

American reports second-quarter 2020 financial results

In a letter to team members on July 23, CEO [Doug Parker](#) and President [Robert Isom](#) announced our second-quarter 2020 financial results.

Dear fellow team members,

This morning, we reported our second-quarter 2020 financial results. American posted a net loss of \$3.4 billion excluding net special items due to the ongoing pandemic, which severely impacted demand and resulted in an 86% decline in revenue year over year.

The past few months have been incredibly difficult, but the American Airlines team has consistently risen to the challenge to take care of our customers and each other during truly unprecedented times. As we continue to respond to the crisis, we remain focused on taking care of our team, customers and communities; reducing costs; and improving liquidity.

Caring for team members, customers and communities

We have made changes throughout our operation to ensure the safety and well-being of our team and customers. We recently created a Travel Health Advisory Panel comprising internal leaders and outside experts to advise on health and cleaning matters, and we are on our way to achieving Global Biorisk Advisory Council accreditation for our cleaning practices. Face coverings are the new norm, and we are continually looking at our practices to ensure we are providing a safe travel space.

Our team continues to go above and beyond to support the communities we serve. Since the start of the pandemic, we have operated more than 1,000 cargo-only flights to transport critical goods and supplies around the globe. Additionally, we launched an initiative to provide up to 1 million Business Extra points to small businesses and nonprofit organizations in need of travel support. We also partnered with Deloitte and Hyatt on programs to give back to medical workers, and we have donated more than 600,000 pounds of food to those in need.

Reducing costs and improving liquidity

We have taken significant steps to reduce our costs and bolster our liquidity. We have removed more than \$15 billion from our operating and capital budgets this year. As a result, our daily cash burn rate declined from nearly \$100 million in April to roughly \$30 million in June. We will keep working to bring down this number. In addition to reducing our expenses, we have worked to strengthen our cash position. We ended the second quarter with \$10.2 billion of available liquidity, which includes a net \$3.6 billion raised during the quarter in the capital markets. We also signed a term sheet with the U.S. Department of the Treasury for a \$4.75 billion loan through the CARES Act, and this morning we announced two additional financing transactions totaling

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\$1.2 billion. Adding these financings to our cash balance at the end of the second quarter results in pro forma liquidity of approximately \$16.2 billion. This puts us on solid financial footing in the months ahead as we continue to fight for our company.

Undoubtedly, the most difficult part of the pandemic is the impact it has had on our team members. We have reduced our management and support staff team by 30%, and, last week, we issued WARN notices for potential furloughs to our frontline team. We are hopeful the enhanced voluntary programs that are open now will help reduce or eliminate furloughs. As a reminder, the application window for those programs closes July 31.

The current environment is more unpredictable and more volatile than anything we ever could have imagined. But we know adversity creates opportunity, and we remain confident we will emerge from this crisis in a strong competitive position because of our continued aggressive actions and the efforts of the American Airlines team. Thank you for everything you do and for leading through this challenge with such grace and professionalism.