

2018 Financial Recap

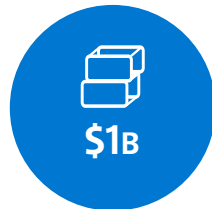
A. Operating Revenues



1. Passenger revenue

Revenue from air transportation, as well as revenue associated with AAdvantage mileage credit redemptions and ancillary fees

+



2. Cargo revenue

Revenue from transporting mail and freight

+



3. Other revenue

Includes the AAdvantage affinity card program and other partners and airport clubs

\$44.6B

A. Total Operating Revenues

B. Operating Expenses



4. Fuel and related taxes

Jet fuel and associated taxes

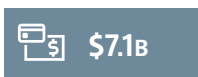
+



5. Salaries, wages and benefits

Pay, benefits and profit sharing

+



6. Regional expenses

The cost of regional wholly-owned and contract carriers, including fuel

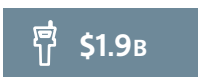
+



7. Maintenance expenses

The cost to maintain our fleet

+



8. Other rent and landing fees

Rent for airport facilities and landing fees

\$41.9B

B. Total Operating Expenses



9. Aircraft rent

The cost of leasing aircraft

+



10. Selling expenses

Credit card fees, global distribution system fees, commissions and advertising

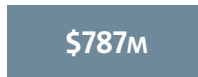
+



11. Depreciation and amortization

The cost of using aircraft, spare parts and ground equipment that is expensed over the life of the asset

+



12. Special items, net

Includes fleet restructuring and merger integration expenses

+



13. Other expenses

Includes costs such as crew hotels, catering and ground handling

\$2.7B

C. Total Operating Profit (A - B)

D. Total Nonoperating Expenses, Net

Includes items such as interest expense and income, and pension and other retirement income and costs. Also includes \$113 million in net special items primarily related to mark-to-market adjustments for certain equity investments and costs associated with debt refinancings and extinguishments.

-\$772M

E. Pretax Income (C + D)

\$1.9B

F. Add back: Special Items, Net

Includes \$787 million of mainline net special items (No. 12) and \$113 million of nonoperating net special items (D).

+\$906M

*G. Pretax Income, Excluding Special Items (E + F)

\$2.8B

H. Income Tax Provision (G x 24%)

We recorded a provision for income taxes at an effective rate of approximately 24 percent, which was substantially noncash, as we utilized net operating losses carried forward from previous years.

-\$673M

*I. Net Income, Excluding Special Items (G + H)

\$2.1B

(or \$4.55 per diluted share)

J. GAAP Net Income

\$1.4B¹

(or \$3.03 per diluted share)

*We use pretax profit and net profit excluding special items (non-GAAP financial measures) to evaluate the company's current operating performance and to allow for period-to-period comparisons. We believe 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 measure 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.

¹Reconciliation to GAAP Net Income:

E. Pretax Income	\$1.9B
K. Income Tax Provision (E x 24%)	-\$454M
J. GAAP Net Income (E + K)	\$1.4B

We are focused on our long-term strategic objectives. In 2018, American:

Create a World-Class Customer Experience

Onboard Experience

- Activated free live TV, now on more than 270 domestic aircraft, and continued to be the only U.S. carrier to offer live TV on international flights
- Expanded high-speed Wi-Fi to more than 570 aircraft. The rest of American's long-term narrowbody aircraft will receive high-speed Wi-Fi in 2019
- Added Premium Economy to 103 aircraft. American offers more Premium Economy seats than any other U.S. airline

Network

- Launched service on 86 new routes including 14 new destinations, including Reykjavik, Iceland; Budapest, Hungary; and Prague, Czech Republic. In 2019 we will become the only U.S. airline to travel nonstop to Bologna, Italy and Dubrovnik, Croatia

Fleet

- Ordered 47 new Boeing 787s to replace retiring aircraft and keep American's fleet the youngest among U.S. network airlines

Make Culture a Competitive Advantage

Flight Service Integration

- Merged the flight attendant team, allowing them to work across the entire fleet and creating improved scheduling options for flight attendants and the airline

People and Community Relations

- American team members conducted one of the airline's largest disaster relief efforts by assembling 20,000 American Red Cross hygiene kits at the Phoenix cargo facility for victims of the deadly California wildfires
- Donated more than \$35 million in cash and travel value to support members of the military and veterans, health research, disaster response and children's well-being
- Awarded \$11 million in cash and recognition points to recognize team members for good work supporting customers and fellow employees

Build American Airlines to Thrive Forever

- Along with Los Angeles World Airports, broke ground on a \$1.6 billion modernization project at Terminals 4 and 5 at LAX
- Unveiled the first new section of Terminal B at LaGuardia, where American now occupies three of 11 gates
- Cargo had its best year ever, with a record \$1 billion in revenue and 2 billion pounds of freight delivered



“We want to thank our team for taking care of our customers during the busy holiday travel period. Their efforts led to significant improvements in key operational metrics and great customer service.”

— DOUG PARKER, CHAIRMAN AND CEO

\$175M

ACCRUAL FOR PROFIT SHARING
(which includes employer payroll taxes
and retirement contributions)

\$1B

IN CARGO REVENUE



The U.S. and Czech Republic flags were on display after the inaugural service from PHL to Prague, Czech Republic (PRG) – the first time an American Airlines aircraft had landed at PRG. American launched service on 86 new routes in 2018 – 14 of them were new destinations

[See attached press release](#)