamic world. Appreciate you taking the questions.
Yes. Absolutely, and I appreciate the question. Look, it's sort of hard to do what hypotheticals would be. But what I would say is this. The part of the reason why maybe there's probably less volatility in our schedules is where our airline's sort of naturally positioned. We -- not only do we operate a lot more of our capacity in domestic, we generate a lot more of value for customers and RASM results from flying in domestic. So for most of the pandemic, certainly the last several months, we've oriented about 85-ish percent of our ASM capacity in the domestic and short-haul operations.

As we go in the first quarter, it will be about 80-ish percent in those, with another 5% or so constituting major international markets like one at Heathrow, for example. So for us, so much of our network is there, indeed. So 65% of our network is in our -- what we call Sunbelt hubs, Phoenix, DFW, Charlotte, D.C., Miami, that have been extremely robust through the pandemic. And any one of those hubs produce unit revenues, which are well in excess of what our competitors do. So a little bit of what you see as a network composition difference, quite frankly.

As we go out in the first quarter, quite briefly, we are flying the things where we can most directly create value for the customer and outperform. And we're not doing the things that don't. So our long-haul schedules are 70% of what they have historically been. Our short-haul schedules are a lot closer to what flat is. So what it would be like when demand is that remains to be seen.

But for us, the real opportunity when we said it all through the pandemic is less about driving volume. And the capacity base, the cost base of the airline changes only very marginally, whether we fly at 95% or 92% of the airline. The really big thing for us is domestic yield performance. And as we look out, I mean, if indeed demand comes back where we see it is less about how we go and manipulate capacity around the system and more about how we capture it in yield growth.
Robert D. Isom - American Airlines Group Inc. - President

So Hunter, thanks for that question because, look, this is something that I'm really proud of. Last year, as we built back, the entire economy, all industries had struggled with finding the right people, getting them in the right positions. But you know what, American, as we grew back, we really quickly remedied any issues that we had.

And what we found is American is a very, very attractive place to work. American Airlines sells itself in terms of attracting people to it. So whether it's the new flight attendant classes that are now graduating, whether it's the thousands of people that we're bringing on to work in our reservations and agent ranks, and those pilots and mechanics that we're bringing in. We, at American, get a chance to really choose those that get to be part of the team. And that's a great position to be in. Over time, I think that we're going to have to do a lot of work to make sure that the supply of pilots into our regional carriers as strong as we need it to be. But you'll see us on the forefront of that as well.

Operator

Our next question comes from David Vernon with Bernstein.

David Scott Vernon - Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst

Congratulations on to everybody on their next chapters here. Derek, first question for you on cash flow. If we're looking out at the full year guidance you've laid out, CapEx of $2.6 billion, should we be expecting cash from operations to cover that? I'm just trying to get a sense for how secure we should be looking at the balance sheet and the liquidity you have on there. Are we going to be dipping into that from an operating standpoint or are we going to be able cover that based on what you see today?

Derek J. Kerr - American Airlines Group Inc. - Executive VP & CFO

We'll definitely be able to cover that.

David Scott Vernon - Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst

Excellent. Short and sweet. I like it. Second question maybe for Robert or Derek, as you look at the capacity and the CASM-X guidance you've given for 2022 down 5, up 5, how do we think about -- in broad brushes, '22-'23, if we're up a little relative to '19 and is that just going to be kind of a one-for-one thing or is there more abated to that? Like how should we be thinking about the operating leverage coming back into the business as demand gets restored?

Derek J. Kerr - American Airlines Group Inc. - Executive VP & CFO

Yes. I think exactly what you're saying. I think we are underutilizing our fleet without a doubt at this point in time. I think as we add back our assets, Robert talked about pilot’s reportability and making sure the throughput happens and get the throughput through.

