JP Morgan Industrials Conference

Company Participants

- Devon May, Chief Financial Officer
- Nathaniel Pieper, Chief Commercial Officer
- Neil Russell, Vice President of Investor Relations
- Robert Isom, Chief Executive Officer

Other Participants

- Jamie Baker, Analyst, JP Morgan
- Unidentified Participant, Unknown, Unknown

Presentation

Jamie Baker {BIO 3406456 <GO>}

All right, folks. Moving right along to our second track this morning. I'm very pleased to turn the stage over to the C-suite from American Airlines.

Obviously moving down the row, we're very delighted that Robert Isom, CEO, would join us today. Devon May to his left. And Nat Pieper, I think many of you know but I think this is the first time -- well it has to be the first time as an American employee that you've taken the stage at our event. It's great to see you again, long history.

Why don't I turn it over to Neil Russell who runs Investor Relations for the opening remarks, and then we'll take it from there.

Neil Russell {BIO 16483376 <GO>}

Thanks, man. Well good morning, everyone. Thank you so much for joining here in the room and for all of you on the webcast as well.

As Jamie said, Neil Russell with the Investor Relations team. Before I toss it over to Robert for the presentation, just a quick reminder for everyone.

Today's presentation does contain some non-GAAP figures. Reconciliations to those non-GAAP figures are included in the presentation and on our website. And additionally, any forward-looking projections that we'll talk about today do have risk factors associated with those, and those risk factors are articulated in our 10-K which can also be found on the website.

So with that out of the way, I'm pleased to turn it over to our CEO, Robert Isom.

Robert Isom {BIO 6783069 <GO>}

Thanks, Neil. And good morning, everyone. Jamie, Mark, thanks for having us here.

All right. I'm going to start right off the bat.

Demand for our product is strong. And our revenue performance is improving at a rate greater than we had originally anticipated, and we're increasing our first quarter guide to now expecting more than 10% growth, and that's a record year-over-year for us. And if you put that in real numbers, that's $1.3 billion more revenue year-over-year approximately at this point.

The fundamentals are moving in the right direction. Eight of our top 10 days of revenue bookings, eight of our top 10 revenue weeks in our company history have been in this quarter.

And the quarter that we're seeing this strong momentum, it's really translated into very nice unit revenue performance. In March, we're expecting greater than 10% unit revenue performance. And we see that strength continuing on into April and May as well.

A few things about this growth. There continues to be very, very strong demand for our premium products, and we're seeing main cabin strength as well. And that's where we have a tremendous amount of our network, and it's over the long run, that domestic network is a strategic advantage.

And our commercial initiatives are driving these results. We're seeing the full impact of restoration of our sales and distribution. We're seeing that 2026 will be a year where we can really build momentum and build back share.

We're fortunately in the midst of the launch of our new contract with Citibank for our co-branded credit card, and that foundation was laid in 2025, but we're seeing the impacts now. And that's the headline.

The revenue growth for American in the first quarter is incredibly strong, and we see that progressing as we move throughout the year.

Now we're in an environment where there's a lot of volatility with fuel. And fuel prices have increased rapidly over the last few weeks. It's only been seven weeks since we were reporting earnings. And what we've seen since that time is about $400 million of impact in terms of our first quarter expense.

So how we look at this, that rapid increase, if it's short term in duration, there's absolutely an impact to the first quarter in terms of profitability and likely an impact in the second quarter as well. But we're going to make sure that we do the right things to react to that. And if this is a longer-term duration phenomenon, we know that there will be the appropriate steps taken to ensure that we drive revenue performance to offset. We're certainly going to be nimble in terms of capacity to make sure that supply and demand stay in balance.

And then I'd just like to note this as well that we'll certainly take actions. But no matter how long this takes, American is built for times like this.

Over the last few years, we've done everything possible to make sure that we're prepared from a liquidity perspective with $10 billion of liquidity here as we end the first quarter. Our total debt is now at a 10-year low. And we have a tremendous amount of unencumbered assets to service collateral if we ever needed to do some borrowing.

So I feel really good about where American stands from a revenue perspective. We're certainly exceeding our expectations, and that's going to continue on as we progress through the year.

We're set up for times like this in terms of volatility. And that -- as far as that mean it goes for the first quarter, we've reported this morning that on a number of factors, that we are really progressing from a revenue perspective. ASMs are down a little bit since we produced our guide in the first quarter, and that's largely due to the Winter Storm Gianna which impacted our Charlotte hub for a couple of days, almost shut it down.

