

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 23, 2020**

**AMERICAN AIRLINES GROUP INC.
AMERICAN AIRLINES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware
Delaware**

(State or other Jurisdiction of Incorporation)

**1-8400
1-2691**

(Commission File Number)

**75-1825172
13-1502798**

(IRS Employer Identification No.)

**1 Skyview Drive, Fort Worth, Texas
1 Skyview Drive, Fort Worth, Texas**

(Address of principal executive offices)

**76155
76155**

(Zip Code)

Registrant's telephone number, including area code:

**(817) 963-1234
(817) 963-1234**

N/A

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, \$0.01 par value per share

**Trading
Symbol(s)**

AAL

**Name of each exchange
on which registered**

The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On January 23, 2020, American Airlines Group Inc. (the "Company") issued a press release reporting financial results for the three and twelve months ended December 31, 2019. The press release is furnished as Exhibit 99.1.

ITEM 7.01. REGULATION FD DISCLOSURE.

On January 23, 2020, the Company provided an update for investors presenting information relating to its financial and operational outlook for 2020. This investor update is located on the Company's website at www.aa.com under "Investor Relations." The investor update is furnished as Exhibit 99.2.

The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section and shall not be deemed incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated January 23, 2020.
99.2	Investor Update, dated January 23, 2020.
104.1	Cover page interactive data file (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, American Airlines Group Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN AIRLINES GROUP INC.

Date: January 23, 2020

By: /s/ Derek J. Kerr
Derek J. Kerr
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, American Airlines, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN AIRLINES, INC.

Date: January 23, 2020

By: /s/ Derek J. Kerr
Derek J. Kerr
Executive Vice President and
Chief Financial Officer

**PRESS RELEASE**

Corporate Communications
817-967-1577
mediarelations@aa.com

FOR RELEASE: Thursday, Jan. 23, 2020

**AMERICAN AIRLINES GROUP REPORTS
FOURTH-QUARTER AND FULL-YEAR 2019 PROFIT**

FORT WORTH, Texas — American Airlines Group Inc. (NASDAQ: AAL) today reported its fourth-quarter and full-year 2019 financial results, including these highlights:

- **Fourth-quarter 2019 earnings were \$0.95 per diluted share. Excluding net special items¹, earnings were \$1.15 per diluted share, up 19% year over year.**
- **Full-year 2019 earnings were \$3.79 per diluted share. Excluding net special items², earnings were \$4.90 per diluted share, up 8% year over year.**
- **Accrued \$213 million for the company's profit-sharing program in 2019, including \$74 million in the fourth quarter.**
- **Returned \$1.3 billion to shareholders in the form of dividends and share repurchases in 2019.**

"During the fourth quarter, we made important progress to address the issues that impacted our business in 2019, and, thanks to our incredible team, we ended the year with our strongest operational quarter on record," said American Airlines Chairman and CEO Doug Parker.

"While our results for the quarter reflect this progress, we know there is more work to be done. Looking to 2020, we are focused on three key areas. First, we will continue to deliver operational excellence and build on our strong fourth-quarter results. Our team has done a tremendous job, and we will keep driving improvement in key operational metrics in the year ahead. Second, we will deliver those results while growing where we have a competitive advantage in our most profitable hubs. And third, these initiatives combined with our capital plan will enable us to drive significant free cash flow in 2020 and beyond."

Fourth-Quarter Revenue and Expenses

Pre-tax earnings were \$571 million in the fourth quarter of 2019. Pre-tax earnings excluding net special items for the fourth quarter of 2019 were \$679 million, a \$90 million increase from the fourth quarter of 2018, or 15.1% year-over-year increase from the same period last year.

American Airlines Group Reports Fourth-Quarter and Full-Year 2019 Profit

January 23, 2020

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	GAAP		Non-GAAP ¹		GAAP		Non-GAAP ²	
	4Q19	4Q18	4Q19	4Q18	FY19	FY18	FY19	FY18
Operating income (\$ mil)	729	571	876	749	3,065	2,656	3,706	3,449
Pre-tax income (\$ mil)	571	394	679	589	2,256	1,884	2,900	2,790
Pre-tax margin	5.0%	3.6%	6.0%	5.4%	4.9%	4.2%	6.3%	6.3%
Net income (\$ mil)	414	325	502	448	1,686	1,412	2,179	2,117
Earnings per diluted share	\$ 0.95	\$ 0.70	\$ 1.15	\$ 0.97	\$ 3.79	\$ 3.03	\$ 4.90	\$ 4.55

Continued strength in passenger demand and a record passenger load factor drove a 3.4% year-over-year increase in fourth-quarter 2019 total revenue to a record \$11.3 billion. Driven by a 2.4% increase in passenger load factor, passenger revenue per available seat mile (PRASM) grew 0.9% to 14.72 cents, a record for the fourth quarter. Cargo revenue was down 18.3% to \$216 million due primarily to a 15.6% decline in cargo volume. Other revenue was up 5.4% to \$750 million due primarily to higher loyalty revenue. Fourth-quarter total revenue per available seat mile (TRASM) increased by 0.5% compared to the fourth quarter of 2018 on a 2.9% increase in total available seat miles.