So if we had -- and the 7-8, so you have 2 opportunities to grow this airline at a very cheap cost. I think the cost headwind, there's probably 3 or 4 points of cost headwind we have in place right now with underutilizing our assets and making sure that when those aircraft get back and we can use them as much as we can, we do not need to add costs. We do not need to add aircraft. So we could -- in today's world, we could fly the airline probably 5% more with the cost structure we have today. So it's pretty close to 1:1. It might be a little bit sticky in there a little bit, but it's pretty darn close to 1:1. The first 5% that we could add back.
Our next question comes from Dan McKenzie with Seaport Global.

Congrats to both Doug and Dan on what an amazing run it's been. It's really been a pleasure. A couple of questions here. One housecleaning question. Just one follow-up on small- and medium-sized businesses. Vasu, what's factored into the first quarter revenue outlook with respect to the timing of international returning? Are you just sort of straight-lining current trends? Or did you factor in some kind of escalation in March potentially?

Great question. And you're absolutely correct. We are straight lining current trends with the low exception of our short-haul business. It tends to peak in the March, April time period as North America goes on spring breaks and Easter vacations.

Okay. Very good. Secondly, just following up on Helane's question on small- and medium-sized businesses. I'm wondering if you can elaborate on kind of their purchase behavior versus a typical leisure traveler. Do they book further out, closer in? It's presumably higher-margin business. I'm just trying to get a sense of what that means. And I guess I didn't -- in the PowerPoint, I guess, or I didn't catch what that revenue from small- and medium-sized business was as a percent of 2019 revenue, and how you're thinking about that trending potentially here in 2022?

Sure. Let me answer those in a slightly different order. First, small business. As we ended December, what we call small- and mid-market business was 80% recovered. Large corporate business, people who bought on big managed programs, was 40% recovered, ballpark.

Interestingly, what that means for us is historically, if 40% of our revenues came from business, about 15 points of that were from large corporates and the balance were from small- and mid-market companies, due to the pandemic that's shifted a lot, where less than 10% comes from managed corporates. As we think about next year, we absolutely anticipate a rebound of business travel, but something where -- something a lot closer to 30 points of the 40 or so is coming from small- to mid-market, and managed corporates come down a little.

This is something, which is certainly an opportunity that we look upon very favorably and may, in many ways, be unique to American Airlines because so much of that small business growth, to your question about the profile, does actually book in a very similar booking window as large corporate travel. So it's a much shorter days to departure than what leisure is.

But very critically, it's originating in markets that are in the center of the country, think Oklahoma City or Austin, San Antonio, places like that. It engages in trip behavior, which is very different than managed corporates. People are willing to go stay a Saturday night and fly on a lower-load factor flight. But very importantly, it comes in at the same level as yield as our large corporate businesses, but a fraction of the cost of sales. The cost of sales looks a lot more like what leisure is.

So we see this as a sign of real opportunity. And indeed, as we look out there, and if you think about things, we see that -- to Robert's comments earlier, the nature of this travel is starting to change. But as we see small businesses traveling, there are more people traveling for blended business leisure purposes. More people willing to go by themselves into a premium fare product when a cheaper one is available. So we see a lot of opportunity as the world changes, and we're going to organize and position ourselves to execute on that.
Operator

Our next question comes from Catherine O'Brien with Goldman Sachs.

Catherine Maureen O'Brien - Goldman Sachs Group, Inc., Research Division - Equity Analyst

I just want to echo my peer congratulations to Doug and Dan. It’s really been a pleasure working with you the last, I guess, almost 12 years now. Question maybe just on your 2022 growth outlook for that 5%. I understand that the uncertainty around the 787 just makes it more difficult. But can you share high level what you’re thinking the breakout between domestic and international growth is at least on your current 70 assumption? And what’s driving the decision on where to allocate that capacity?

