

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **January 25, 2024**

**AMERICAN AIRLINES GROUP INC.**  
**AMERICAN AIRLINES, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
Delaware

(State or other Jurisdiction of Incorporation)

1-8400  
1-2691

(Commission File Number)

75-1825172  
13-1502798

(IRS Employer Identification No.)

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

(Address of principal executive offices)

76155  
76155

(Zip Code)

Registrant's telephone number, including area code:

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

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

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

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

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

(1) Attached to the Common Stock

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

Emerging growth company

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

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

On January 25, 2024, American Airlines Group Inc. (the Company, we, us and our) issued a press release reporting financial results for the three and twelve months ended December 31, 2023. The press release is furnished as Exhibit 99.1 to this report.

**ITEM 7.01. REGULATION FD DISCLOSURE.**

On January 25, 2024, the Company provided a presentation to investors. This investor presentation is located on the Company's website at [www.aa.com](http://www.aa.com) under "Investor Relations" and is furnished as Exhibit 99.2 to this report.

Also on January 25, 2024, the Company provided an update for investors presenting information relating to its financial and operational outlook for the first quarter and full year 2024. This investor update is located on the Company's website at [www.aa.com](http://www.aa.com) under "Investor Relations" and is furnished as Exhibit 99.3 to this report.

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

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

**(d) Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated January 25, 2024.</a>
99.2	<a href="#">Investor Presentation, dated January 25, 2024.</a>
99.3	<a href="#">Investor Update, dated January 25, 2024.</a>
104.1	Cover page interactive data file (embedded within the Inline XBRL document).

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**SIGNATURES**

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

**AMERICAN AIRLINES GROUP INC.**

Date: January 25, 2024

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

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

**AMERICAN AIRLINES, INC.**

Date: January 25, 2024

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

## PRESS RELEASE

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

FOR RELEASE: Thursday, Jan. 25, 2024

**AMERICAN AIRLINES REPORTS FOURTH-QUARTER AND FULL-YEAR 2023 FINANCIAL RESULTS**

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

- **Record full-year revenue of approximately \$53 billion.**
- **GAAP fourth-quarter and full-year net income of \$19 million and \$822 million, or \$0.03 and \$1.21 per diluted share, respectively.**
- **Excluding net special items<sup>1</sup>, fourth-quarter and full-year net income of \$192 million and \$1.9 billion, or \$0.29 and \$2.65 per diluted share, respectively.**
- **Achieved best-ever fourth-quarter and full-year completion factor.**
- **Generated GAAP operating cash flow of \$3.8 billion and the airline's highest full-year free cash flow<sup>2</sup> of \$1.8 billion.**
- **Reduced total debt<sup>3</sup> by \$3.2 billion in 2023. The company is more than 75% of the way to its 2025 total debt reduction goal.**

"The American Airlines team produced an exceptionally strong performance in 2023," said American's CEO Robert Isom. "We are delivering on our commitments and remain well-positioned for the future, supported by the strength of our network and travel rewards program, our young and simplified fleet, our operational reliability, and our outstanding team. As we look forward, we remain focused on delivering a reliable operation for our customers and reengineering the business to build an even more efficient airline."

**Operational reliability**

American and its regional partners operated nearly 2 million flights in 2023, with an average load factor of 83.5%. The company produced its best-ever fourth-quarter and full-year completion factor, with the lowest number of cancellations annually since the merger in 2013.

The airline's strong operational momentum continued through the holiday travel period. American achieved its best-ever completion factor and on-time departures as well as its lowest mishandled baggage rate over the holidays.

**Financial performance**

For the full year, American produced record revenue of nearly \$53 billion. In the fourth quarter, the company generated revenue of more than \$13 billion and an operating margin of 5.0% on a GAAP basis. Excluding the impact of net special items<sup>1</sup>, American produced an operating margin of 5.1% in the fourth quarter, exceeding the high end of the company's prior guidance. These results were driven by continued strong demand for American's product, record revenue from its travel rewards program, strong operational performance and effective cost control.

### Liquidity and balance sheet

Strengthening the balance sheet remains a top priority for the company. American reduced total debt<sup>3</sup> by more than \$500 million in the fourth quarter and by approximately \$3.2 billion in 2023. The company is more than 75% of the way to its goal of reducing total debt<sup>3</sup> by \$15 billion by the end of 2025. As of Dec. 31, 2023, American had reduced its total debt<sup>3</sup> by approximately \$11.4 billion from peak levels in mid-2021.

The company ended the year with approximately \$10.4 billion of total available liquidity, comprised of cash and short-term investments plus undrawn capacity under revolving and other short-term credit facilities.

### Guidance and investor update

Based on present demand trends and the current fuel price forecast and excluding the impact of special items<sup>4</sup>, the company expects its first-quarter 2024 adjusted loss per diluted share<sup>4</sup> to be between (\$0.15) and (\$0.35). American expects its full-year 2024 adjusted earnings per diluted share<sup>4</sup> to be between \$2.25 and \$3.25.

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

### Conference call and webcast details

The company will conduct a live audio webcast of its financial results conference call at 7:30 a.m. CT today. The call will be available to the public on a listen-only basis at [aa.com/investorrelations](https://aa.com/investorrelations). An archive of the webcast will be available on the website through Feb. 25.

### Notes

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

1. The company recognized \$173 million of net special items in the fourth quarter after the effect of taxes, which principally included \$216 million of nonoperating net special items for charges associated with debt extinguishments and mark-to-market net unrealized losses on certain equity investments. The company recognized \$1.0 billion of net special items in 2023 after the effect of taxes, which included operating net special items of \$979 million principally related to one-time charges resulting from the ratification of a new collective bargaining agreement with American's mainline pilots, as well as nonoperating net special items of \$362 million for charges associated with debt extinguishments and mark-to-market net unrealized losses on certain equity investments.
2. Please see the accompanying notes for the company's definition of free cash flow, a non-GAAP measure.
3. All references to total debt include debt, finance and operating lease liabilities and pension obligations.
4. Adjusted earnings per diluted share guidance excludes the impact of net special items. The company is unable to reconcile certain forward-looking information to GAAP as the nature or amount of net special items cannot be determined at this time.

#### About American Airlines Group

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

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

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about the company's plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on the company's current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth herein as well as in the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (especially in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in the company's other filings with the Securities and Exchange Commission. Additionally, there may be other factors of which the company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. The company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.