That, of course, then leads to a little bit higher CASM-ex. And as I mentioned before about a $400 million increase in overall fuel expense.

But even with that, all of that, we're going to end up within our guide, albeit towards the lower end. And I'd like to note as well that with all of that going on, if -- but for the run-up in fuel, we would have produced a profitable first quarter.

So that's it for guide. And what I'd like to talk to you about next is what's driving the performance that we see. Certainly, there's market conditions that are favorable, but it's also unique to American Airlines as well and the work that we're doing. And the focus that we have for 2026 is really laid out in four pillars.

We're positioning American to win in the long run. And it starts with elevating our customer experience and delivering a consistent, elevated experience every day, and it's across every step of our travel journey. Every interaction that we have with our customers and with our teams is designed to make sure that we are delivering a product and a service that our customers enjoy and react very favorably to.

Next pillar, growing our global network. And much of this is just about restoring our position to where we had been prior to the pandemic. But we have a great position within North America. We have the strongest network domestically, and we intend to grow that and get it stronger so that customers can use our network to get them anywhere they want to go with our partners literally anywhere in the world.

On top of that, driving premium revenue performance will continue to be a focus, the third pillar.

And then finally, leading in loyalty. And I'd like to talk about all that in more detail.

So priority number one, elevating our customer experience. It means on the ground and in the air, the airport experience. We've done work to improve the check-in process. We've done work to make sure that our lounges are the best in the business.

You've heard recently about our 10th flagship lounge announcement in Charlotte, and we have new Admirals Clubs that are being opened in Austin, Miami, Charlotte and Chicago as well. New amenities in-flight with champagne offerings, a new coffee relationship with Lavazza, elevated food offerings and our in-flight experience really centered around having the best premium product, our new Flagship Suites, setting the standard for luxury in the industry are really showing results.

And on top of that, making sure our customers have what they need to do their business in flight. So we will be the airline that establishes satellite WiFi across our network, both main line and regional aircraft, sponsored by AT&T, and we're really pleased with what we're seeing from that.

And it's not just about product, whether it's hard product on the planes or the service and amenities we offer, it's also about making sure that American runs the most reliable schedule possible. And we know that there's nothing more important to our customers than having a flight that gets them to where they want to go on time. And as we take a look at all the turbulence that's in the industry right now, we're making sure that we're set to deliver no matter what comes our way.

So we're making investments in our schedule, making sure that we can recover quickly. And so in regard to adding appropriate buffers within our network and flight times, that's part of our plan in 2026, and that's in place.

Our biggest hub, Dallas-Fort Worth, we're making sure that, that's built as well for resilience. So we're rebanking that operation, and we're putting in place a structure that will help recover no matter what comes our way.

We're doing the same thing in Philadelphia. And especially for our connecting customers, this means really good things.

And on top of that, we're making sure that our customers and our team members have the tools that they need to both help our customers get to where they want to go, change itineraries in the event that they need to and ultimately recover well from disruptions. And so whether it's transparent notifications and better information, much more self-service capability from a mobile app perspective or for our team members and having tools that tell them when customers are disrupted and how they can best help.

All of these efforts, hard product, soft product, amenities and especially focus on reliability is going to lead to greater customer satisfaction and also higher Net Promoter Scores. So customer experience, priority one.

Priority two, growing back our global network. And from that perspective, the focus is really making sure that we take full advantage of this outstanding network that we've built. Eight out of our top hubs are in the 10 largest metropolitan regions in the United States, the greatest economic growth, the greatest population growth, we're where people want to travel.

And I'll just point out that Dallas-Fort Worth really the center of Texas and the heart of a $2.7 trillion Texas economy, it shows no sign of slowing down in terms of growth. And we're going to make sure that we're capable of serving customers no matter where they want to go.

In Dallas-Fort Worth, we're making really tremendous investments with a new Terminal F that will be built, come online about 2030. And we're making major enhancements to both Terminal C and Terminal A with new peers that are coming on this year. And once completed, DFW will be the largest single carrier hub in the world, and that's over the next few years.

As well in 2026, we're making investments in growth in Phoenix. You heard recently about Miami, where we've launched a new regional terminal that will be done over the next few years.

In Philadelphia, there will be growth this coming year. And notably, in Chicago, we're reestablishing our network to where it had been prior to the pandemic.