Vasu Raja - American Airlines Group Inc. - Senior VP & Chief Commercial Officer

Yes. This is Vasu. I can help with that. We are -- look, as we see it -- first, this is your first question. We anticipate that with the 787, we will be a materially smaller international airline than what we would otherwise like to be operating something, which is probably, let’s call it, 75% to 85% of the scale we had in 2019. But our short-haul network, domestic and the narrow-bodies we fly into Mexico, Caribbean, Latin America will probably be a lot closer to what 2019 is.

But there’s a couple of other important things to note there. Of course, first, we have a very conservative view of what happens with the 787s and did a pretty conservative view about how international demand, even recovers through the course of the year. So a big mix of our international flying, and you don’t already see it in published schedules, is oriented around markets where we can go drive a lot of the connectivity through -- whether it’s Heathrow or other partner hubs, Doha, things like that, that we might not have in times past.

The other thing that’s out there, too, is to an earlier comment I made. We have a lot more flexibility with the airline. And indeed, through the pandemic, we’ve come to realize it’s much easier -- within a few points, we have a lot of flexibility in how we go and plan the airline. And so we are consciously trying to build the airlines so that we could be really efficient in how we utilize our assets and make moves around the system. So that we can go fly the markets that customers demand most, even if it’s relatively late in the booking curve. So while those are broad strokes of where capacity is, still, things may change. And realistically, they will change as demand comes back.

Catherine Maureen O’Brien - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Got it. And then maybe one more for you again, Vasu. Just to dig into your short-term revenue outlook a bit more, I understand there’s a lot of moving pieces, but your RASM performance versus ’19 improved each quarter through 2021. But it looks like it’s going to get worse in the first quarter per your guidance. But indeed, through the pandemic, we’ve come to realize it’s much easier -- within a few points, we have a lot of flexibility in how we go and plan the airline. And so we are consciously trying to build the airlines so that we could be really efficient in how we utilize our assets and make moves around the system. So that we can go fly the markets that customers demand most, even if it’s relatively late in the booking curve. So while those are broad strokes of where capacity is, still, things may change. And realistically, they will change as demand comes back.

Vasu Raja - American Airlines Group Inc. - Senior VP & Chief Commercial Officer

Look, it’s very much the conservative view. And look, having gone through multiple waves of the pandemic, one of the things that we’ve come to more reliably build forecast on is that the amount of time it takes from the cases peaking to demand recovery. And that’s shortened through every wave. In the Delta wave, it was about a 7-week spread between case peaking to demand bottoming out and growing again.

So a lot of our outlook is based on a slightly shortened version of that occurring. But indeed, what we’ve been seeing as cases a peak, wherever they peaked in the world, Israel, U.K., more recently in domestic, it’s not a 7-week span. It’s not a 4-week span. It’s something a lot more like a 7-day span. So it’s still early to tell. As I mentioned earlier, 85% of our capacity is in domestic. And if you presume, last week was the peak of cases across the country. We’ve been encouraged by the last few days of bookings, but a lot of our first quarter forecast is based on the conservatism that we’ve had for having seen prior waves before.
And indeed, we anticipate that January and February will remain challenged because historically, they are seasonally some of the weakest month in our business. So we’ll see, but we remain encouraged for how strong demand comes back, and we are certainly reserving every seat because there’s a customer that wants to travel and want to do soon.

**Operator**

Our next question comes from Andrew Didora with Bank of America.

**Andrew George Didora - BofA Securities, Research Division - Director**

Doug, I just want to extend my congratulations as well, and that the same goes to Dan. It’s been a pleasure working with both of you over the years. Just first question around costs, I guess, Derek, does the 5% CASM guide include anything from current labor negotiations? And then just secondly on costs. When you factor in kind of new labor deals, all the kind of the inflation and the economy that you were discussing earlier, even as capacity comes back, do you think that getting back to prepandemic CASM-X is a realistic expectation over the next few years?

**William Douglas Parker - American Airlines Group Inc. - Chairman & CEO**

Yes. It does not include -- I mean, it includes year-over-year deals that were already done. So any deal that is already done is built in. As Robert talked about, we got some real -- we got some deals done in the past few weeks that weren’t huge impact on the cost, but really good opportunity to get those deals done and get them done quick with some of our groups. But it does not include any new contract negotiations that aren’t complete today. So that’s number one.