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

	3 Months Ended December 31,		Percent Increase (Decrease)	12 Months Ended December 31,		Percent Increase (Decrease)
	2023	2022		2023	2022	
<b>Operating revenues:</b>						
Passenger	\$ 12,010	\$ 12,131	(1.0)	\$ 48,512	\$ 44,568	8.8
Cargo	199	263	(24.2)	812	1,233	(34.1)
Other	853	795	7.2	3,464	3,170	9.3
<b>Total operating revenues</b>	<b>13,062</b>	<b>13,189</b>	<b>(1.0)</b>	<b>52,788</b>	<b>48,971</b>	<b>7.8</b>
<b>Operating expenses:</b>						
Aircraft fuel and related taxes	3,159	3,421	(7.7)	12,257	13,791	(11.1)
Salaries, wages and benefits	3,689	3,199	15.3	14,580	12,972	12.4
<b>Regional expenses:</b>						
Regional operating expenses	1,101	1,006	9.3	4,325	4,064	6.4
Regional depreciation and amortization	79	81	(1.8)	318	321	(0.8)
Maintenance, materials and repairs	875	735	19.1	3,265	2,684	21.6
Other rent and landing fees	714	649	10.0	2,928	2,730	7.3
Aircraft rent	338	350	(3.2)	1,369	1,395	(1.9)
Selling expenses	443	484	(8.5)	1,799	1,815	(0.9)
Depreciation and amortization	480	492	(2.3)	1,936	1,977	(2.1)
Special items, net	9	4	nm <sup>(1)</sup>	971	193	nm
Other	1,519	1,385	9.7	6,006	5,422	10.8
<b>Total operating expenses</b>	<b>12,406</b>	<b>11,806</b>	<b>5.1</b>	<b>49,754</b>	<b>47,364</b>	<b>5.0</b>
<b>Operating income</b>	<b>656</b>	<b>1,383</b>	<b>(52.5)</b>	<b>3,034</b>	<b>1,607</b>	<b>88.8</b>
<b>Nonoperating income (expense):</b>						
Interest income	136	110	24.1	591	216	nm
Interest expense, net	(519)	(532)	(2.3)	(2,145)	(1,962)	9.3
Other income (expense), net	(241)	50	nm	(359)	325	nm
<b>Total nonoperating expense, net</b>	<b>(624)</b>	<b>(372)</b>	<b>67.9</b>	<b>(1,913)</b>	<b>(1,421)</b>	<b>34.6</b>
<b>Income before income taxes</b>	<b>32</b>	<b>1,011</b>	<b>(96.8)</b>	<b>1,121</b>	<b>186</b>	<b>nm</b>
Income tax provision	13	208	(93.6)	299	59	nm
<b>Net income</b>	<b>\$ 19</b>	<b>\$ 803</b>	<b>(97.6)</b>	<b>\$ 822</b>	<b>\$ 127</b>	<b>nm</b>
<b>Earnings per common share:</b>						
Basic	\$ 0.03	\$ 1.23		\$ 1.26	\$ 0.20	
Diluted	\$ 0.03	\$ 1.14		\$ 1.21	\$ 0.19	
<b>Weighted average shares outstanding (in thousands):</b>						
Basic	654,725	650,944		653,612	650,345	
Diluted	657,079	716,070		719,669	655,122	

**Note:** Percent change may not recalculate due to rounding.

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

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

	3 Months Ended December 31,			Increase (Decrease)	12 Months Ended December 31,			Increase (Decrease)
	2023	2022			2023	2022		
Revenue passenger miles (millions)	58,331	55,320	5.4 %	231,926	215,624	7.6 %		
Available seat miles (ASM) (millions)	69,773	65,962	5.8 %	277,723	260,226	6.7 %		
Passenger load factor (percent)	83.6	83.9	(0.3) pts	83.5	82.9	0.6 pts		
Yield (cents)	20.59	21.93	(6.1) %	20.92	20.67	1.2 %		
Passenger revenue per ASM (cents)	17.21	18.39	(6.4) %	17.47	17.13	2.0 %		
Total revenue per ASM (cents)	18.72	19.99	(6.4) %	19.01	18.82	1.0 %		
Cargo ton miles (millions)	501	458	9.5 %	1,840	1,972	(6.7) %		
Cargo yield per ton mile (cents)	39.74	57.39	(30.8) %	44.13	62.52	(29.4) %		
Fuel consumption (gallons in millions)	1,033	979	5.5 %	4,140	3,901	6.1 %		
Average aircraft fuel price including related taxes (dollars per gallon)	3.06	3.50	(12.5) %	2.96	3.54	(16.3) %		
Operating cost per ASM (cents)	17.78	17.90	(0.7) %	17.92	18.20	(1.6) %		
Operating cost per ASM excluding net special items (cents)	17.77	17.89	(0.7) %	17.56	18.13	(3.1) %		
Operating cost per ASM excluding net special items and fuel (cents)	13.24	12.70	4.2 %	13.15	12.83	2.5 %		
Passenger enplanements (thousands)	53,567	50,934	5.2 %	210,692	199,288	5.7 %		
Departures (thousands):								
Mainline	285	277	2.9 %	1,145	1,052	8.9 %		
Regional	222	201	10.3 %	855	903	(5.3) %		
Total	507	478	6.0 %	2,000	1,955	2.3 %		
Average stage length (miles):								
Mainline	1,157	1,132	2.3 %	1,147	1,161	(1.2) %		
Regional	458	469	(2.3) %	463	477	(3.0) %		
Total	851	853	(0.2) %	855	845	1.1 %		
Aircraft at end of period:								
Mainline	965	925	4.3 %	965	925	4.3 %		
Regional <sup>(2)</sup>	596	536	3.7 %	556	536	3.7 %		
Total	1,521	1,461	4.1 %	1,521	1,461	4.1 %		
Full-time equivalent employees at end of period:								
Mainline	103,200	102,000	1.2 %	103,200	102,000	1.2 %		
Regional <sup>(3)</sup>	28,900	27,700	4.3 %	28,900	27,700	4.3 %		
Total	132,100	129,700	1.9 %	132,100	129,700	1.9 %		

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

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

<sup>(2)</sup> Includes aircraft owned and leased by American as well as aircraft operated by third-party regional carriers under capacity purchase agreements. Excluded from the aircraft count above are 77 regional aircraft that were in temporary storage as of December 31, 2023 as follows: 57 Embraer 145, 11 Bombardier CRJ 700, six Bombardier CRJ 900, and three Embraer 170.