Now it takes a fleet, of course, to support all that. And fortunately, we have a fleet that's built to do just that. We have no retirements that are planned over the short run. We have a fantastic order book that is very flexible, and we anticipate being really able to meet our international and premium demand with the growth of our international fleet, 200 additional aircraft by the end of the decade, and we have options to grow beyond that as well.

And I'd like to note that it's not just new aircraft deliveries, 787-9s and 321XLRs and also new narrow-bodies across the fleet. It's also that we're reconfiguring just about every aircraft that isn't new. So whether it's the 777-300, the 777-200s, the 319s, 320s, all of those will be touched over the next few years and add to not only a higher level of premium content, more premium seating, more international lie-flat seats, but also a coach experience that will really benefit our customers.

I think it's important to note that American's lie-flat seats are expected to grow by 50% by the end of the decade, really servicing customers.

Now I'll move on now.

So if you have a customer experience and you have a network that customers enjoy, you have the opportunity to really make sure that they get a product that they will benefit from as well. So that leads us to premium revenue, our priority number three.

And we have a network. We have a fleet that's built to serve premium customers. I mentioned that we have fully restored our historical indirect channel share as we've moved through 2025. And good things are on the horizon in 2026 as we look to expand that share even further. Customers are reacting favorably to our product offering. Business and premium economy paid load factor is up 10 percentage points over 2019. And we're seeing customers buy up from our basic economy product as well.

We've seen growth over the last year by 5 percentage points in terms of level of buy-up. And we're also seeing success in higher Main Cabin Extra seats that are being sold through product bundles. So really pleased with what we've seen from a revenue management perspective, a product offering perspective, and customers are reacting to that very well.

Now if you have a customer experience and a network and a product offering that customers want, you have a chance to build loyalty. And from that perspective, American has always been the leader with our AAdvantage program, and we intend to capitalize on that and make it even better.

So I'll start with this. There's no doubt about it that the value of a mile on American gets you farther than anyone else. And that's something that we intend to keep an advantage on.

We're also looking for ways to really expand redemption and making it literally countless ways that you can use an AAdvantage Mile. So whether it's redeemed miles for gift cards, experiences such as our relationship as the FIFA World Cup U.S. North American sponsor. Those are opportunities where we can continue to expand. And we expect -- and what we've seen so far is that our loyalty enrollments have increased to record levels.

They've expanded even greater than where we were in '25 which were record levels as well. And to just further note, this new Citi relationship, our single co-branded credit card program, that launched January 1, and we love what we're seeing.

We've had the highest level ever of co-brand acquisitions for the first two months of the year. We're on track to meet the goals that we had set for ourselves. And ultimately, that's to increase pretax income by $1.5 billion as we reach, and that's over 2024 as we reach the end of the decade.

So highest loyalty enrollments, highest co-brand acquisitions that we've ever seen. And all that is putting us in a great spot.

So those four priorities: customer experience, network, premium revenue, loyalty. That all leads to margin expansion.

We're really pleased with the commercial initiatives that we've launched. They've got great traction. These have been initiatives that have been in work for a number of years and they're starting to pay off right now.

Add to that, our industry-leading cost performance. We've always been the most efficient at delivering capacity. And we intend to continue to capitalize on that as well.

We've had a reengineering the business effort that has produced about $1 billion of savings since 2023. And now, we have full visibility really into our expense projections as we go into the future.

We have labor cost certainty, contracts in place for the next couple of years. And we intend to make sure that we really do all we can to benefit from having everybody aligned and pushing in the same direction.

So expanded margins from a commercial perspective, continued focus on efficiency from a cost perspective, that is going to lead to greater margins, free cash flow, the ability to continue to reduce our leverage and our hopes are that free cash flow produced from all of this work will benefit the balance sheet and ultimately get us to credit ratings of BB flat.

Revenue, margins, free cash flow, improved balance sheet. This plan is working, and this plan is delivering, and we're confident that all of that will deliver for our investors going forward.

So Jamie, with that, open up to questions.

Questions And Answers

Q - Jamie Baker {BIO 3406456 <GO>}

All right. Folks, go for it. We have a question in the back. Yes.

Q - Unidentified Participant

Just wondering about the new revenue guidance. Like presumably, that's inclusive of having lost some revenue due to weather-related events, but still netting out positively. Can you just kind of break out like what is -- if you had like an x amount increase from underlying demand, call it, but had to give why of that up due to weather or other disruptions. Like what is x and what is y that gets you to that 10-ish percent?