Total fourth-quarter 2019 operating expenses were \$10.6 billion, up 2.1% year over year, driven primarily by higher salaries and benefits, maintenance, and regional expenses. Total fourth-quarter 2019 cost per available seat mile (CASM) was 15.06 cents, down 0.8% from fourth-quarter 2018. Excluding fuel and net special items, consolidated fourth-quarter CASM was 11.59 cents, up 2% year over year.¹

2020 Priorities

In 2020, American is focused on operational excellence, efficient and profitable growth, and generating significant free cash flow.

- **Operational excellence:** Running a reliable operation is a significant driver of customers' likelihood to recommend and American's goal is to become customers' airline of choice.
- **Efficient and profitable growth:** Grow in high-revenue markets that produce at or above average unit revenues, largely due to new gates in Dallas/Fort Worth and Charlotte, North Carolina.
- **Generating significant free cash flow³:** Use free cash flow to naturally de-lever the company's balance sheet and return capital to American's shareholders.

Operational Excellence

Over the past several months, American's operational performance has shown significant improvement, including the company's best-ever performance for both the holiday peak travel period and the entire fourth quarter of 2019. American achieved record results for combined mainline and regional on-time departures, on-time arrivals and completion factor.

"We are very pleased with the trajectory of our operation and are well on our way to delivering operational excellence," said American Airlines President Robert Isom. "As we look ahead to 2020, we will continue to strengthen our operation and expect to see continued improvements in our reliability metrics."

Efficient and Profitable Growth

American is committed to growing its network efficiently and profitably. In 2019, the company added 15 new gates at Dallas Fort Worth International Airport. This growth resulted in a 21% increase in city pairs served and strong unit revenue. The company also added four new gates at Charlotte Douglas International Airport, with plans for three additional gates beginning in 2020. In addition, the company expects to upgauge 14 gates at Ronald Reagan Washington National Airport with dual-class regional jets when the new regional concourse opens in 2021.

Significant Free Cash Flow, Share Repurchases, and Dividends

With American's historic fleet renewal program winding down, the company's level of capital investment is expected to decline. The company is committed to generating significant free cash flow for its shareholders in 2020 and beyond and presently expects to generate approximately \$6 billion in free cash flow³ over the next two years.

In the fourth quarter of 2019, American returned \$285 million to shareholders through the repurchase of 9.9 million shares of common stock and also paid \$44 million in dividends. As of Dec. 31, 2019, the company had \$565 million remaining of its existing \$2 billion share repurchase authorization.⁴ In aggregate, American has returned more than \$13.5 billion to shareholders over the past five years through share repurchases and dividends, including \$1.3 billion in 2019.

American declared a dividend of \$0.10 per share to be paid Feb. 19, 2020, to stockholders of record as of Feb. 5, 2020.

Fleet Update

On March 13, 2019, a directive from the Federal Aviation Administration grounded all U.S.-registered Boeing 737 MAX aircraft. American's fleet currently includes 24 MAX aircraft with an additional 76 aircraft on order. As a result of this directive, American canceled approximately 10,000 flights in the fourth quarter of 2019.

The company has removed all MAX flying from its flight schedule through June 3, 2020, and will continue to assess this timeline.

Guidance and Investor Update

American expects its first-quarter 2020 pre-tax margin excluding net special items to be approximately flat year over year.⁵ Based on today's guidance, the company expects its 2020 diluted earnings per share excluding net special items to be between \$4.00 and \$6.00.⁵

For additional financial forecasting detail, please refer to the company's investor update, furnished with this release with the SEC on Form 8-K. This filing will be available at aa.com/investorrelations.

Conference Call / Webcast Details

The company will conduct a live audio webcast of its earnings call today at 7:30 a.m. CT, which will be available to the public on a listen-only basis at aa.com/investorrelations. An archive of the webcast will be available on the website through Feb. 23.

Notes

See the accompanying notes in the Financial Tables section of this press release for further explanation, including a reconciliation of all GAAP to non-GAAP financial information.

1. In the fourth quarter of 2019, the company recognized \$108 million in net special items before the effect of income taxes. The 2019 fourth quarter mainline operating special items, net principally included \$85 million of merger integration expenses and \$39 million of fleet restructuring expenses.

These were partially offset by nonoperating net special items of \$39 million primarily related to mark-to-market net unrealized gains associated with certain equity and other investments.

2. For the full year 2019, the company recognized \$644 million in net special items before the effect of income taxes. Total operating special items totaled a net charge of \$641 million, which principally included \$271 million of fleet restructuring expenses, a \$213 million non-cash impairment charge principally related to the planned retirement of the company's Embraer E190 fleet, and \$191 million of merger integration expenses, offset in part by a \$53 million credit to reduce certain litigation reserves. The company also recognized \$3 million of nonoperating net special items.
3. Free cash flow is defined as operating cash flow minus total capital expenditures plus proceeds from sale-leaseback transactions.
4. Share repurchases under the company's repurchase programs may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. Any such repurchases that may be made from time to time will be subject to market and economic conditions, applicable legal requirements and other relevant factors. The company is not obligated to repurchase any specific number of shares and its repurchase of AAG common stock may be limited, suspended or discontinued at any time at its discretion and without prior notice.
5. American is unable to reconcile certain forward-looking projections to GAAP, as the nature or amount of special items cannot be determined at this time.