<sup>(3)</sup> Regional full-time equivalent employees only include our wholly-owned regional airline subsidiaries.



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

	3 Months Ended December 31,		Increase (Decrease)	12 Months Ended December 31,		Increase (Decrease)
	2023	2022		2023	2022	
<b>Domestic <sup>(1)</sup></b>						
Revenue passenger miles (millions)	39,610	38,065	4.1 %	155,374	149,410	4.0 %
Available seat miles (ASM) (millions)	46,805	44,939	4.2 %	185,206	176,447	5.0 %
Passenger load factor (percent)	84.6	84.7	(0.1) pts	83.9	84.7	(0.8) pts
Passenger revenue (dollars in millions)	8,744	8,945	(2.2) %	34,592	32,911	5.1 %
Yield (cents)	22.08	23.50	(6.1) %	22.26	22.03	1.1 %
Passenger revenue per ASM (cents)	18.68	19.90	(6.1) %	18.68	18.65	0.1 %
<b>Latin America <sup>(2)</sup></b>						
Revenue passenger miles (millions)	8,570	8,379	2.3 %	33,337	32,467	2.7 %
Available seat miles (millions)	9,950	9,853	1.0 %	38,531	39,131	(1.5) %
Passenger load factor (percent)	86.1	85.0	1.1 pts	86.5	83.0	3.5 pts
Passenger revenue (dollars in millions)	1,674	1,793	(6.6) %	6,719	6,150	9.2 %
Yield (cents)	19.53	21.40	(8.7) %	20.16	18.94	6.4 %
Passenger revenue per ASM (cents)	16.82	18.20	(7.6) %	17.44	15.72	10.9 %
<b>Atlantic</b>						
Revenue passenger miles (millions)	8,307	7,676	8.2 %	36,581	30,949	18.2 %
Available seat miles (millions)	10,728	9,725	10.3 %	46,056	40,679	13.2 %
Passenger load factor (percent)	77.4	78.9	(1.5) pts	79.4	76.1	3.3 pts
Passenger revenue (dollars in millions)	1,330	1,222	8.9 %	6,205	5,070	22.4 %
Yield (cents)	16.02	15.92	0.6 %	16.96	16.38	3.5 %
Passenger revenue per ASM (cents)	12.40	12.57	(1.3) %	13.47	12.46	8.1 %
<b>Pacific</b>						
Revenue passenger miles (millions)	1,844	1,200	53.6 %	6,634	2,798	nm
Available seat miles (millions)	2,290	1,445	58.5 %	7,930	3,969	99.8 %
Passenger load factor (percent)	80.5	83.1	(2.6) pts	83.7	70.5	13.2 pts
Passenger revenue (dollars in millions)	262	171	53.1 %	996	437	nm
Yield (cents)	14.19	14.23	(0.3) %	15.00	15.62	(3.9) %
Passenger revenue per ASM (cents)	11.43	11.82	(3.4) %	12.55	11.01	14.0 %
<b>Total International</b>						
Revenue passenger miles (millions)	18,721	17,255	8.5 %	76,552	66,214	15.6 %
Available seat miles (millions)	22,968	21,023	9.3 %	92,517	83,779	10.4 %
Passenger load factor (percent)	81.5	82.1	(0.6) pts	82.7	79.0	3.7 pts
Passenger revenue (dollars in millions)	3,266	3,186	2.5 %	13,920	11,657	19.4 %
Yield (cents)	17.45	18.46	(5.5) %	18.18	17.61	3.3 %
Passenger revenue per ASM (cents)	14.22	15.15	(6.2) %	15.05	13.91	8.1 %

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

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

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

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

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

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

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

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

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

	3 Months Ended December 31,		Percent Increase (Decrease)	12 Months Ended December 31,		Percent Increase (Decrease)
	2023	2022		2023	2022	
<b>Reconciliation of Operating Income Excluding Net Special Items</b>						
	(in millions)			(in millions)		
Operating income as reported	\$ 656	\$ 1,383		\$ 3,034	\$ 1,607	
Operating net special items:						
Mainline operating special items, net <sup>(1)</sup>	9	4		971	193	
Regional operating special items, net	—	2		8	5	
Operating income excluding net special items	\$ 665	\$ 1,389	(52.1%)	\$ 4,013	\$ 1,805	nm
<b>Calculation of Operating Margin</b>						
Operating income as reported	\$ 656	\$ 1,383		\$ 3,034	\$ 1,607	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Operating margin	5.0 %	10.5 %		5.7 %	3.3 %	
<b>Calculation of Operating Margin Excluding Net Special Items</b>						
Operating income excluding net special items	\$ 665	\$ 1,389		\$ 4,013	\$ 1,805	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Operating margin excluding net special items	5.1 %	10.5 %		7.6 %	3.7 %	
<b>Reconciliation of Pre-Tax Income Excluding Net Special Items</b>						
Pre-tax income as reported	\$ 32	\$ 1,011		\$ 1,121	\$ 186	
Pre-tax net special items:						
Mainline operating special items, net <sup>(1)</sup>	9	4		971	193	
Regional operating special items, net	—	2		8	5	
Nonoperating special items, net <sup>(2)</sup>	216	40		362	74	
Total pre-tax net special items	225	46		1,341	272	
Pre-tax income excluding net special items	\$ 257	\$ 1,057	(75.7%)	\$ 2,462	\$ 458	nm
<b>Calculation of Pre-Tax Margin</b>						
Pre-tax income as reported	\$ 32	\$ 1,011		\$ 1,121	\$ 186	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Pre-tax margin	0.2 %	7.7 %		2.1 %	0.4 %	
<b>Calculation of Pre-Tax Margin Excluding Net Special Items</b>						
Pre-tax income excluding net special items	\$ 257	\$ 1,057		\$ 2,462	\$ 458	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Pre-tax margin excluding net special items	2.0 %	8.0 %		4.7 %	0.9 %	

