

American Reports First-Quarter 2020 Results

Dear fellow team members,

This morning, we reported our first-quarter 2020 financial results. American posted a net loss of \$1.1 billion excluding net special items due to the unprecedented drop in air travel as a result of coronavirus (COVID-19). While this is not the quarter we expected as we entered the year, the work of the American Airlines team during this crisis is nothing short of extraordinary, and that is something to be proud of.

As we navigate through the ongoing pandemic, our focus remains on the near-term safety and well-being of our team and customers, as well as the long-term health of our company.

Caring for our team and customers

We continue to look at all ways we can care for our team during this time. One of the most important things we can do is protect jobs during this period of downturn when there are fewer flights and fewer hours to work. Almost 39,000 team members elected to take an incentivized early retirement, paid leave or reduced work schedule, and we appreciate that support. We have received the first tranche of the \$5.8 billion that will be provided to us through the CARES Act, and we have applied for an additional \$4.75 billion secured loan. We are relieved these funds will enable us to continue to employ and pay our team while we fly through this period of lower consumer demand.

This week, we announced updated and enhanced cleaning procedures on board our aircraft to further prioritize the safety of our team and customers. These initiatives build on the enhanced procedures we put in place in early March. In addition, starting tomorrow, we will begin offering sanitizing wipes and face masks to customers; we encourage all of our customers to wear protective face coverings when they travel. We will make face masks standard equipment for flight attendants during every flight as well.

Caring for the communities we serve

While our team continues to provide essential air service to people who need it most right now, that care has extended well outside our operation. American is currently able to transport more than 6.5 million pounds of critical goods each week on our cargo-only flights, and we'll look for opportunities to expand that service and bring medical supplies and protective gear to the areas that need it most. Our team has donated 100 tons of food in several of our hub cities, as well as thousands of supply kits to patients and health care workers. Team members have also donated time and effort to assemble care packages for U.S. military members in quarantine. And, our partnership with the American Red Cross, combined with customers' generosity, has raised approximately \$3 million to support workers on the front lines fighting COVID-19.

Reducing our costs and bolstering our liquidity

We have made extensive capacity reductions, including reducing our June schedule by 70%. We are also taking this opportunity to accelerate the retirement of older, less efficient aircraft, including officially retiring all Embraer E190, Boeing 757, Boeing 767 and Airbus A330-300 aircraft, along with a number of older regional aircraft, this quarter. You can find more about these changes, announced today, on our [Newsroom](#).

These efforts, along with lower fuel expense and the many cost-cutting initiatives we've outlined in previous weeks, will help us save more than \$12 billion this year. Those cost reductions are bolstered by the fact that our current forecast estimates that we will have approximately \$11 billion of liquidity at the end of the second quarter.

These are unprecedented times for our world, our country and our industry. The uncertainty about the future weighs on everyone, and for good reason. There is no way to overstate the gravity of the situation for the airline industry, and difficult decisions lie ahead for all of us. But in the end, we are confident our industry will fight through this successfully and we are particularly confident that American Airlines will help lead the way.

COVID-19 has affected so many of us personally and professionally. We have lost members of our own team, family and friends. Yet each day, you continue to rise to meet the needs of our customers and the communities we serve, and that strength will be what gets us through this crisis. Thank you for your incredible leadership and for all you do.



Two handwritten signatures in black ink. The signature on the left is 'Doug' and the signature on the right is 'R. L. ...'.

