

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

	3 Months Ended March 31,		Percent Increase (Decrease)
	2021	2020 ⁽¹⁾	
Operating revenues:			
Passenger	\$ 3,179	\$ 7,681	(58.6)
Cargo	315	147	nm ⁽²⁾
Other	<u>514</u>	<u>687</u>	(25.3)
Total operating revenues	4,008	8,515	(52.9)
Operating expenses:			
Aircraft fuel and related taxes	1,034	1,784	(42.0)
Salaries, wages and benefits	2,730	3,219	(15.2)
Regional expenses:			
Regional operating expenses	544	1,057	(48.6)
Regional depreciation and amortization	81	83	(2.7)
Maintenance, materials and repairs	376	629	(40.2)
Other rent and landing fees	570	611	(6.6)
Aircraft rent	351	334	4.9
Selling expenses	151	385	(60.8)
Depreciation and amortization	478	560	(14.6)
Special items, net	(1,708)	1,132	nm
Other	<u>716</u>	<u>1,270</u>	(43.6)
Total operating expenses	<u>5,323</u>	<u>11,064</u>	(51.9)
Operating loss	(1,315)	(2,549)	(48.4)
Nonoperating income (expense):			
Interest income	4	21	(83.3)
Interest expense, net	(371)	(257)	43.9
Other income (expense), net	<u>109</u>	<u>(105)</u>	nm
Total nonoperating expense, net	<u>(258)</u>	<u>(341)</u>	(24.3)
Loss before income taxes	(1,573)	(2,890)	(45.6)
Income tax benefit	<u>(323)</u>	<u>(649)</u>	(50.1)
Net loss	<u>\$ (1,250)</u>	<u>\$ (2,241)</u>	(44.2)
Loss per common share:			
Basic and diluted	<u>\$ (1.97)</u>	<u>\$ (5.26)</u>	
Weighted average shares outstanding (in thousands):			
Basic and diluted	<u>634,609</u>	<u>425,713</u>	

Note: Percent change may not recalculate due to rounding.

⁽¹⁾ Beginning in the first quarter of 2021, aircraft fuel and related taxes as well as certain salaries, wages and benefits, other rent and landing fees, selling and other expenses are no longer allocated to regional expenses on the Company's condensed consolidated statements of operations. The first quarter of 2020 condensed consolidated statement of operations has been recast to conform to the 2021 presentation. This statement of operations presentation change has no impact on total operating expenses or net loss.

⁽²⁾ Not meaningful or greater than 100% change.

American Airlines Group Inc.
Consolidated Operating Statistics ⁽¹⁾
(Unaudited)

	3 Months Ended March 31,		Increase (Decrease)
	2021	2020	
Revenue passenger miles (millions)	22,464	45,171	(50.3) %
Available seat miles (ASM) (millions)	37,764	62,099	(39.2) %
Passenger load factor (percent)	59.5	72.7	(13.2) pts
Yield (cents)	14.15	17.00	(16.8) %
Passenger revenue per ASM (cents)	8.42	12.37	(31.9) %
Total revenue per ASM (cents)	10.61	13.71	(22.6) %
Cargo ton miles (millions)	532	436	22.1 %
Cargo yield per ton mile (cents)	59.18	33.62	76.0 %
Fuel consumption (gallons in millions)	608	972	(37.4) %
Average aircraft fuel price including related taxes (dollars per gallon)	1.70	1.83	(7.4) %
Operating cost per ASM (cents)	14.09	17.82	(20.9) %
Operating cost per ASM excluding net special items (cents)	19.19	15.84	21.1 %
Operating cost per ASM excluding net special items and fuel (cents)	16.45	12.97	26.8 %
Passenger enplanements (thousands)	24,238	42,201	(42.6) %
Departures (thousands):			
Mainline	153	253	(39.5) %
Regional	186	279	(33.5) %
Total	339	532	(36.4) %
Average stage length (miles):			
Mainline	1,205	1,153	4.5 %
Regional	505	469	7.7 %
Total	821	794	3.4 %
Aircraft at end of period:			
Mainline ⁽²⁾	851	942	(9.7) %
Regional ⁽³⁾	548	542	1.1 %
Total	1,399	1,484	(5.7) %
Full-time equivalent employees at end of period:			
Mainline	88,500	104,400	(15.2) %
Regional ⁽⁴⁾	24,700	27,100	(8.9) %
Total	113,200	131,500	(13.9) %

Note: Amounts may not recalculate due to rounding.

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

⁽²⁾ Excludes 35 Boeing 737-800 mainline aircraft that are in temporary storage at March 31, 2021.