Reconciliation of Net Income Excluding Net Special Items	3 Months Ended December 31,		Percent Increase (Decrease)	12 Months Ended December 31,		Percent Increase (Decrease)
	2023	2022		2023	2022	
Net income as reported	(in millions, except share and per share amounts)			(in millions, except share and per share amounts)		
	\$ 19	\$ 803		\$ 822	\$ 127	
Net special items:						
Total pre-tax net special items <sup>(1), (2)</sup>	225	46		1,341	272	
Income tax special items, net	—	—		—	(9)	
Net tax effect of net special items	(52)	(22)		(304)	(62)	
Net income excluding net special items	\$ 192	\$ 827	(76.8%)	\$ 1,859	\$ 328	nm
<b>Reconciliation of Basic and Diluted Earnings Per Share Excluding Net Special Items</b>						
Net income excluding net special items	\$ 192	\$ 827		\$ 1,859	\$ 328	
Shares used for computation (in thousands):						
Basic	654,725	650,944		653,612	650,345	
Diluted	718,807	716,070		719,669	655,122	
Earnings per share excluding net special items:						
Basic	\$ 0.29	\$ 1.27		\$ 2.84	\$ 0.50	
Diluted <sup>(3)</sup>	\$ 0.29	\$ 1.17		\$ 2.65	\$ 0.50	
<b>Reconciliation of Total Operating Costs per ASM Excluding Net Special Items and Fuel</b>						
Total operating expenses as reported	\$ 12,406	\$ 11,806		\$ 49,754	\$ 47,364	
Operating net special items:						
Mainline operating special items, net <sup>(1)</sup>	(9)	(4)		(971)	(193)	
Regional operating special items, net	—	(2)		(8)	(5)	
Total operating expenses excluding net special items	12,397	11,800		48,775	47,166	
Aircraft fuel and related taxes	(3,159)	(3,421)		(12,257)	(13,791)	
Total operating expenses excluding net special items and fuel	\$ 9,238	\$ 8,379		\$ 36,518	\$ 33,375	
	(in cents)			(in cents)		
Total operating expenses per ASM as reported	17.78	17.90		17.92	18.20	
Operating net special items per ASM:						
Mainline operating special items, net <sup>(1)</sup>	(0.01)	(0.01)		(0.35)	(0.07)	
Regional operating special items, net	—	—		—	—	
Total operating expenses per ASM excluding net special items	17.77	17.89		17.56	18.13	
Aircraft fuel and related taxes per ASM	(4.53)	(5.19)		(4.41)	(5.30)	
Total operating expenses per ASM excluding net special items and fuel	13.24	12.70		13.15	12.83	

Note: Amounts may not recalculate due to rounding.

**FOOTNOTES:**

<sup>(1)</sup> The 2023 twelve month period mainline operating special items, net principally included \$989 million of one-time charges resulting from the ratification of a new collective bargaining agreement with our mainline pilots, including a one-time payment of \$754 million as well as adjustments to other benefit-related items of \$235 million.

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

<sup>(2)</sup> Principally included charges associated with debt refinancings and extinguishments as well as mark-to-market net unrealized gains and losses associated with certain equity investments.

<sup>(3)</sup> The 2023 three and twelve month period diluted earnings per share gives effect to, among other things, the Company's outstanding 6.5% senior convertible notes by (a) adding back to earnings \$13 million and \$47 million of interest expense, respectively, related to such convertible notes, net of estimated profit sharing, short-term incentive and tax effects and (b) including in the diluted shares outstanding, 61.7 million shares issuable in respect to such convertible notes.

The 2022 three month period diluted earnings per share gives effect to, among other things, the Company's outstanding 6.5% senior convertible notes by (a) adding back to earnings \$11 million of interest expense related to such convertible notes, net of estimated profit sharing, short-term incentive and tax effects and (b) including in the diluted shares outstanding, 61.7 million shares issuable in respect to such convertible notes.

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

	Year Ended December 31,	
	2023	2022
<b>Net cash provided by operating activities</b>	\$ 3,803	\$ 2,173
<b>Cash flows from investing activities:</b>		
Capital expenditures, net of aircraft purchase deposit returns	(2,596)	(2,546)
Proceeds from sale of property and equipment and sale-leaseback transactions	230	147
Sales of short-term investments	8,861	14,972
Purchases of short-term investments	(7,323)	(11,257)
Decrease in restricted short-term investments	51	1
Purchase of equity investments	—	(321)
Other investing activities	275	(360)
Net cash provided by (used in) investing activities	(502)	636
<b>Cash flows from financing activities:</b>		
Payments on long-term debt and finance leases	(7,718)	(3,752)
Proceeds from issuance of long-term debt	4,822	1,069
Other financing activities	(310)	52
Net cash used in financing activities	(3,206)	(2,631)
Net increase in cash and restricted cash	95	178
Cash and restricted cash at beginning of year	586	408
Cash and restricted cash at end of year <sup>(1)</sup>	\$ 681	\$ 586

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

Cash	\$ 578	\$ 440
Restricted cash included in restricted cash and short-term investments	103	146
Total cash and restricted cash	\$ 681	\$ 586

**Free Cash Flow**

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

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

	Year Ended December 31, 2023	
	(in millions)	
<b>Net cash provided by operating activities</b>	\$	3,803
<b>Adjusted net cash used in investing activities <sup>(1)</sup></b>		(1,997)
<b>Free cash flow</b>	\$	1,806

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

Net cash used in investing activities	\$	(502)
Adjustments:		
Net sales of short-term investments		(1,538)
Decrease in restricted cash		43
<b>Adjusted net cash used in investing activities</b>	<b>\$</b>	<b>(1,997)</b>

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

	December 31, 2023 (unaudited)	December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 578	\$ 440
Short-term investments	7,000	8,525
Restricted cash and short-term investments	910	995
Accounts receivable, net	2,026	2,138
Aircraft fuel, spare parts and supplies, net	2,400	2,279
Prepaid expenses and other	658	892
Total current assets	13,572	15,269
<b>Operating property and equipment</b>		
Flight equipment	41,794	39,703
Ground property and equipment	10,307	9,913
Equipment purchase deposits	760	613
Total property and equipment, at cost	52,861	50,229
Less accumulated depreciation and amortization	(22,097)	(20,029)
Total property and equipment, net	30,764	30,200
<b>Operating lease right-of-use assets</b>		
	7,939	8,094
<b>Other assets</b>		
Goodwill	4,091	4,091
Intangibles, net	2,051	2,059
Deferred tax asset	2,888	3,099
Other assets	1,753	1,904
Total other assets	10,783	11,153
Total assets	\$ 63,058	\$ 64,716
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt and finance leases	\$ 3,632	\$ 3,274
Accounts payable	2,353	2,149
Accrued salaries and wages	2,377	1,713
Air traffic liability	6,200	6,745
Loyalty program liability	3,453	3,169
Operating lease liabilities	1,309	1,465
Other accrued liabilities	2,738	2,981
Total current liabilities	22,062	21,496
<b>Noncurrent liabilities</b>		
Long-term debt and finance leases, net of current maturities	29,270	32,389
Pension and postretirement benefits	3,044	2,837
Loyalty program liability	5,874	5,976
Operating lease liabilities	6,452	6,559
Other liabilities	1,558	1,258
Total noncurrent liabilities	46,198	49,019
<b>Stockholders' equity (deficit)</b>		
Common stock, 654,273,192 shares outstanding at December 31, 2023	7	6
Additional paid-in capital	7,374	7,291
Accumulated other comprehensive loss	(4,894)	(4,585)
Retained deficit	(7,689)	(8,511)
Total stockholders' deficit	(5,202)	(5,799)
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ 63,058</b>	<b>\$ 64,716</b>