About American Airlines Group

American Airlines offers customers 6,800 daily flights to more than 365 destinations in 61 countries from its hubs in Charlotte, Chicago, Dallas-Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. With a shared purpose of caring for people on life's journey, American's 130,000 global team members serve more than 200 million customers annually. Since 2013, American has invested more than \$30 billion in its product and people and now flies the youngest fleet among U.S. network carriers, equipped with industry-leading high-speed Wi-Fi, lie-flat seats, and more inflight entertainment and access to power. American also has enhanced food and beverage options in the air and on the ground in its world-class Admirals Club and Flagship lounges. American was recently named a Five Star Global Airline by the Airline Passenger Experience Association and Airline of the Year by Air Transport World. American is a founding member of **oneworld**[®], whose members serve 1,100 destinations in 180 countries and territories. Shares of American Airlines Group Inc. trade on Nasdaq under the ticker symbol AAL and the company's stock is included in the S&P 500. Learn more about what's happening at American by visiting news.aa.com and connect with American on Twitter [@AmericanAir](https://twitter.com/AmericanAir) and at Facebook.com/AmericanAirlines.

Cautionary Statement Regarding Forward-Looking Statements and Information

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended (the Securities Act), the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “could,” “should,” “would,” “continue,” “seek,” “target,” “guidance,” “outlook,” “if current trends continue,” “optimistic,” “forecast” and other similar words. Such statements include, but are not limited to, statements about our plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on our current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (especially in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in our other filings with the Securities and Exchange Commission. There may be other factors of which we are not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. We do not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.

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

	3 Months Ended December 31,		Percent Change	12 Months Ended December 31,		Percent Change
	2019	2018		2019	2018	
Operating revenues:						
Passenger	\$ 10,347	\$ 9,962	3.9	\$ 42,010	\$ 40,676	3.3
Cargo	216	264	(18.3)	863	1,013	(14.8)
Other	750	712	5.4	2,895	2,852	1.5
Total operating revenues	<u>11,313</u>	<u>10,938</u>	3.4	<u>45,768</u>	<u>44,541</u>	2.8
Operating expenses:						
Aircraft fuel and related taxes	1,816	1,953	(7.0)	7,526	8,053	(6.5)
Salaries, wages and benefits	3,100	3,007	3.0	12,609	12,251	2.9
Regional expenses:						
Fuel	475	474	0.2	1,869	1,843	1.4
Depreciation and amortization	90	77	15.9	336	318	5.5
Other	1,355	1,259	7.7	5,296	4,972	6.5
Maintenance, materials and repairs	635	550	15.3	2,380	2,050	16.1
Other rent and landing fees	487	437	11.6	2,055	1,900	8.2
Aircraft rent	330	326	1.4	1,326	1,264	4.9
Selling expenses	407	383	6.2	1,602	1,520	5.4
Depreciation and amortization	513	474	8.4	1,982	1,839	7.7
Special items, net	147	173	(14.5)	635	787	(19.4)
Other	1,229	1,254	(2.0)	5,087	5,088	—
Total operating expenses	<u>10,584</u>	<u>10,367</u>	2.1	<u>42,703</u>	<u>41,885</u>	2.0
Operating income	<u>729</u>	<u>571</u>	27.6	<u>3,065</u>	<u>2,656</u>	15.4
Nonoperating income (expense):						
Interest income	24	34	(29.4)	127	118	7.1
Interest expense, net	(265)	(270)	(1.0)	(1,095)	(1,056)	3.7
Other income, net	83	59	43.5	159	166	(3.8)
Total nonoperating expense, net	<u>(158)</u>	<u>(177)</u>	(10.2)	<u>(809)</u>	<u>(772)</u>	4.8
Income before income taxes	<u>571</u>	<u>394</u>	44.4	<u>2,256</u>	<u>1,884</u>	19.7
Income tax provision	157	69	nm	570	472	20.7
Net income	<u>\$ 414</u>	<u>\$ 325</u>	27.5	<u>\$ 1,686</u>	<u>\$ 1,412</u>	19.4
Earnings per common share:						
Basic	<u>\$ 0.95</u>	<u>\$ 0.71</u>		<u>\$ 3.80</u>	<u>\$ 3.04</u>	
Diluted	<u>\$ 0.95</u>	<u>\$ 0.70</u>		<u>\$ 3.79</u>	<u>\$ 3.03</u>	
Weighted average shares outstanding (in thousands):						
Basic	<u>434,578</u>	<u>460,589</u>		<u>443,363</u>	<u>464,236</u>	
Diluted	<u>435,659</u>	<u>461,915</u>		<u>444,269</u>	<u>465,660</u>	

Note: Percent change may not recalculate due to rounding.