Number two, I do think -- we had expected 2022 to get back to 2019 levels. But with the variant and us pulling down the flying from 78s not being there, and also demand not quite being there, we will not get to the 2019 levels. As we get to 2023, it’s definitely possible.

It depends on the growth of the airline and other things that we do. If we don’t get there, we’ll get very close, put it that way. So I think in 2023, we’ve kind of -- I’ve always talked about being pretty flat in 2022. That’s not happening really driven by thoughtfully utilizing our assets.

As we fully utilize those assets, and we plan in 2023, I think we can get to that level, we’re pretty close. We might not get all the way down to 2019, but we’ll get pretty close.

**Andrew George Didora - BofA Securities, Research Division - Director**

Got it. That’s helpful. And then just lastly for me for Robert. I guess as you assume the CEO role here, what do you think American needs to do better in, I’ll call it, this new world post-pandemic to help drive American’s margins back towards pre-pandemic levels?

**Robert D. Isom - American Airlines Group Inc. - President**

Yes. Thanks, Andrew. Look, we need to put all the pieces together, all the things that we’ve been working on over the last 3 years, and then bring them at that and execute very well. Running reliably for this airline, I know, pays off in terms of unit revenues or price up in terms of unit cost. And it definitely pays off in terms of customer satisfaction.

Again, American has invested in all the right places, when we talk about the aircraft and airports and lounges and whatnot. And that's money that has been spent. It’s in place. And now it’s time to bring it back and put it into action. And so we do that. I'm quite confident. As Derek has said, I'm quite confident in all aspects American is poised to outperform.
That concludes the analysts’ Q&A. We will now take questions from the media. (Operator Instructions) Our first question comes from Alison Sider with Wall Street Journal.

Alison Sider
I just was wondering if you could talk a little bit more about your expectations for 787 deliveries. And kind of how confident you are or anything that you’re hearing from Boeing about what they might expect in terms of the schedule on that?

Derek J. Kerr - American Airlines Group Inc. - Executive VP & CFO
Yes, Ali, this is Derek. We're still on the same schedule. Mid-April is what we're talking about for our first delivery. That has been locked in on those dates for probably the last couple of months, and we're still planning on that happening. So we haven't got any different information in the past couple of months, where I think we're still on target for those and that we would take all 13 throughout the year. But we have been conservatively when we put 4 in the schedule for the summer. We had originally thought we could get all 13 in the summer, but we pulled that down to 4. And we've had really good discussions with Boeing. And I think they're on track as of today to hit that mid-April time frame. And we're hopeful that that's still the case and that nothing else comes up.

Alison Sider
Got it. And is this something -- is this a situation where you would seek any kind of compensation from Boeing for the delays? Or if there was a further delay, is that something you would discuss?

Derek J. Kerr - American Airlines Group Inc. - Executive VP & CFO
Yes. Yes, we're in discussions with Boeing where we're at. There are delayed penalties that are paid and Boeing is paying the delayed penalties, and everything is happening as we speak today. If there are further delays, and it really does impact the summer much more than what we think it is, then -- we've had good discussions with Boeing that they will compensate us for the losses that we've had for the delay of those aircraft.

Operator
Our next question comes from David Koenig with the Associated Press.

David Koenig
Doug, well, congratulations as well. I hope you have a great retirement. And you've mentioned 5G in this week's agreement with Verizon and AT&T. I wondered how long -- do you get a signal of how long they're willing to delay their full rollout? And why did this have to come down to an 11th hour crisis like this?