American Airlines Group Inc.

**FOURTH-  
QUARTER  
AND  
FULL-YEAR  
2023  
FINANCIAL  
RESULTS**

January 25, 2024



## Forward-looking statements

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Certain of the statements contained in this presentation should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about the Company's plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on the Company's current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth herein as well as in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (especially in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in the Company's other filings with the Securities and Exchange Commission. Additionally, there may be other factors of which the Company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. The Company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.





## Strong fourth-quarter and full-year results

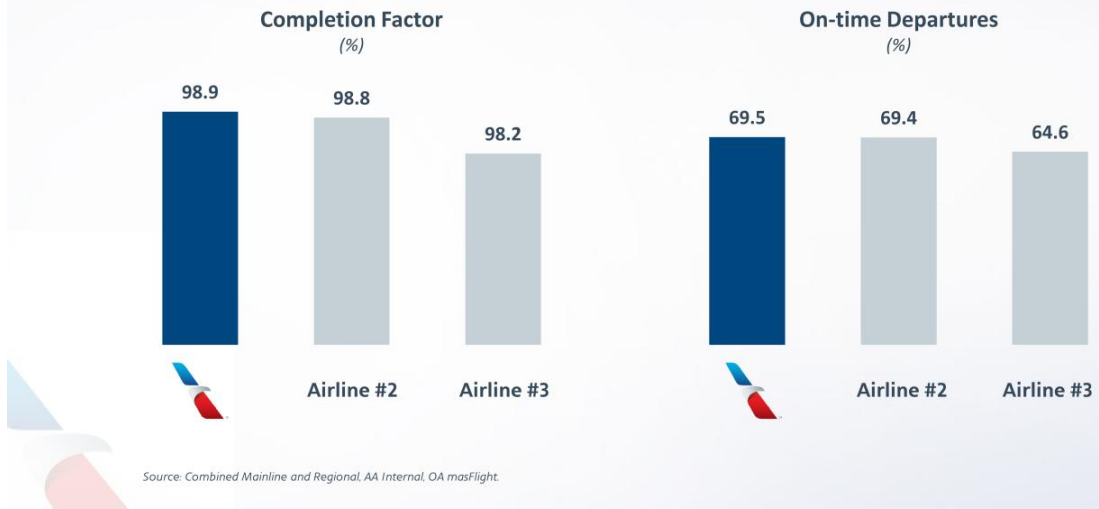
- **Full-year 2023 profitability driven by record revenue of ~\$53 billion**
- Fourth-quarter net income of \$19 million and full-year net income of \$822 million. Excluding net special items<sup>1</sup>, fourth-quarter net income of \$192 million and full-year net income of \$1.9 billion.
- Produced **best-ever fourth-quarter and full-year completion factor** and fewest cancellations annually since the merger
- **Record full-year free cash flow<sup>1</sup> of \$1.8 billion**
- **Reduced total debt<sup>2</sup> by \$3.2 billion** in 2023



1. See GAAP to non-GAAP and free cash flow reconciliations at the end of this presentation.  
2. Total debt includes debt, finance and operating lease liabilities and pension obligations.

## American is leading in operational reliability

- In 2023, American led the U.S. network carriers in completion factor and on-time departures

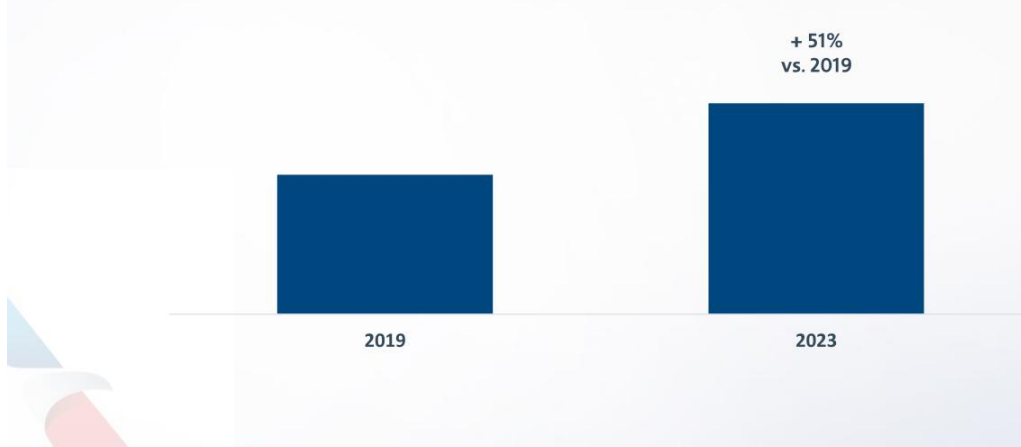


## AAdvantage® remains strong

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- 2023 was another record year for new members joining American's AAdvantage loyalty and travel rewards program, with enrollments up 51% vs. 2019

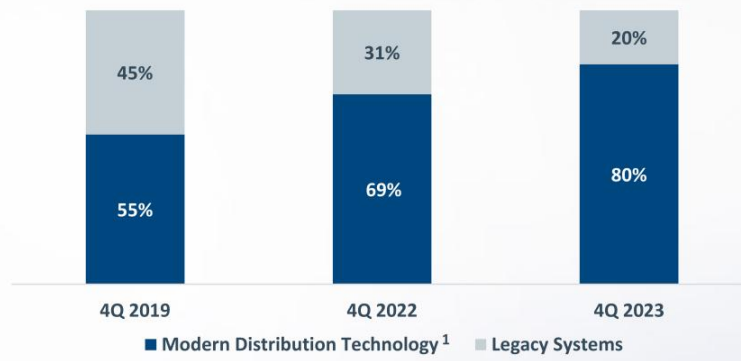
New loyalty member accounts



## Fourth-quarter bookings contribution

- American continues to see an increase in bookings from modern distribution technology

Bookings contribution by distribution technology



Note: May not recalculate due to rounding.  
1. Modern Distribution Technology includes website, mobile app and NDC direct bookings.