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

	3 Months Ended December 31,			12 Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Mainline						
Revenue passenger miles (millions)	51,675	49,143	5.2%	212,859	205,451	3.6%
Available seat miles (ASM) (millions)	60,985	59,852	1.9%	248,833	248,562	0.1%
Passenger load factor (percent)	84.7	82.1	2.6pts	85.5	82.7	2.8pts
Passenger enplanements (thousands)	38,757	36,581	5.9%	155,821	148,228	5.1%
Departures (thousands)	279	273	2.3%	1,115	1,098	1.6%
Aircraft at end of period	942	956	(1.5)%	942	956	(1.5)%
Block hours (thousands)	847	846	0.1%	3,456	3,493	(1.1)%
Average stage length (miles)	1,177	1,198	(1.8)%	1,202	1,236	(2.7)%
Fuel consumption (gallons in millions)	895	877	2.0%	3,667	3,644	0.6%
Average aircraft fuel price including related taxes (dollars per gallon)	2.03	2.23	(8.9)%	2.05	2.21	(7.1)%
Full-time equivalent employees at end of period	104,200	102,900	1.3%	104,200	102,900	1.3%
Regional (1)						
Revenue passenger miles (millions)	7,242	6,427	12.7%	28,393	25,709	10.4%
Available seat miles (millions)	9,287	8,446	10.0%	36,255	33,492	8.3%
Passenger load factor (percent)	78.0	76.1	1.9pts	78.3	76.8	1.5pts
Passenger enplanements (thousands)	15,096	13,902	8.6%	59,361	55,517	6.9%
Aircraft at end of period	605	595	1.7%	605	595	1.7%
Fuel consumption (gallons in millions)	222	203	9.3%	870	803	8.3%
Average aircraft fuel price including related taxes (dollars per gallon)	2.14	2.34	(8.4)%	2.15	2.30	(6.4)%
Full-time equivalent employees at end of period (2)	29,500	26,000	13.5%	29,500	26,000	13.5%
Total Mainline & Regional						
Revenue passenger miles (millions)	58,917	55,570	6.0%	241,252	231,160	4.4%
Available seat miles (millions)	70,272	68,298	2.9%	285,088	282,054	1.1%
Passenger load factor (percent)	83.8	81.4	2.4pts	84.6	82.0	2.6pts
Yield (cents)	17.56	17.93	(2.0)%	17.41	17.60	(1.0)%
Passenger revenue per ASM (cents)	14.72	14.59	0.9%	14.74	14.42	2.2%
Total revenue per ASM (cents)	16.10	16.02	0.5%	16.05	15.79	1.7%
Cargo ton miles (millions)	599	710	(15.6)%	2,489	2,908	(14.4)%
Cargo yield per ton mile (cents)	36.03	37.25	(3.3)%	34.67	34.81	(0.4)%
Passenger enplanements (thousands)	53,853	50,483	6.7%	215,182	203,745	5.6%
Aircraft at end of period (3)	1,547	1,551	(0.3)%	1,547	1,551	(0.3)%
Fuel consumption (gallons in millions)	1,117	1,080	3.4%	4,537	4,447	2.0%
Average aircraft fuel price including related taxes (dollars per gallon)	2.05	2.25	(8.7)%	2.07	2.23	(6.9)%
Full-time equivalent employees at end of period	133,700	128,900	3.7%	133,700	128,900	3.7%
Operating cost per ASM (cents)	15.06	15.18	(0.8)%	14.98	14.85	0.9%
Operating cost per ASM excluding net special items (cents)	14.85	14.92	(0.5)%	14.75	14.57	1.3%
Operating cost per ASM excluding net special items and fuel (cents)	11.59	11.37	2.0%	11.46	11.06	3.6%

(1) Regional includes wholly-owned regional airline subsidiaries and operating results from capacity purchase carriers.

(2) Regional full-time equivalent employees only include our wholly-owned regional airline subsidiaries.

(3) Includes aircraft owned and leased by American as well as aircraft operated by third-party regional carriers under capacity purchase agreements. Excludes 12 Embraer 140 regional aircraft that are in temporary storage.

Note: Amounts may not recalculate due to rounding.

American Airlines Group Inc.
Consolidated Revenue Statistics by Region
(Unaudited)

	3 Months Ended December 31,			12 Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Domestic ⁽¹⁾						
Revenue passenger miles (millions)	40,436	38,096	6.1%	161,580	154,746	4.4%
Available seat miles (ASM) (millions)	48,068	45,932	4.7%	189,221	184,901	2.3%
Passenger load factor (percent)	84.1	82.9	1.2pts	85.4	83.7	1.7pts
Passenger revenue (dollars in millions)	7,833	7,502	4.4%	30,881	29,573	4.4%
Yield (cents)	19.37	19.69	(1.6)%	19.11	19.11	—
Passenger revenue per ASM (cents)	16.30	16.33	(0.2)%	16.32	15.99	2.0%
Latin America ⁽²⁾						
Revenue passenger miles (millions)	7,235	7,229	0.1%	31,029	30,628	1.3%
Available seat miles (millions)	8,476	9,085	(6.7)%	36,653	38,493	(4.8)%
Passenger load factor (percent)	85.4	79.6	5.8pts	84.7	79.6	5.1pts
Passenger revenue (dollars in millions)	1,218	1,186	2.6%	5,047	5,125	(1.5)%
Yield (cents)	16.83	16.41	2.6%	16.27	16.73	(2.8)%
Passenger revenue per ASM (cents)	14.37	13.06	10.0%	13.77	13.31	3.4%
Atlantic						
Revenue passenger miles (millions)	7,639	6,652	14.8%	34,152	30,282	12.8%
Available seat miles (millions)	9,372	8,624	8.7%	42,010	39,178	7.2%
Passenger load factor (percent)	81.5	77.1	4.4pts	81.3	77.3	4.0pts
Passenger revenue (dollars in millions)	947	905	4.6%	4,624	4,376	5.7%
Yield (cents)	12.40	13.61	(8.9)%	13.54	14.45	(6.3)%
Passenger revenue per ASM (cents)	10.11	10.50	(3.7)%	11.01	11.17	(1.5)%
Pacific						
Revenue passenger miles (millions)	3,607	3,593	0.4%	14,491	15,504	(6.5)%
Available seat miles (millions)	4,356	4,657	(6.5)%	17,204	19,482	(11.7)%
Passenger load factor (percent)	82.8	77.1	5.7pts	84.2	79.6	4.6pts
Passenger revenue (dollars in millions)	349	369	(5.3)%	1,458	1,602	(9.0)%
Yield (cents)	9.68	10.26	(5.7)%	10.06	10.33	(2.6)%
Passenger revenue per ASM (cents)	8.02	7.92	1.3%	8.47	8.22	3.1%
Total International						
Revenue passenger miles (millions)	18,481	17,474	5.8%	79,672	76,414	4.3%
Available seat miles (millions)	22,204	22,366	(0.7)%	95,867	97,153	(1.3)%
Passenger load factor (percent)	83.2	78.1	5.1pts	83.1	78.7	4.4pts
Passenger revenue (dollars in millions)	2,514	2,460	2.2%	11,129	11,103	0.2%
Yield (cents)	13.60	14.08	(3.4)%	13.97	14.53	(3.9)%
Passenger revenue per ASM (cents)	11.32	11.00	2.9%	11.61	11.43	1.6%

