# 2018 Financial Recap

## A. Operating Revenues

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger revenue</td>
<td>$40.7B</td>
</tr>
<tr>
<td>Cargo revenue</td>
<td>$1B</td>
</tr>
<tr>
<td>Other revenue</td>
<td>$2.9B</td>
</tr>
</tbody>
</table>

## B. Operating Expenses

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel and related taxes</td>
<td>$8.1B</td>
</tr>
<tr>
<td>Salaries, wages and benefits</td>
<td>$12.3B</td>
</tr>
<tr>
<td>Regional expenses</td>
<td>$7.1B</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>$2B</td>
</tr>
<tr>
<td>Aircraft rent</td>
<td>$1.3B</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>$1.5B</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$1.8B</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$787M</td>
</tr>
<tr>
<td>Other rent and landing fees</td>
<td>$5.1B</td>
</tr>
</tbody>
</table>

## C. Total Operating Profit (A - B)

$2.7B

## D. Total Nonoperating Expenses, Net

-772M

## E. Pretax Income (C + D)

$1.9B

## F. Add back: Special Items, Net

+906M

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

$2.8B

## H. Income Tax Provision (G x 24%)

-673M

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

$2.1B (or $4.55 per diluted share)

## J. GAAP Net Income

$1.4B (or $3.03 per diluted share)

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*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
ACCRL 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