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO
Yes. Thanks, David. We get the sense that they're -- again, the right people are talking to each other, and everyone agrees that it doesn't make sense to deploy any more 5G until we're certain that it's not going to have a disruptive effect on airlines. So again, that's where we stand at this point. I hope that's where we'll stay. I feel really good about this role will be because, again, the right people are talking to each other.
Why it took this long to the right people to talk to each other? I don't know. We can do a post audit later. I'm not quite certain. Frankly, we are the end user of this dysfunction. It got -- we're the ones affected. Our customers are the ones affected. And as it was getting ready to be deployed, and we were, therefore, being told what that was going to mean to our operations, we screamed as loud as we could. And fortunately, people listened.

So that's where we are today, and what should have happened prior to this is happening now. The technical experts that are working on it tell us it's really not that complicated once they all are able to share information and work on it. So they seem encouraged that we'll be able to address this in a way that allows for full deployment of 5G, including near airports. I mean, again, with lower levels or whatever is required and also doesn't allow for -- it doesn't require any disruption of air travel. So that's where we are. I don't expect until we get to the point that everyone is really comfortable that, that you'll see anything turned on near airports because no one wants to go through this again.

David Koenig
So are the airlines talking directly to the telecoms? Or are you going through the regulators?

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

Look, it’s much more about the manufacturers, our OEM talking directly to the telecoms, which is happening. So the Boeings, the Airbuses, the Palaces, Honeywell, Collin, et cetera, talking to their counterparts at AT&T and Verizon, obviously, with FAA involvement. But it's -- what needed to happen is now happening is you needed those organizations, those companies able to talk to each other and share information. Because when we do that, we can get results because people are willing to work together. We hadn't have that, instead we had government agencies talking to each other, and that’s -- that can be less productive.

Operator
Our next question comes from Mary Schlangenstein with Bloomberg News.

Mary Schlangenstein

Congratulations, Doug and Robert, both. I wanted to ask you if you could talk a little bit about how much of a delay you see the Omicron flare up having on the return to more near normal travel? One of your competitors said it pushes it out 60 days. But I wonder how that ties in with Vasu's comments about the shortening time between a peak and a bottoming out and then a recovery in demand?

Robert D. Isom - American Airlines Group Inc. - President

Mary, we don't see things a lot different. Look, I think that we were recovering nicely after the Delta variant as we took a look into the Thanksgiving time frame. But then Omicron hit, demand dropped off fairly rapidly. And yes, demand is recovering faster than it had in previous ways. But I think it -- we don't view demand as anything more than delayed. We don't think it's diminished. And if you're taking a look in kind of the 1- or the 2-, 3-month time frame of how demand -- the rebound is pushed out, I think that, that's the appropriate time frame. And for us, as Vasu has mentioned, I know Doug earlier said as well, look, as we take a look out in February, especially as we get to current period, we see a lot of demand and a lot of strength in the bookings that we're seeing already. So I do think that as Omicron (inaudible), we're going to come out strong.

Mary Schlangenstein

And if I could quickly ask, in discussing increased wage levels going forward and as you try to hire more people, is American contemplating, at all, potentially other unilateral pay increase for unionized workers, either any particular groups or maybe on a more broader basis?
Robert D. Isom - American Airlines Group Inc. - President

And Mary, as I mentioned earlier in the call, American has a very attractive brand. We have incredibly generous compensation benefits programs. We attract people right now with the positions that -- and the compensation structure that we have. In various pockets throughout the country, various positions like in regional carriers, we take the appropriate action that we have to. But I feel really confident in where we are today and what we're contemplating in being able to track the right people in the right numbers and getting in front of it, too.

Operator

Our next question comes from Leslie Josephs with CNBC.

Leslie Josephs

I was just wondering what you guys think the impact is going to be of the multiple labor negotiations you have going on now. You've seen complaints about the issues with quality of life, the schedule changes. So curious if that changes how you think about scheduling the airline going forward? And what sort of like what Mary was saying with pay increases in 2022 and beyond, how do you see that going?