A - Robert Isom {BIO 6783069 <GO>}

Well let me just start with this. The 10.5%, that includes the weather impacts. And no doubt, when we're doing earnings seven weeks ago, we were in the midst of standing in Dallas-Fort Worth which was shut down for three or four days almost. And we captured in our guide at that time the majority of what we saw from Fern.

But that was followed up with another storm, Gianna which uniquely impacted American. We had our second largest hub, Charlotte, that were shut down for a couple of days.

Now the first storm, Fern, we had said probably an impact of about $200 million. So I think that our numbers would have been $200 million greater on top of that. Gianna is baked into the guide that we have. Really pleased with being able to report that total revenues are growing by 10%, and that's with all of those difficulties built in.

Q - Jamie Baker {BIO 3406456 <GO>}

Robert, you did a good job laying out the margin drivers in the business, but I want to ask about the franchise from a somewhat different perspective. Delta for years has talked about the moats that they believe exist around their business, I think it was about two years ago on one of the United earnings call they used the M word, moats for the very first time.

I'm curious -- and that's not really been part of the American narrative in the past which is fine. So I'll put you on the spot. What sort of moats do you think differentiate the American franchise from that of your competitors? And do you see opportunity to establish more moats going forward as the industry continues to evolve?

A - Robert Isom {BIO 6783069 <GO>}

Okay. Jamie, let me start with this.

We're a premium global airline. Really pleased with that. Our biggest strength is really what we do in North America and how we leverage that around the world.

Nobody has a network like we do. Nobody has a network that is positioned where economic growth, population growth is going to happen. We're really pleased with that. That's strength number one. And we leverage that with all of our partners.

All our partners want access, and we're able to not only provide that, but also access other networks. We have the most desirable North American network hands down.

On top of that, we've done a great job of making sure that we have a fleet to support that. And not only that, but a fleet in a world where supply chains are still very difficult, right? We've put down the right investments years ago to really be in a position where that can pay off right now where premium traffic is growing at considerable rates.

I'm pleased with what we've done so far. But really, again, we're going to be in a position where our fleet is going to be able to support that. And at the end of the day, we have this loyalty program. Customers want to fly American. They want to use our loyalty, they want to use our loyalty currency. And those things are all going to add up to a tremendous amount of strength.

Great confidence that we will restore profitability this year. Great confidence that we will be able to expand margins as we go forward, and that's beneficial to our customers, our team and our investors as well.

Q - Jamie Baker {BIO 3406456 <GO>}

And as a follow-up on the fleet, so 237 international aircraft by the end of the decade. I mean this is kind of a broad generalization. But when I think about Delta's international expansion, it's mostly been two large cities and towards partner hubs. When I think about United, and again, this is a generalization, but United has taken a more unique approach. You've got your splits, your NUCs, your Lambators [ph], that sort of thing.

You're pretty heavily indexed to Heathrow already. How do we think about the international network evolving between now and the end of the decade, if those are sort of the two schools of thought in that regard?

A - Robert Isom {BIO 6783069 <GO>}

Well I'll start, and Nat can assist here.

I think we have the best partner network of anyone. And the reason I say that is because we are in the business -- the biggest business markets in the world. And so whether it's London Heathrow and London or in Narita and Haneda with Tokyo or our relationship with Qantas to Sydney.

We're in the places that people will want to go that's going to provide strength for the long run. And I think that, that will continue to be something that we can really depend on.

Now that said, I'm really excited, and Nat can expand on this. I'm really excited about what our domestic hubs are capable of doing as well. And of course, Philadelphia and Charlotte, they're not the largest metro regions in the country, but we have both equipment and a product that I think is going to allow us to use those to do exactly as we had hoped, make sure that we're in some secondary cities in Europe, making sure that we can fully take advantage of the demand that wants to come into the United States.

A - Nathaniel Pieper {BIO 17122440 <GO>}

Yes. Jamie, I'd answer your question.

We're going to play in both markets. I think first, just -- our joint business portfolio is great. Qantas in Oceania, JAL obviously in Tokyo, and then Cathay partnership in Hong Kong, et cetera, very positive. Our Atlantic joint business partners are terrific as well.

You mentioned Heathrow, absolutely. Iberia opportunities over Madrid, tremendous. And if you look at where European growth is coming, where folks from the U.S. want to fly, it's Southern Europe. And so there's a lot of opportunity there.

I then think in terms of dots on the map around the globe, the A321XLR is terrific for us out of Philadelphia. We announced a Porto flight that will start next year. We're going to Prague this year out of Philly, just to give you an example on that, JFK, Edinburgh, we started.