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

(2) Latin America results include the Caribbean.

Note: Amounts may not recalculate due to rounding.

American Airlines Group Reports Fourth-Quarter and Full-Year 2019 Profit

January 23, 2020

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

Reconciliation of Pre-Tax Income Excluding Net Special Items	3 Months Ended December 31,		Percent Change	12 Months Ended December 31,		Percent Change
	2019	2018		2019	2018	
	(in millions, except per share amounts)			(in millions, except per share amounts)		
Pre-tax income as reported	\$ 571	\$ 394		\$ 2,256	\$ 1,884	
Pre-tax net special items:						
Mainline operating special items, net ⁽¹⁾	147	173		635	787	
Regional operating special items, net	—	5		6	6	
Nonoperating special items, net ⁽²⁾	(39)	17		3	113	
Total pre-tax net special items	108	195		644	906	
Pre-tax income excluding net special items	\$ 679	\$ 589	15.1%	\$ 2,900	\$ 2,790	3.9%

Calculation of Pre-Tax Margin

Pre-tax income as reported	\$ 571	\$ 394	\$ 2,256	\$ 1,884
Total operating revenues as reported	\$ 11,313	\$ 10,938	\$ 45,768	\$ 44,541
Pre-tax margin	5.0%	3.6%	4.9%	4.2%

Calculation of Pre-Tax Margin Excluding Net Special Items

Pre-tax income excluding net special items	\$ 679	\$ 589	\$ 2,900	\$ 2,790
Total operating revenues as reported	\$ 11,313	\$ 10,938	\$ 45,768	\$ 44,541
Pre-tax margin excluding net special items	6.0%	5.4%	6.3%	6.3%

Reconciliation of Net Income Excluding Net Special Items

Net income as reported	\$ 414	\$ 325	\$ 1,686	\$ 1,412	
Net special items:					
Total pre-tax net special items ^{(1), (2)}	108	195	644	906	
Income tax special items, net ⁽³⁾	—	(22)	—	18	
Net tax effect of net special items	(20)	(50)	(151)	(219)	
Net income excluding net special items	\$ 502	\$ 448	\$ 2,179	\$ 2,117	2.9%

Reconciliation of Basic and Diluted Earnings Per Share Excluding Net Special Items

Net income excluding net special items	\$ 502	\$ 448	\$ 2,179	\$ 2,117
Shares used for computation (in thousands):				
Basic	434,578	460,589	443,363	464,236
Diluted	435,659	461,915	444,269	465,660
Earnings per share excluding net special items:				
Basic	\$ 1.15	\$ 0.97	\$ 4.91	\$ 4.56
Diluted	\$ 1.15	\$ 0.97	\$ 4.90	\$ 4.55

American Airlines Group Reports Fourth-Quarter and Full-Year 2019 Profit

January 23, 2020

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Reconciliation of Operating Income Excluding Net Special Items	3 Months Ended December 31,		12 Months Ended December 31,	
	2019	2018	2019	2018
	(in millions)		(in millions)	
Operating income as reported	\$ 729	\$ 571	\$ 3,065	\$ 2,656
Operating net special items:				
Mainline operating special items, net ⁽¹⁾	147	173	635	787
Regional operating special items, net	—	5	6	6
Operating income excluding net special items	\$ 876	\$ 749	\$ 3,706	\$ 3,449
Reconciliation of Total Operating Cost per ASM Excluding Net Special Items and Fuel				
Total operating expenses as reported	\$ 10,584	\$ 10,367	\$ 42,703	\$ 41,885
Operating net special items:				
Mainline operating special items, net ⁽¹⁾	(147)	(173)	(635)	(787)
Regional operating special items, net	—	(5)	(6)	(6)
Total operating expenses, excluding net special items	10,437	10,189	42,062	41,092
Fuel:				
Aircraft fuel and related taxes - mainline	(1,816)	(1,953)	(7,526)	(8,053)
Aircraft fuel and related taxes - regional	(475)	(474)	(1,869)	(1,843)
Total operating expenses, excluding net special items and fuel	\$ 8,146	\$ 7,762	\$ 32,667	\$ 31,196
	(in cents)		(in cents)	
Total operating expenses per ASM as reported	15.06	15.18	14.98	14.85
Operating net special items per ASM:				
Mainline operating special items, net ⁽¹⁾	(0.21)	(0.25)	(0.22)	(0.28)
Regional operating special items, net	—	(0.01)	—	—
Total operating expenses per ASM, excluding net special items	14.85	14.92	14.75	14.57
Fuel per ASM:				
Aircraft fuel and related taxes - mainline	(2.58)	(2.86)	(2.64)	(2.86)
Aircraft fuel and related taxes - regional	(0.68)	(0.69)	(0.66)	(0.65)
Total operating expenses per ASM, excluding net special items and fuel	11.59	11.37	11.46	11.06