Robert D. Isom - American Airlines Group Inc. - President

Leslie, thanks for the question. Here's the one thing I know is that everybody at American is joined in the goal and objective of running a really reliable airline, one that returns to profitability as soon as possible. And so I know that our labor leaders, our team members, they want a profitable and successful American Airlines as we go forward. So as we take a look into any negotiations, I know that that's a (inaudible) that we're all taking. It's got -- it has to be a mindset of taking care of our team members certainly, but also making sure we take care of the company and our shareholders. And that's a balance that we've always been able to maintain and will do going forward.

So as I think -- I look going forward, as I said before, I know that we can attract team members to American Airlines. And there's ways we can get better. And by better, it means running an airline that is more reliable, too. And I know everybody is joined in, in that goal.

Leslie Josephs

Okay. And if I could just ask one follow-up on the 787. Derek, did you say that Boeing is definitely paying compensation now, and they could pay even more if the summer schedule is affected?

Derek J. Kerr - American Airlines Group Inc. - Executive VP & CFO

The first answer is yes. I mean, there's delayed penalties that are always in all of these contracts. And Boeing is paying the delayed penalties for each one of these contracts, 320s aircraft. And then the rest of it will be in negotiation as we talk to them. I mean, hopefully, we don't have to do anything. And hopefully, they hit the schedule that they have, and we don't have any disruption as we go forward.

But we've been told from the highest level of the Boeing team that if there is compensation needed to come to the airline, that they're fully abreast to help us and to overcome the cost that the 787 has caused us over these last -- the delay in those aircraft has cost us over the last few years. And that's a negotiation we'll have with the Boeing team.

Leslie Josephs

In addition to what they're already paying for the existing delay?
Operator
Our next question comes from David Slotnick with TPG.

David Slotnick
And congratulations, Doug. Robert, during your prepared remarks, you mentioned something about a blurring of line between business and leisure travel. I was wondering if you could elaborate on that a bit? Does it translate to higher yields, more premium cabin sales, et cetera?

Robert D. Isom
Vasu is going to take this. Go ahead.

Vasu Raja
David, Greg here from you. But yes, we plan to be a really encouraging trend. We do see a blurring of lines where the trip patterns are changing. Thursday, which is still our biggest business day of the week, is also becoming one of our biggest leisure days of the week. We're having more people who buy business style, fare products, travel as if it's a business trip, but they're going to places, major destinations, Fort Walton Beach, things like that. So that behavior is starting to change. And we can trace the things where people work Fridays remotely or can spend a week or 2 at a time working from some place that is not where they live.

So all that's creating a lot more variation of how we've historically thought about business and leisure, but in that is a lot of opportunity. But clearly, as we go through the pandemic, customers have a lot more flexibility with their time. There's a lot more savings that are out there, and travel has always been one of the most aspirational things for U.S. consumers. So we see a lot of that, and we benefit a lot -- from a lot of that in our short-haul network the most.

Our premium cabin sales have been the most robust in places like the Caribbean and leisure destinations in the U.S. more so than they've been and more prototypical business destinations like the Transcon markets or London Heathrow. So we're really encouraged by that trend. We think that it's going to lead to a lot of things.

That's why we have done a lot of things where we are increasingly rewarding travel, which is not just for how frequently people fly but for simply spending on our credit cards or spending all across the airline. And from my earlier comments, we think there's even more to do, which can be really great for our customers and, of course, really great to the airline, too.

David Slotnick
Vasu, and just as a follow-up. Do you see the impact of inflation leading to anything involved in higher ticket fares, higher prices for customers?
Vasu Raja - American Airlines Group Inc. - Senior VP & Chief Commercial Officer

Look, it remains to be seen. I mean, this industry has a long history with inflation where it hasn't always bled so cleanly into fares. So we'll see, and we don't make any future commentary about pricing. But it's early to tell and how -- whether this level of inflation stays or not, it's even early to go and guess at that, too.

Operator

Our next question comes from Dawn Gilbertson with USA Today.