⁽³⁾ Includes aircraft owned and leased by American as well as aircraft operated by third-party regional carriers under capacity purchase agreements. Excludes two Embraer 145 regional aircraft that are in temporary storage at March 31, 2021.

⁽⁴⁾ 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 March 31,		Increase (Decrease)
	2021	2020	
<u>Domestic</u> ⁽¹⁾			
Revenue passenger miles (millions)	18,538	31,856	(41.8) %
Available seat miles (ASM) (millions)	27,952	44,238	(36.8) %
Passenger load factor (percent)	66.3	72.0	(5.7) pts
Passenger revenue (dollars in millions)	2,655	5,780	(54.1) %
Yield (cents)	14.32	18.14	(21.1) %
Passenger revenue per ASM (cents)	9.50	13.07	(27.3) %
<u>Latin America</u> ⁽²⁾			
Revenue passenger miles (millions)	3,576	7,116	(49.7) %
Available seat miles (millions)	7,865	9,068	(13.3) %
Passenger load factor (percent)	45.5	78.5	(33.0) pts
Passenger revenue (dollars in millions)	482	1,180	(59.2) %
Yield (cents)	13.47	16.57	(18.8) %
Passenger revenue per ASM (cents)	6.12	13.01	(52.9) %
<u>Atlantic</u>			
Revenue passenger miles (millions)	199	4,185	(95.2) %
Available seat miles (millions)	1,151	6,239	(81.5) %
Passenger load factor (percent)	17.4	67.1	(49.7) pts
Passenger revenue (dollars in millions)	22	523	(95.8) %
Yield (cents)	11.10	12.50	(11.2) %
Passenger revenue per ASM (cents)	1.93	8.39	(77.0) %
<u>Pacific</u>			
Revenue passenger miles (millions)	151	2,014	(92.5) %
Available seat miles (millions)	796	2,554	(68.8) %
Passenger load factor (percent)	18.9	78.8	(59.9) pts
Passenger revenue (dollars in millions)	20	198	(89.7) %
Yield (cents)	13.53	9.84	37.4 %
Passenger revenue per ASM (cents)	2.56	7.76	(67.0) %
<u>Total International</u>			
Revenue passenger miles (millions)	3,926	13,315	(70.5) %
Available seat miles (millions)	9,812	17,861	(45.1) %
Passenger load factor (percent)	40.0	74.5	(34.5) pts
Passenger revenue (dollars in millions)	524	1,901	(72.4) %
Yield (cents)	13.35	14.28	(6.5) %
Passenger revenue per ASM (cents)	5.34	10.64	(49.8) %

Note: Amounts may not recalculate due to rounding.

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

⁽²⁾ 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:

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

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

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

	3 Months Ended March 31,	
	2021	2020
	(in millions, except share and per share amounts)	
Reconciliation of Pre-Tax Loss Excluding Net Special Items		
Pre-tax loss as reported	\$ (1,573)	\$ (2,890)
Pre-tax net special items:		
Mainline operating special items, net ⁽¹⁾	(1,708)	1,132
Regional operating special items, net ⁽²⁾	(215)	93
Nonoperating special items, net ⁽³⁾	(23)	217
Total pre-tax net special items	(1,946)	1,442
Pre-tax loss excluding net special items	\$ (3,519)	\$ (1,448)
Calculation of Pre-Tax Margin		
Pre-tax loss as reported	\$ (1,573)	\$ (2,890)
Total operating revenues as reported	\$ 4,008	\$ 8,515
Pre-tax margin	-39.3%	-33.9%
Calculation of Pre-Tax Margin Excluding Net Special Items		
Pre-tax loss excluding net special items	\$ (3,519)	\$ (1,448)
Total operating revenues as reported	\$ 4,008	\$ 8,515
Pre-tax margin excluding net special items	-87.8%	-17.0%
Reconciliation of Net Loss Excluding Net Special Items		
Net loss as reported	\$ (1,250)	\$ (2,241)
Net special items:		
Total pre-tax net special items ^{(1), (2), (3)}	(1,946)	1,442
Net tax effect of net special items	453	(330)
Net loss excluding net special items	\$ (2,743)	\$ (1,129)
Reconciliation of Basic and Diluted Loss Per Share Excluding Net Special Items		
Net loss excluding net special items	\$ (2,743)	\$ (1,129)
Shares used for computation (in thousands):		
Basic and diluted	634,609	425,713
Loss per share excluding net special items:		
Basic and diluted	\$ (4.32)	\$ (2.65)