# Financial update



## Fourth-quarter financial results

	GAAP		Non-GAAP <sup>1</sup>	
	4Q 2023	4Q 2022	4Q 2023	4Q 2022
	<i>(in millions, except share and per share amounts)</i>			
Operating Income	\$656	\$1,383	\$665	\$1,389
Pre-Tax Income	\$32	\$1,011	\$257	\$1,057
Net Income	\$19	\$803	\$192	\$827
Earnings per common share:				
Basic	\$0.03	\$1.23	\$0.29	\$1.27
Diluted	\$0.03	\$1.14	\$0.29	\$1.17
Weighted average shares outstanding (in thousands):				
Basic	654,725	650,944	654,725	650,944
Diluted	657,079	716,070	718,807	716,070

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

## Balance sheet strengthening continues

- \$11.4 billion total debt<sup>1</sup> reduction from peak levels through year-end 2023
- Sizable, high-quality borrowing capacity<sup>2</sup> (>\$12B) and unencumbered asset base<sup>2</sup> (>\$5B)

(\$ in billions)

### Total debt<sup>1</sup> reduction



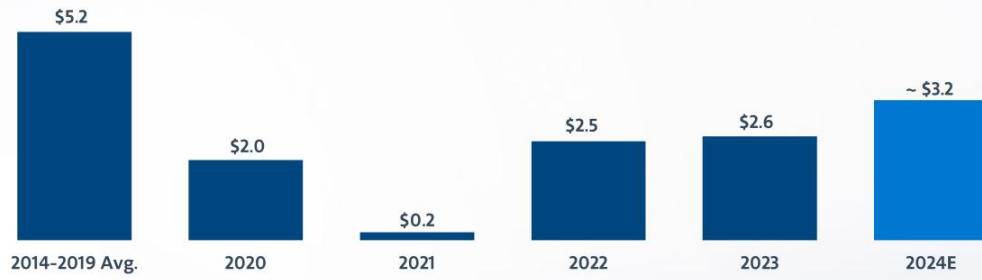
1. Total debt includes debt, finance and operating lease liabilities and pension obligations.  
2. Asset valuations based on a combination of third-party appraisals and internal estimates.  
3. Net of new financings.

## Moderate capex profile

- Young fleet allows for lower capex

(\$ in billions)

### Total capex<sup>1</sup>



Note: May not recalculate due to rounding.  
1. Source: Company filings; 2021 includes net inflows from return of PDPs.



## First-quarter and full-year outlook

	1Q 2024	FY 2024
Total capacity (ASMs) (vs. 2023)	~ +6.5% to +8.5%	~ Up mid-single digits
TRASM (vs. 2023)	~ -3.5% to -5.5%	~ Flat to -3.0%
CASM-ex <sup>1</sup> (vs. 2023)	~ +2% to +4%	~ +0.5% to +3.5%
Fuel (\$/gallon) <sup>2</sup>	~ \$2.65 to \$2.85	~ \$2.50 to \$2.75
Adjusted operating margin <sup>1</sup>	~ 0% to 2%	~ 6% to 9%
Adjusted earnings (loss) per diluted share <sup>1</sup>	~ (\$0.15) to (\$0.35)	~ \$2.25 to \$3.25

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

<sup>2</sup> Consumption of ~1.04 to 1.06 billion gallons in 1Q 2024 and ~4.30 to 4.50 billion gallons in FY 2024, based on January 17, 2024 forward fuel curve.



THANK YOU, #AATeam!

# GAAP to non-GAAP reconciliation

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

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

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

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

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

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



## GAAP to non-GAAP reconciliation

Reconciliation of Operating Income Excluding Net Special Items	3 Months Ended December 31,		Percent Increase (Decrease)	12 Months Ended December 31,		Percent Increase (Decrease)
	2023	2022		2023	2022	
	(in millions)			(in millions)		
Operating income as reported	\$ 656	\$ 1,383		\$ 3,034	\$ 1,607	
Operating net special items:						
Maritime operating special items, net <sup>(1)</sup>	9	4		971	193	
Regional operating special items, net	-	2		8	5	
Operating income excluding net special items	\$ 665	\$ 1,389	(52.1%)	\$ 4,013	\$ 1,805	nm
<b>Calculation of Operating Margin</b>						
Operating income as reported	\$ 656	\$ 1,383		\$ 3,034	\$ 1,607	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Operating margin	5.0%	10.5%		5.7%	3.3%	
<b>Calculation of Operating Margin Excluding Net Special Items</b>						
Operating income excluding net special items	\$ 665	\$ 1,389		\$ 4,013	\$ 1,805	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Operating margin excluding net special items	5.1%	10.5%		7.6%	3.7%	
<b>Reconciliation of Pre-Tax Income Excluding Net Special Items</b>						
Pre-tax income as reported	\$ 32	\$ 1,011		\$ 1,121	\$ 186	
Pre-tax net special items:						
Maritime operating special items, net <sup>(1)</sup>	9	4		971	193	
Regional operating special items, net	-	2		8	5	
Nonoperating special items, net <sup>(2)</sup>	216	40		362	74	
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Pre-tax income excluding net special items	\$ 257	\$ 1,057	(75.7%)	\$ 2,462	\$ 458	nm
<b>Calculation of Pre-Tax Margin</b>						
Pre-tax income as reported	\$ 32	\$ 1,011		\$ 1,121	\$ 186	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Pre-tax margin	0.2%	7.7%		2.1%	0.4%	
<b>Calculation of Pre-Tax Margin Excluding Net Special Items</b>						
Pre-tax income excluding net special items	\$ 257	\$ 1,057		\$ 2,462	\$ 458	
Total operating revenues as reported	\$ 13,062	\$ 13,189		\$ 52,788	\$ 48,971	
Pre-tax margin excluding net special items	2.0%	8.0%		4.7%	0.9%	