So those two East Coast hubs with the XLR give us some opportunity there as well.

And then lastly, to Robert's point on the domestic hubs being the foundation for all of that. We're building local market share back in our hubs where post-pandemic needed to sort through aircraft shortages, et cetera. But in our next two or three years, growing back Philadelphia to where historically it's been, Phoenix, Miami, core places that all of the pieces of the strategy fit together, you've got loyalty traction there. You've got credit card penetration there. Those people are loyal to American. They generate premium yield, being able to get them anywhere around the globe they want to go is core to our strategy.

Q - Jamie Baker {BIO 3406456 <GO>}

Devon, you and Clemens, your Treasurer, you had what I would sort of characterize as maybe a blocking and tackling plan for2026 to finance aircraft, maybe a EETC or regular way financing.

In light of what's gone on in the past couple of weeks, have you altered your plan at all? How long does this need to continue until you think about, well maybe we need to sort of tweak that capital plan for this year. You still have a lot of liquidity, but you've paid down a lot of debt. You've got a lot of unencumbered assets. But we're getting a lot of questions about what does American need to do to raise capital to bridge the gap here?

A - Devon May {BIO 17603829 <GO>}

Yes. Well the environment has changed, to your point, but I'd just start by saying that's why we have so much liquidity. We're going to end the quarter with over $10 billion of liquidity. Unencumbered assets and first lien capacity are something north of $25 billion right now.

So if elevated fuel continues. And if something different happens in the demand environment than what we're seeing today, then perhaps we'll go to the market to raise some incremental liquidity, but we're in a great spot now. The balance sheet is stronger today than it's been in over a decade. So less total debt today than we had in the end of 2015, less net debt today than we had at the end of 2015.

So we like where the balance sheet is at. We have a ton of different ways we can raise capital if needed. But let's just keep in mind, this has been a pretty short-term shock. It's three weeks into it. We have an impact in the first quarter. There'll be some level of impact in the second quarter, but we're going to give it some time before we change anything.

Q - Jamie Baker {BIO 3406456 <GO>}

And then, Robert, there's obviously been a lot of labor noise. A lot of it's been some posturing because of elections and labor leaders and so forth. But there does seem to be some underlying angst, if you will. Wondering what your goal is for the rest of this year in terms of how to maybe improve the tone coming out of labor? And how does it fit into rebuilding the corporate indirect channel and everything you've been trying to do with the product and so forth and your Q scores, how it all fits together?

A - Robert Isom {BIO 6783069 <GO>}

So Mark, look, our team members, our labor leaders, they want the same things that we do and that we need to deliver on. They want a product that they can be proud of. They want an on-time airline. They want to be taken care of. And on all those fronts, that's exactly what we're set to do.

And I hold all of us accountable to making sure that we deliver in that frame. And we'll do everything we can to make sure that our team is brought along and really helps in that process. No doubt about it.

It helps when we're all pulling in the same direction. Clearly, customers are responding to our product offering, and it's only going to be better as we really build momentum and get everybody moving in the right direction.

But it starts with leadership. It starts with making sure that we deliver on the fundamentals, that we deliver a reliable operation, something that they can depend on, something that they can really write home about that they're proud of. And we're set to make sure that we bring everybody along on it.

Q - Unidentified Participant

(Inaudible) premium demands, that matches out with the 13% [ph] spot increase with premium and (inaudible) outside of operation would be constrain, would you (inaudible).

A - Robert Isom {BIO 6783069 <GO>}

Yes. I'll take that. Great question.

I think encouraged on both fronts, actually. So on the first part, premium demand is strong. It's a lot of the reason we're making the investments that we are, both on the international fleet, our 787 premium configuration in the 9s and flying those airplanes to our most premium market, Heathrow, logically makes sense. We're seeing great yields from that perspective.

Domestically, premium continues to enhance both in our domestic first-class product as well as our premium economy, even Main Cabin Extra featuring extra leg room, seeing good yield performance on those.

Also indicative of the modifications we're making into our existing airplanes, 319s and 320s, domestic aircraft, adding additional first-class seats, additional premium economy seats there as well.

So good traction on that front. We're encouraged about it.

The counter to it which is also encouraging is we're seeing main cabin demand and economy traffic improve March, April unit revenue in the back part of the airplane has been really strong, in fact, even potentially outpacing premium as we move forward as we see bookings going to Q2.