Reconciliation of GAAP Financial Information to Non-GAAP Financial Information

	3 Months Ended March 31,	
	2021	2020
	(in millions)	
Reconciliation of Operating Loss Excluding Net Special Items		
Operating loss as reported	\$ (1,315)	\$ (2,549)
Operating net special items:		
Mainline operating special items, net ⁽¹⁾	(1,708)	1,132
Regional operating special items, net ⁽²⁾	(215)	93
Operating loss excluding net special items	\$ (3,238)	\$ (1,324)
Reconciliation of Total Operating Cost per ASM Excluding Net Special Items and Fuel		
Total operating expenses as reported	\$ 5,323	\$ 11,064
Operating net special items:		
Mainline operating special items, net ⁽¹⁾	1,708	(1,132)
Regional operating special items, net ⁽²⁾	215	(93)
Total operating expenses, excluding net special items	7,246	9,839
Aircraft fuel and related taxes	(1,034)	(1,784)
Total operating expenses, excluding net special items and fuel	\$ 6,212	\$ 8,055
	(in cents)	
Total operating expenses per ASM as reported	14.09	17.82
Operating net special items per ASM:		
Mainline operating special items, net ⁽¹⁾	4.52	(1.82)
Regional operating special items, net ⁽²⁾	0.57	(0.15)
Total operating expenses per ASM, excluding net special items	19.19	15.84
Aircraft fuel and related taxes per ASM	(2.74)	(2.87)
Total operating expenses per ASM, excluding net special items and fuel	16.45	12.97

Note: Amounts may not recalculate due to rounding.

FOOTNOTES:

⁽¹⁾ The 2021 first quarter mainline operating special items, net principally included \$1.9 billion of Payroll Support Program (PSP) financial assistance, offset in part by \$168 million of salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to the Company's operation due to the COVID-19 pandemic.

Cash payments for salary and medical costs associated with our voluntary early retirement programs were approximately \$170 million for the 2021 first quarter.

The 2020 first quarter mainline operating special items, net principally included \$744 million of fleet impairment charges, \$218 million of one-time labor contract expenses resulting from the ratification of a new contract with the Company's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases, and \$205 million of salary and medical costs primarily associated with certain team members who opted in to a voluntary early retirement program.

Fleet impairment charges in the 2020 first quarter included a \$676 million non-cash write-down of aircraft and spare parts and \$68 million in write-offs of right-of-use assets and lease return costs associated with our mainline fleet, principally Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets, which were retired as a result of the decline in demand for air travel due to the COVID-19 pandemic.

⁽²⁾ The 2021 first quarter regional operating special items, net included \$244 million of PSP financial assistance, offset in part by \$27 million of fleet impairment charges. The fleet impairment charges principally included a non-cash write-down of regional aircraft resulting from the Company's decision to retire its remaining fleet of Embraer 140 aircraft earlier than planned.

The 2020 first quarter regional operating special items, net primarily included an \$88 million non-cash write-down of regional aircraft, principally related to the retirement of certain Embraer 140 and Bombardier CRJ200 aircraft as a result of the decline in demand for air travel due to the COVID-19 pandemic.

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

Average Daily Cash Burn

The Company's average daily cash burn is presented in the table below, which is a non-GAAP measure that management believes is useful information to investors and others in evaluating the Company's liquidity position and cash flows from its core operating performance. The Company defines cash burn as net cash provided by (used in) operating activities, net cash provided by (used in) investing activities and net cash provided by (used in) financing activities, adjusted for (1) Payroll Support Program financial assistance, (2) net purchases (proceeds from sale) of short-term investments and restricted short-term investments, (3) proceeds from issuance of long-term debt, net of deferred financing costs, but excluding aircraft financing, (4) proceeds from issuance of equity, (5) prepayments of long-term debt and (6) other cash flows that are not representative of the Company's core operating performance.

This non-GAAP measure may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP.

	3 Months Ended March 31, 2021	3 Months Ended December 31, 2020	3 Months Ended September 30, 2020	3 Months Ended June 30, 2020
	(in millions, except days in period)			
Net cash provided by (used in) operating activities	\$ 174	\$ (2,800)	\$ (2,612)	\$ (963)
Net cash provided by (used in) investing activities	(7,152)	1,696	923	(6,799)
Net cash provided by financing activities	7,013	1,206	1,519	7,743
Adjustments:				
Payroll Support Program financial assistance	(2,191)	-	(525)	(3,693)
Net purchases (proceeds from sale) of short-term investments and restricted short-term investments	7,336	(1,422)	(1,391)	6,608
Proceeds from issuance of non-aircraft long-term debt, net of deferred financing costs	(10,699)	-	(1,926)	(7,714)
Proceeds from issuance of equity	(316)	(1,443)	-	(1,525)
Prepayments of long-term debt	3,393	-	-	1,047
Other	-	-	-	-
Total cash burn ⁽¹⁾	<u>\$ (2,442)</u>	<u>\$ (2,763)</u>	<u>\$ (4,012)</u>	<u>\$ (5,296)</u>
Days in period	90	92	92	91
Average daily cash burn	<u>\$ (27)</u>	<u>\$ (30)</u>	<u>\$ (44)</u>	<u>\$ (58)</u>

Note: Amounts may not recalculate due to rounding.