# GAAP to non-GAAP reconciliation

	3 Months Ended December 31,		Percent Increase (Decrease)	12 Months Ended December 31,		Percent Increase (Decrease)
	2023	2022		2023	2022	
	(in millions, except share and per share amounts)			(in millions, except share and per share amounts)		
<b>Reconciliation of Net Income Excluding Net Special Items</b>						
Net income as reported	\$ 19	\$ 803		\$ 822	\$ 127	
Net special items:						
Total pre-tax net special items, net <sup>(1)</sup>	225	46		1,341	272	
Income tax special items, net	—	—		—	(9)	
Net tax effect of net special items	(52)	(22)		(394)	(82)	
Net income excluding net special items	\$ 192	\$ 827	(76.8%)	\$ 1,859	\$ 328	nm
<b>Reconciliation of Basic and Diluted Earnings Per Share Excluding Net Special Items</b>						
Net income excluding net special items	\$ 192	\$ 827		\$ 1,859	\$ 328	
Shares used for computation (in thousands):						
Basic	854,729	890,944		853,812	868,345	
Diluted	718,807	718,072		718,869	688,122	
Earnings per share excluding net special items:						
Basic	\$ 0.23	\$ 0.92		\$ 2.18	\$ 0.38	
Diluted <sup>(2)</sup>	\$ 0.28	\$ 1.17		\$ 2.60	\$ 0.50	
<b>Reconciliation of Total Operating Costs per ASM Excluding Net Special Items and Fuel</b>						
Total operating expenses as reported	\$ 12,406	\$ 11,806		\$ 48,754	\$ 47,364	
Operating net special items:						
Marine operating special items, net <sup>(3)</sup>	(8)	(4)		(97)	(193)	
Regional operating special items, net	12,397	11,800		48,775	47,166	
Total operating expenses excluding net special items	(3,198)	(3,421)		(12,287)	(13,791)	
Aircraft fuel and related taxes	9,238	8,379		36,516	33,375	
Total operating expenses excluding net special items and fuel	17.78	17.90		17.92	18.20	
(in cents)						
Total operating expenses per ASM as reported	17.78	17.90		17.92	18.20	
Operating net special items per ASM:						
Marine operating special items, net <sup>(3)</sup>	(0.01)	(0.01)		(0.30)	(0.07)	
Regional operating special items, net	17.77	17.89		17.56	18.13	
Total operating expenses per ASM excluding net special items	(0.53)	(0.19)		(8.41)	(8.30)	
Aircraft fuel and related taxes per ASM	13.24	12.70		13.15	12.83	
Total operating expenses per ASM excluding net special items and fuel						

Note: Amounts may not recalculate due to rounding.

## FOOTNOTES:

<sup>(1)</sup> The 2022 twelve month period marine operating special items, net principally included \$899 million of one-time charges resulting from the ratification of a new collective bargaining agreement with our marine pilots, including a one-time payment of \$754 million as well as adjustments to other benefit-related items of \$235 million.

The 2023 twelve month period marine operating special items, net principally included a non-cash impairment charge to write down the carrying value of the Company's diluted Airbus A330 fleet to the estimated fair value due to the market conditions for certain used aircraft. The Company retired its Airbus A330 fleet in 2022 as a result of the decline in demand for air travel due to the COVID-19 pandemic.

<sup>(2)</sup> Principally included charges associated with debt refinancings and extinguishments as well as mark-to-market net unrealized gains and losses associated with certain equity investments.

<sup>(3)</sup> The 2023 three and twelve month period diluted earnings per share gives effect to, among other things, the Company's outstanding 6.5% senior convertible notes by (a) adding back to earnings \$13 million and \$47 million of interest expense, respectively, related to such convertible notes, net of estimated profit sharing, short-term incentive and tax effects and (b) including in the diluted shares outstanding, 61.7 million shares issuable in respect to such convertible notes.

The 2023 three month period diluted earnings per share gives effect to, among other things, the Company's outstanding 6.5% senior convertible notes by (a) adding back to earnings \$11 million of interest expense related to such convertible notes, net of estimated profit sharing, short-term incentive and tax effects and (b) including in the diluted shares outstanding, 61.7 million shares issuable in respect to such convertible notes.



## Free cash flow reconciliation

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

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

	Year Ended December 31, 2023 (in millions)
<b>Net cash provided by operating activities</b>	\$ 3,803
<b>Adjusted net cash used in investing activities <sup>(1)</sup></b>	<u>(1,997)</u>
<b>Free cash flow</b>	<u>\$ 1,806</u>

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

Net cash used in investing activities	\$ (502)
Adjustments:	
Net sales of short-term investments	(1,538)
Decrease in restricted cash	43
Adjusted net cash used in investing activities	<u>\$ (1,997)</u>

## EBITDAR margin reconciliation

The Company's adjusted EBITDAR and adjusted EBITDAR margin are presented below, which are non-GAAP measures that management uses to evaluate the Company's current operating performance. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP.

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

Adjusted EBITDAR and Adjusted EBITDAR Margin	3 Months Ended		12 Months Ended	
	December 31, 2023		December 31, 2023	
	(in millions)			
Operating income as reported	\$	656	\$	3,034
Adjustments <sup>(1)</sup> :				
Aircraft rent		340		1,376
Depreciation and amortization		559		2,254
Operating special items, net		9		979
Adjusted EBITDAR	\$	1,564	\$	7,643
Total operating revenues as reported	\$	13,062	\$	52,788
Adjusted EBITDAR margin		12.0%		14.5%

<sup>(1)</sup> Includes amounts associated with regional operations that are reflected in regional expenses in the condensed consolidated statements of operations (\$2 million and \$79 million of aircraft rent and depreciation and amortization, respectively, for the three months ended December 31, 2023. \$7 million, \$318 million and \$8 million of aircraft rent, depreciation and amortization, and operating special items, net, respectively, for the twelve months ended December 31, 2023).