So I like that a lot because that tells me the product we're putting on the shelf, customer experience, our network is in hand with that revenue, we're getting the right products in the right places, whether it's via technology, whether it's corporate indirect share, where folks want to fly American. Whatever we're selling, people are interested in buying whatever experience they're seeking, whether it's premium or it's non-premium traffic.

Q - Jamie Baker {BIO 3406456 <GO>}

Robert, we saw some headlines coming out yesterday in terms of the proposed Chicago caps. I know that that's not fully baked just yet. Could you comment on the progress that you're making? And more importantly, can you assure us that the negotiated solution won't skew in either yours -- I mean I'm sure you'd love it to skew in your favor. But for purposes of fairness, we're assuming that the reductions are similar between United and American. Can you assure us of that? Just an update on Chicago would be helpful, particularly the conversations with (multiple speakers) --

A - Robert Isom {BIO 6783069 <GO>}

Look, on two fronts, I'll handle the first, and then I'll hand it to Devon for the second.

First, I applaud the DOT and FAA for stepping in. I'm very -- I'm grateful of Secretary Duffy, Administrator Bedford, where we were headed in Chicago due to the reckless scheduling of our competitor, okay. Was going to be gridlock, plain and simple. American Airlines has had one intention which is just getting back to a level of flying that we had done back in 2019.

We added a modest amount of flying year-over-year. I'm really hopeful and confident that what the DOT and FAA are doing will be fair and will produce a schedule that ultimately, all of our customers can benefit from.

It doesn't help anyone to have Chicago in a position not only where it can't operate, but it impacts the entire country.

And again, I'll just say this, American has been flying in Chicago for 100 years. Our very first flight was -- had Chicago as one of the legs, flown by Charles Lindbergh. American is not leaving Chicago, no matter what anybody says.

And to that end, I'll have Devon speak a little bit about really how we see financial results there. Devon?

A - Devon May {BIO 17603829 <GO>}

Sure. I'll maybe take you back to some old managerial accounting and activity-based cost and systems.

But American Airlines, along with every other airline and probably most companies when they're looking at the profitability of a different product or a different factory, whatever it might be, it's going to be looked at a handful of different levels. The first is how is your profitability against the direct operating costs associated with operating for us that hub or that flight. All of our hubs are profitable at that level. That's a decision-making level.

Next is it covering the actual assets that are allocated to that hub. So in our case, it's largely is it covering the cost of ownership. Not really a pure ROIC type review, but like a P&L type review inclusive of ownership.

It does include costs that maybe are fixed or a little bit more fixed in the near term. So things like calendar-based maintenance expense, sorry, airport rent expense which, in many cases, is fixed over a longer term. So you slide some of that into a fixed category.

But in our case, when you account for some of these fixed costs, all of our hubs are profitable on an after ownership basis. That's another decision-making tool.

The last one isn't a decision-making metric at all, but it's just there for interest. It's there because people understand what pretax margin looks like. The way we run an activity-based costing system is effectively, it takes it down to a pretax level. And it's because that's a metric that people understand.

Some companies might use more of an EBIT level for us, it's a pretax level. All of that does, it allocates overhead. So it's not necessarily that a hub or a market is driving overhead. It's an overhead allocation. You can use it to rank hubs. You can use it because people understand the metric, but it's not a decision-making tool.

So in a year like 2025, we have some hubs that don't make money on a pretax basis. We have some hubs that make money on a pretax basis. But it's not something that we're basing or making decisions on because when we look at it on versus direct operating costs or direct operating costs, inclusive of ownership, everything contributes positively to the system.

Just one other note that flight profitability systems don't take into account is the entire network effect. If you cancel a flight out of a spoke station or if you shrink a hub, in our case, we had a smaller hub in Chicago for many years, you have less of a customer proposition in the spoke station. As you grow it back, your customer proposition in that spoke station becomes better. That's what we're seeing in Chicago right now.

The last thing that these profitability systems don't include is the impact to your co-brand program. If you're much smaller in a city, it's not necessarily a good thing for your co-brand program. It's not reflective directly in most of your hub profitability. But it's something that we look at when we're looking through just at a really detailed level, what does a hub or what does a flight do for the profitability of the network.

So we look at it at a lot of different levels. Every company does the same thing. All of our hubs contribute positively to our system profitability right now. But that's the way we look at flight profit, and that's how we think about it at a flight level or a hub level.

Q - Jamie Baker {BIO 3406456 <GO>}

Excellent. Nat, Devon and Robert, thank you very much. Really appreciate it.