Note: Amounts may not recalculate due to rounding.
FOOTNOTES:

⁽¹⁾ The 2019 fourth quarter mainline operating special items, net principally included \$85 million of merger integration expenses and \$39 million of fleet restructuring expenses. The 2019 twelve month period mainline operating special items, net principally included \$271 million of fleet restructuring expenses, a \$213 million non-cash impairment charge principally related to the planned retirement of the company's Embraer E190 fleet and \$191 million of merger integration expenses, offset in part by a \$53 million credit to reduce certain litigation reserves.

The 2018 fourth quarter mainline operating special items, net principally included \$94 million of fleet restructuring expenses, \$81 million of merger integration expenses, \$37 million in severance costs associated with reductions of management and support staff team members, offset in part by a \$37 million net credit resulting from mark-to-market adjustments on bankruptcy obligations. The 2018 twelve month period mainline operating special items, net principally included \$422 million of fleet restructuring expenses, \$268 million of merger integration expenses, \$58 million in severance costs as described above, a \$45 million litigation settlement, a \$26 million non-cash charge to write off the company's Brazil route authority intangible asset as a result of the U.S.-Brazil open skies agreement, offset in part by a \$76 million net credit resulting from mark-to-market adjustments on bankruptcy obligations.

Fleet restructuring expenses principally included accelerated depreciation and rent expense for aircraft and related equipment grounded or expected to be grounded earlier than planned. Merger integration expenses included costs associated with integration projects, principally the company's technical operations, flight attendant, human resources and payroll systems.

⁽²⁾ Principally included mark-to-market net unrealized gains and losses associated with certain equity and other investments.

⁽³⁾ The 2018 fourth quarter income tax special credit of \$22 million was the result of the reversal of the valuation allowance previously recognized in the 2018 first quarter related to the company's estimated refund for Alternative Minimum Tax (AMT) credits, which was no longer subject to sequestration. The 2018 twelve month period income tax special charge of \$18 million is related to an international income tax matter.

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

	December 31, 2019	December 31, 2018
	(unaudited)	
Assets		
Current assets		
Cash	\$ 280	\$ 275
Short-term investments	3,546	4,485
Restricted cash and short-term investments	158	154
Accounts receivable, net	1,750	1,706
Aircraft fuel, spare parts and supplies, net	1,851	1,522
Prepaid expenses and other	621	495
Total current assets	8,206	8,637
Operating property and equipment		
Flight equipment	42,537	41,499
Ground property and equipment	9,443	8,764
Equipment purchase deposits	1,674	1,278
Total property and equipment, at cost	53,654	51,541
Less accumulated depreciation and amortization	(18,659)	(17,443)
Total property and equipment, net	34,995	34,098
Operating lease right-of-use assets	8,737	9,151
Other assets		
Goodwill	4,091	4,091
Intangibles, net	2,084	2,137
Deferred tax asset	645	1,145
Other assets	1,237	1,321
Total other assets	8,057	8,694
Total assets	\$ 59,995	\$ 60,580
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Current maturities of long-term debt and finance leases	\$ 2,861	\$ 3,294
Accounts payable	2,062	1,773
Accrued salaries and wages	1,541	1,427
Air traffic liability	4,808	4,339
Loyalty program liability	3,193	3,267
Operating lease liabilities	1,708	1,654
Other accrued liabilities	2,138	2,342
Total current liabilities	18,311	18,096
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	21,454	21,179
Pension and postretirement benefits	6,052	6,907
Loyalty program liability	5,422	5,272
Operating lease liabilities	7,421	7,902
Other liabilities	1,453	1,393
Total noncurrent liabilities	41,802	42,653
Stockholders' equity (deficit)		
Common stock	4	5
Additional paid-in capital	3,945	4,964
Accumulated other comprehensive loss	(6,331)	(5,896)
Retained earnings	2,264	758
Total stockholders' deficit	(118)	(169)
Total liabilities and stockholders' equity (deficit)	\$ 59,995	\$ 60,580

Investor Relations Update January 23, 2020

General Overview

- **Fleet and Operation** - On March 13, 2019, a directive from the Federal Aviation Administration (FAA) grounded all U.S.-registered Boeing 737 MAX aircraft. The American Airlines fleet currently includes 24 Boeing 737 MAX 8 aircraft with an additional 76 aircraft on order. As previously disclosed, the company has now cancelled all 737 MAX 8 flying through June 3, 2020 and will continue to assess this timeline.