Dawn Gilbertson

I got to say, Doug, I'm really jealous. This is your last call, but I'm very happy for you and your family.

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

Thanks, Dawn.

Dawn Gilbertson

I have a couple of questions, first, for Vasu, following up on Mary's question about kind of the lag in bookings because of Omicron, spring break and summer. I'm wondering whether you guys are considering extending your -- the expiration date for tickets and for current travel credits? And my second question is probably for Robert, but maybe not. Your call times, like a lot of airlines still are pretty high, as recently as Friday, it was 4 hours plus. Can you give any specifics on what you're doing to address this persistent problem and what's behind it?

Robert D. Isom - American Airlines Group Inc. - President

It's great to hear from you, Dawn. I'll start and then others can add in, too. So first of all, we are assessing different options for what we call stored value, what we do with people who have COVID-related credits that are out there. We've been really encouraged by what we've seen. We're the only airline that allows customers to do name changes and reassign them in. Because of that, we've seen a lot of consumers go and take advantage of that flexibility. And so that, combined with the fact that we've flown with bigger airline, has led us to, at least, believe that we may be seeing is probably a little bit different than others. But we're assessing what our options are, and we'll have more in the not distant future.

Vasu Raja - American Airlines Group Inc. - Senior VP & Chief Commercial Officer

Dawn, and Maya may want to help me out with this. But hey, with reservations right now, with so many changes that are going on in the environment, whether it's travel restrictions, quarantine requirements, schedule changes. You name it. The level of calls that we're getting right now is really unprecedented, and for good reasons.

And what we're trying to do with -- to make sure is that not only do we have all of the resources from a reservations perspective available. But we're also investing in things like chat and then callback functions as well. And one of the things I'm really proud of is while we have had some extended callback times as of late, I'm really proud of the way we've performed throughout the pandemic.

American has consistently performed better than a lot of our competitors. And as we come out of this huge call volume spike, and I expect us to get back to really reasonable and satisfactory times. Maya, do you want to add anything else?
Maya Leibman - American Airlines Group Inc. - Executive VP & Chief Information Officer

Yes. Just following up on some of the technologies that we've implemented in res around a virtual assistant, which is sort of artificial intelligence that can respond to some of the easier questions without the customer having to interact with an agent. And they can -- that's a win-win because the customer can really do that asynchronously and get their answer in short order, that, then this is on to chat for more difficult questions. Our res agents are now trained. We have hundreds now trained to be able to handle a chat. And again, this allows them to handle more than one interaction at a time, which is better for our customers and more productive for our agents.

And then but like Robert said, that really helps defray some of the impact to reservations. But at the end of the day, the nature of the questions that we're getting are so complex, where people are really wanting to fully understand what are the COVID restrictions in traveling here? What kind of vaccination status do I have to have? How do I use this store value combined with this form of payment? And in those cases, we still need our fabulous res agents to be able to handle those.

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

Dawn, before you sign off, with everyone listening in, you would have absolutely been in my prepared remarks [whereas] it's the peers still on the line. But look, of all the -- for those who don't know, Dawn has covered airlines here's on our public when we started America West. So (inaudible) when we were at America West, really. Of all the articles that I have written to a level that I've chosen to actually hang on to you, Dawn, more than we have a Dawn Gilbertson by the line than anybody else. So thank you very much. We really, really appreciate it.

Dawn Gilbertson

Thank you, Doug. It's been a pleasure.

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

Thanks, Dawn. Yes, thank you.

Operator

That concludes today's question-and-answer session. I'd like to turn the call back to management for closing remarks.

William Douglas Parker - American Airlines Group Inc. - Chairman & CEO

I think we're done. Thanks all very much. Really appreciate it. I really appreciate it. I've enjoyed this immensely. This is maybe my favorite of the 107. So thank you all very much. Congratulations to Robert. Congratulations to Dan, and we'll be in touch. Thanks again.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.