⁽¹⁾ Of the total cash burn for each of the three months ended March 31, 2021, December 31, 2020, September 30, 2020 and June 30, 2020, approximately \$660 million, \$515 million, \$540 million and \$505 million were cash payments for debt amortization, respectively, and approximately \$170 million, \$195 million, \$120 million and \$50 million were cash payments for salary and medical costs principally for the Company's voluntary early retirement programs, respectively, totaling an equivalent of approximately \$9 million, \$8 million, \$8 million and \$6 million per day, respectively.

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

	3 Months Ended March 31,	
	2021	2020
Net cash provided by (used in) operating activities	\$ 174	\$ (168)
Cash flows from investing activities:		
Capital expenditures, net of aircraft purchase deposit returns	19	(845)
Proceeds from sale of property and equipment	108	35
Proceeds from sale-leaseback transactions	99	280
Purchases of short-term investments	(8,557)	(820)
Sales of short-term investments	1,415	1,237
Increase in restricted short-term investments	(194)	-
Other investing activities	(42)	(49)
Net cash used in investing activities	(7,152)	(162)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	10,861	1,698
Payments on long-term debt and finance leases	(4,054)	(926)
Proceeds from issuance of equity	316	-
Deferred financing costs	(162)	(31)
Treasury stock repurchases and shares withheld for taxes pursuant to employee stock plans	(13)	(171)
Dividend payments	-	(43)
Other financing activities	65	(1)
Net cash provided by financing activities	7,013	526
Net increase in cash and restricted cash	35	196
Cash and restricted cash at beginning of period	399	290
Cash and restricted cash at end of period ⁽¹⁾	\$ 434	\$ 486

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

Cash	\$ 277	\$ 474
Restricted cash included in restricted cash and short-term investments	157	12
Total cash and restricted cash	\$ 434	\$ 486

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

	<u>March 31, 2021</u> (unaudited)	<u>December 31, 2020</u>
Assets		
Current assets		
Cash	\$ 277	\$ 245
Short-term investments	13,762	6,619
Restricted cash and short-term investments	806	609
Accounts receivable, net	971	1,342
Aircraft fuel, spare parts and supplies, net	1,658	1,614
Prepaid expenses and other	<u>615</u>	<u>666</u>
Total current assets	18,089	11,095
Operating property and equipment		
Flight equipment	37,480	37,816
Ground property and equipment	9,108	9,194
Equipment purchase deposits	<u>1,136</u>	<u>1,446</u>
Total property and equipment, at cost	47,724	48,456
Less accumulated depreciation and amortization	<u>(16,827)</u>	<u>(16,757)</u>
Total property and equipment, net	30,897	31,699
Operating lease right-of-use assets	8,000	8,039
Other assets		
Goodwill	4,091	4,091
Intangibles, net	2,019	2,029
Deferred tax asset	3,632	3,239
Other assets	<u>1,921</u>	<u>1,816</u>
Total other assets	11,663	11,175
Total assets	<u>\$ 68,649</u>	<u>\$ 62,008</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Current maturities of long-term debt and finance leases	\$ 2,444	\$ 2,797
Accounts payable	1,624	1,196
Accrued salaries and wages	1,576	1,716
Air traffic liability	5,598	4,757
Loyalty program liability	2,323	2,033
Operating lease liabilities	1,595	1,651
Other accrued liabilities	<u>2,173</u>	<u>2,419</u>
Total current liabilities	17,333	16,569
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	37,247	29,796
Pension and postretirement benefits	6,765	7,069
Loyalty program liability	7,055	7,162
Operating lease liabilities	6,738	6,777
Other liabilities	<u>1,456</u>	<u>1,502</u>
Total noncurrent liabilities	59,261	52,306
Stockholders' equity (deficit)		
Common stock, 641,374,475 shares outstanding at March 31, 2021	6	6
Additional paid-in capital	6,980	6,894
Accumulated other comprehensive loss	(7,036)	(7,103)
Retained deficit	<u>(7,895)</u>	<u>(6,664)</u>
Total stockholders' deficit	(7,945)	(6,867)
Total liabilities and stockholders' equity (deficit)	<u>\$ 68,649</u>	<u>\$ 62,008</u>