As previously disclosed, the company reached a confidential agreement with Boeing on compensation for financial damages incurred in 2019 due to the grounding of the 737 MAX 8 aircraft. The company anticipates accounting for substantially all of the compensation as a reduction in cost basis of grounded MAX aircraft and certain future MAX aircraft deliveries.
- **Capacity** - The company expects its first quarter capacity to be up approximately 2.5 percent and full year capacity to be up between 4 to 5 percent year-over-year.
- **Revenue** - The company expects its first quarter total revenue per available seat mile (TRASM) to be flat to up 2 percent year-over-year.
- **CASM¹** - The company expects its first quarter total cost per available seat mile excluding fuel, net special items and new labor agreements (CASM)² to be up 2 to 4 percent year-over-year.
- **Fuel** - Based on the January 21, 2020 forward curve, the company expects to pay an average of between \$2.00 and \$2.05 per gallon of total jet fuel (including taxes) in the first quarter.
- **Liquidity** - As of December 31, 2019, the company had approximately \$7.0 billion in total available liquidity. The company's total liquidity is comprised of unrestricted cash and investments of \$3.8 billion and \$3.2 billion in undrawn revolver capacity. The company also had a restricted cash position of \$158 million.
- **Capital Expenditures** - For 2020, the company expects to invest \$3.3 billion in capex, including \$1.6 billion of aircraft and \$1.7 billion in non-aircraft capex. For 2021, total capex is expected to be \$2.0 billion, including \$0.8 billion for aircraft and \$1.2 billion for non-aircraft capex.
- **Free Cash Flow³** - The Company expects to generate approximately \$6 billion of free cash flow between 2020 and 2021.
- **Taxes** - As of December 31, 2019, the company had approximately \$9.1 billion of federal net operating losses (NOLs) and \$3.0 billion of state NOLs, substantially all of which are expected to be available in 2020 to reduce future federal and state taxable income. The company expects to recognize a provision for income taxes in 2020 at an effective rate of approximately 25 percent, which will be substantially non-cash.
- **Pre-tax Margin and EPS** - Based on the assumptions outlined above, the company presently expects its first quarter pre-tax margin excluding net special items to be approximately 2 to 4 percent². The company expects to report full year 2020 earnings per diluted share excluding net special items of between \$4 and \$6².

Notes:

1. All CASM guidance excludes the impact of fuel, net special items and new labor agreements.
2. The company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of net special items cannot be determined at this time.
3. Free cash flow is defined as operating cash flow less capital expenditures plus proceeds from sale-leaseback transactions.

Please refer to the footnotes and the forward looking statements page of this document for additional information

Financial Comments

	1Q20E	FY20E	
Total Mainline and Regional Guidance¹			
Available Seat Miles (ASMs) (bil)	~68.4	~296.5	~299.3
Year-over-Year Change (%)	~2.5%	4% to	5%
Cargo Revenues (\$ mil) ²	~185		
Other Revenues (\$ mil) ²	~721		
Average Fuel Price (incl. taxes) (\$/gal) (as of 1/21/2020)	~2.00 to ~2.05	2.05 to	2.10
Fuel Gallons Consumed (mil)	~1,085	~4,750	
CASM ex fuel and net special items (guidance is YOY % change) ³	+2% to +4%	0% to	+2%
Interest (Income) (\$ mil)	~(23)		
Interest Expense (\$ mil)	~255		
Other Non-Operating (Income)/Expense (\$ mil) ⁴	~(110)		
Earnings per Share		\$4.00 to	\$6.00
Annual Capex Guidance (\$ mil) Inflow/(Outflow)			
Non-Aircraft Capex		(1,700)	
Gross Aircraft Capex & net PDPs		(1,647)	
Assumed Sale-Leaseback Proceeds		1,492	
Assumed Debt Financing		939	
Net Aircraft Capex & PDPs ⁵		783	

Notes:

1. Includes guidance on certain non-GAAP measures, which exclude net special items. The company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of net special items cannot be determined at this time. Please see the GAAP to non-GAAP reconciliation at the end of this document.
2. Cargo/Other revenue includes cargo revenue, loyalty program revenue, and contract services.
3. CASM ex fuel, net special items and the impact of new labor agreements is a non-GAAP financial measure.
4. Other Non-Operating (Income)/Expense primarily includes non-service related pension and retiree medical benefit income/costs, gains and losses from foreign currency, and income/loss from the company's approximate 25% ownership interest in Republic Airways Holdings Inc.
5. Numbers may not recalculate due to rounding.

