

In 2020, cargo revenue was \$769 million, a decrease of \$94 million, or 10.8%, as compared to 2019, primarily due to a 44.4% decrease in cargo ton miles reflecting declines in freight volumes, principally as a result of international schedule reductions, which was offset in part by a 60.5% increase in yield as a result of rate increases.

Other operating revenue decreased \$845 million, or 29.2%, in 2020 as compared to 2019, driven primarily by lower revenue associated with our loyalty program and airport clubs.

Our total revenue per available seat mile (TRASM) was 12.11 cents in 2020, a 24.6% decrease as compared to 16.05 cents in 2019.

Fuel

Our mainline and regional fuel expense totaled \$3.4 billion in 2020, which was \$6.0 billion, or 63.8%, lower compared to 2019. This decrease was primarily driven by a 49.4% decrease in gallons of fuel consumed as a result of lower capacity and a 28.5% decrease in the average price per gallon of aircraft fuel including related taxes to \$1.48 in 2020 from \$2.07 in 2019.

As of December 31, 2020, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices.

Other Costs

We remain committed to actively managing our cost structure, which we believe is necessary in an industry whose economic prospects are heavily dependent upon two variables we cannot control: general economic conditions and the price of fuel. In particular, the COVID-19 pandemic has resulted in a very rapid deterioration in general economic conditions, particularly as applicable to the travel industry.

Our 2020 total cost per available seat mile (CASM) was 19.39 cents, an increase of 29.4%, from 14.98 cents in 2019. Lower than planned capacity in 2020 due to decreased passenger demand and government travel restrictions related to the COVID-19 pandemic drove the increase in our CASM, offset in part by the PSP1 Financial Assistance recognized in 2020.

Our 2020 CASM excluding net special items and fuel was 17.69 cents, an increase of 54.4%, from 11.46 cents in 2019. The increase was primarily driven by lower capacity in 2020 as described above.

For a reconciliation of total operating CASM to total operating CASM excluding net special items and fuel, see Part II, Item 6. Selected Consolidated Financial Data – “Reconciliation of GAAP to Non-GAAP Financial Measures.”