Investor Relations Update  
January 25, 2024

**General Overview**

- **Capacity** - The Company expects its first-quarter capacity to be up approximately 6.5% to 8.5% versus the first quarter of 2023. The Company expects its full-year capacity to be up mid-single digits year-over-year.
- **TRASM** - First-quarter total revenue per available seat mile (TRASM) is expected to be down approximately 3.5% to 5.5% versus the first quarter of 2023. The Company expects its full-year TRASM to be approximately flat to down 3% year-over-year.
- **CASM-ex<sup>1</sup>** - The Company expects its first-quarter CASM-ex to be up approximately 2% to 4% versus the first quarter of 2023. CASM-ex for the first quarter of 2023 did not include the cost impact of higher wage rates associated with the collective bargaining agreement with mainline pilots ratified in August 2023. Normalizing for the cost of this agreement, the Company expects that its first-quarter CASM-ex would be approximately flat year-over-year. The Company expects its full-year CASM-ex to be up approximately 0.5% to 3.5% year-over-year.
- **Fuel** - Based on the January 17, 2024, forward fuel curve, the Company expects to pay an average of between \$2.65 and \$2.85 per gallon of jet fuel (including taxes) in the first quarter and expects to consume between approximately 1.04 and 1.06 billion gallons of jet fuel. Based on its current plans and assumptions, the Company expects to pay an average of between \$2.50 and \$2.75 per gallon of jet fuel (including taxes) for the full year and to consume between approximately 4.30 to 4.50 billion gallons of jet fuel.
- **Adjusted operating margin<sup>1</sup>** - Based on current assumptions, the Company expects an adjusted operating margin of approximately 0% to 2% for the first quarter and a full-year adjusted operating margin of approximately 6% to 9%.
- **Adjusted nonoperating expense<sup>1</sup>** - The Company expects its total adjusted nonoperating expense to be approximately \$370 million and approximately \$1,425 million in the first quarter and full year, respectively.
- **Taxes** - The Company expects a provision for income taxes at an estimated effective tax rate of approximately 25% for the full year, which is expected to be substantially non-cash.
- **Adjusted EPS<sup>1</sup>** - Based on the assumptions outlined above, the Company expects its first-quarter adjusted loss per diluted share to be between (\$0.15) to (\$0.35) based on an expected share count of 655.7 million shares<sup>2</sup>. Based on current assumptions, the Company expects its full-year adjusted earnings per diluted share to be between \$2.25 and \$3.25 using a share count of 722.9 million shares<sup>2</sup>.

**Notes:**

1. *CASM-ex is cost per available seat mile (CASM) excluding fuel and net special items and is a non-GAAP measure. Adjusted operating margin, adjusted nonoperating expense and adjusted earnings (loss) per diluted share exclude the impact of net special items and are non-GAAP measures. The Company is unable to reconcile certain forward-looking information to GAAP as the nature or amount of net special items cannot be determined at this time. Please see GAAP to non-GAAP reconciliation at the end of this document.*
2. *The Company's first-quarter 2024 diluted share count for purposes of computing adjusted loss per diluted share excludes 61.7m shares attributed to the Company's 6.5% convertible notes as they are expected to be antidilutive. Such shares are expected to be dilutive for the full-year 2024 adjusted earnings per diluted share calculation.*

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

## Financial Update January 25, 2024

	1Q 2024 <sup>1</sup>			
Available seat miles (ASMs)				~ +6.5% to +8.5% (vs. 1Q 23)
TRASM				~ -3.5% to -5.5% (vs. 1Q 23)
CASM excluding fuel and net special items				~ +2% to +4% (vs. 1Q 23)
Average fuel price (incl. taxes) (\$/gal)				~ \$2.65 to \$2.85
Fuel gallons consumed (bil)				~ 1.04 to 1.06
Adjusted operating margin				~ 0% to 2%
Adjusted nonoperating expense (\$ mil)				~ \$370
Adjusted earnings/(loss) per diluted share (\$/share)				~ (\$0.15) to (\$0.35)
	1Q 2024 Shares Forecast			
	Shares (mil) <sup>2</sup>			
Earnings Level (\$ mil)	Basic	Diluted	Addback (\$ mil) <sup>3</sup>	
Earnings above \$112	655.7	719.8		\$10
Earnings up to \$112	655.7	658.1		—
Net loss	655.7	655.7		—

	FY 2024 <sup>1</sup>			
Available seat miles (ASMs)				~ Up mid-single digits (vs. 2023)
TRASM				~ Flat to -3% (vs. 2023)
CASM excluding fuel and net special items				~ +0.5% to +3.5% (vs. 2023)
Average fuel price (incl. taxes) (\$/gal)				~ \$2.50 to \$2.75
Fuel gallons consumed (bil)				~ 4.30 to 4.50
Adjusted operating margin				~ 6% to 9%
Adjusted nonoperating expense (\$ mil)				~ \$1,425
Adjusted earnings/(loss) per diluted share (\$/share)				~ \$2.25 to \$3.25
	FY 2024 Shares Forecast			
	Shares (mil) <sup>2</sup>			
Earnings Level (\$ mil)	Basic	Diluted	Addback (\$ mil) <sup>3</sup>	
Earnings above \$460	656.8	722.9		\$43
Earnings up to \$460	656.8	661.2		—
Net loss	656.8	656.8		—

### Notes:

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

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

## GAAP to Non-GAAP Reconciliation January 25, 2024

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

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

	1Q 2024 Range <sup>1</sup>		FY 2024 Range <sup>1</sup>	
	Low	High	Low	High
Total operating expenses	\$12,063	\$12,689	\$49,288	\$52,064
Less fuel expense	2,756	3,021	10,750	12,375
Less operating net special items	—	—	—	—
Total operating expense excluding fuel and net special items (non-GAAP)	\$9,307	\$9,668	\$38,538	\$39,689
Total CASM (cts)	17.42	17.99	16.90	17.85
Total CASM excluding fuel and net special items (cts) (non-GAAP)	13.44	13.71	13.22	13.61
Percentage change compared to 2023 (%)	~ 2.0%	~ 4.0%	~ 0.5%	~ 3.5%
Total ASMs (bil) <sup>2</sup>	69.2	70.5	291.6	291.6

Amounts may not recalculate due to rounding.

#### Notes:

1. The Company is unable to reconcile certain forward-looking information to GAAP as the nature or amount of net special items cannot be determined at this time.
2. Solely for purposes of this reconciliation, the Company has assumed FY 2024 total ASMs up ~5% versus FY 2023.

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

**Forward-Looking Statements**  
**January 25, 2024**

**Cautionary Statement Regarding Forward-Looking Statements**

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about the Company's plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on the Company's current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth herein as well as in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (especially in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in the Company's other filings with the Securities and Exchange Commission. Additionally, there may be other factors of which the Company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. The Company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.

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