Please refer to the footnotes and the forward looking statements page of this document for additional information

Fleet Update January 23, 2020

Fleet Comments

- On March 13, 2019, a directive from the FAA grounded all U.S.-registered Boeing 737 MAX aircraft. The company currently has 76 Boeing 737 MAX Family aircraft on order and has not taken delivery of any Boeing 737 MAX Family aircraft since the grounding. The extent of the delay to the scheduled deliveries of the Boeing 737 MAX aircraft included in the table below is expected to be impacted by the length of time the FAA order remains in place, Boeing's production rate and the pace at which Boeing can deliver aircraft following the lifting of the FAA order, among other factors. The below table reflects the company's estimate of future Boeing 737 MAX aircraft deliveries based on information currently available; however, the actual delivery schedule is expected to differ from the table below.
- In 2020, the company expects to take delivery of 53 mainline aircraft comprised of 18 A321neo aircraft, 22 B738 MAX aircraft, 12 B788 aircraft and 1 used A319. The company also expects to retire 31 mainline aircraft, including 11 B763 aircraft and 20 E190 aircraft.
- In 2020, the company expects to increase the regional fleet count by a net of 12 aircraft, resulting from the net addition of 10 CRJ700 aircraft, 2 CRJ900 aircraft and 20 E175 aircraft, as well as the reduction of 4 CRJ200 and 16 ERJ140 aircraft.

Active Mainline Year Ending Fleet Count			Active Regional Year Ending Fleet Count ¹		
	2019A	2020E		2019A	2020E
A319	132	133	CRJ200	19	15
A320	48	48	CRJ700	121	131
A321	218	218	CRJ900	126	128
A321neo	12	30	E175	175	195
A332	15	15	ERJ140	46	30
A333	9	9	ERJ145	118	118
B738	304	304		605	617
B738 MAX	24	46			
B757	34	34			
B763	17	6			
B772	47	47			
B773	20	20			
B788	20	32			
B789	22	22			
E190	20	—			
	942	964			

Notes:

- At the end of the fourth quarter of 2019, the company had 12 ERJ140 regional aircraft in temporary storage, which are not included in the active regional ending fleet count.

Please refer to the footnotes and the forward looking statements page of this document for additional information

Shares Outstanding January 23, 2020

Shares Outstanding Comments

- The estimated weighted average shares outstanding for 2020 are listed below.
- On April 25, 2018, the company's Board authorized a \$2.0 billion share repurchase program to expire by the end of 2020, of which \$565 million remained available for use as of December 31, 2019. The total amount authorized for share repurchase programs since the merger is \$13.0 billion. All previous repurchase programs had been fully expended as of March 31, 2018.
- Including share repurchases, shares withheld to cover taxes associated with employee equity awards and share distributions, and the cash extinguishment of convertible debt, the company's share count has dropped 43 percent from 756.1 million shares at merger close to 428.2 million shares outstanding on December 31, 2019.

2020 Shares Outstanding (shares mil)¹

	Shares	
	Basic	Diluted
For Q1		
Earnings	428	429
Net loss	428	428
Shares		
For FY 2020 Average		
Earnings	429	430
Net loss	429	429

Notes:

1. Shares outstanding are based upon several estimates and assumptions, including average per share stock price and stock award activity and does not assume any future share repurchases. The number of shares in actual calculations of earnings per share will likely be different from those set forth above.

Please refer to the footnotes and the forward looking statements page of this document for additional information

GAAP to Non-GAAP Reconciliation January 23, 2020

The company sometimes uses financial measures that are derived from the 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 table below presents the reconciliation 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 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. Additionally, net special items may vary from period-to-period in nature and amount. These adjustments to exclude aircraft fuel and net special items allow management an additional tool to understand and analyze the company's non-fuel costs and core operating performance. Additionally, the table below presents the reconciliation of other non-operating expense (GAAP measure) to other non-operating expense excluding net special items (non-GAAP measure). Management uses this non-GAAP financial measure to evaluate the company's current 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.

American Airlines Group Inc. GAAP to Non-GAAP Reconciliation¹ (\$ mil except ASM and CASM data)

	1Q20 Range		FY20 Range	
	Low	High	Low	High
Total operating expenses	\$ 10,460	\$ 10,677	\$ 43,712	\$ 44,956
Less fuel expense	2,170	2,224	9,738	9,975
Less operating net special items	—	—	—	—
Total operating expense excluding fuel and net special items (Non-GAAP)	8,290	8,452	33,975	34,981
Total CASM (cts)	15.29	15.61	14.74	15.02
Total CASM excluding fuel and net special items (Non-GAAP) (cts)	12.12	12.36	11.46	11.69
YOY (%)	2.0%	4.0%	0.0%	2.0%
Total ASMs (bil)	68.4	68.4	296.5	299.3

Notes: Amounts may not recalculate due to rounding.

- Certain of the guidance provided excludes net special items. The company is unable to fully reconcile such forward-looking guidance to the corresponding GAAP measure because the full nature and amount of net special items cannot be determined at this time. Net special items for this period may include, among others, fleet restructuring expenses, merger integration expenses and mark-to-market adjustments for equity and other investments.

Please refer to the footnotes and the forward looking statements page of this document for additional information

Forward Looking Statements January 23, 2020

Cautionary Statement Regarding Forward-Looking Statements

This document includes forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “could,” “should,” “would,” “continue,” “seek,” “target,” “guidance,” “outlook,” “if current trends continue,” “optimistic,” “forecast” and other similar words. Such statements include, but are not limited to, statements about future financial and operating results, the company’s plans, objectives, estimates, expectations and intentions, and other statements that are not historical facts. These forward-looking statements are based on the company’s current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth in the company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (especially in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors), and other risks and uncertainties listed from time to time in the company’s other filings with the Securities and Exchange Commission. There may be other factors of which the company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. The company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statements.

Please refer to the footnotes and the forward looking statements page of this document for additional information