

American Airlines Group Inc.

J.P. Morgan Global Aviation and
Transportation Conference

March 13, 2018

Doug Parker
Chairman and CEO



Cautionary Statement Regarding Forward-Looking Statements and Information



This document includes forward-looking statements within the meaning of 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, estimates and strategies for the future, 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-K for the year ended December 31, 2017 (especially in Part I, Item 1A. Risk Factors, and Part II, Item 7). Management’s Discussion and Analysis of Financial Condition and Results of Operations) and in the Company’s other filings with the Securities and Exchange Commission (“SEC”), and other risks and uncertainties listed from time to time in the Company’s other filings with the SEC. 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.



***The Leap of Faith
Revisited***

The Leap of Faith Revisited



The Leap:

Believe/Understand that our industry and our airline have been materially and permanently transformed

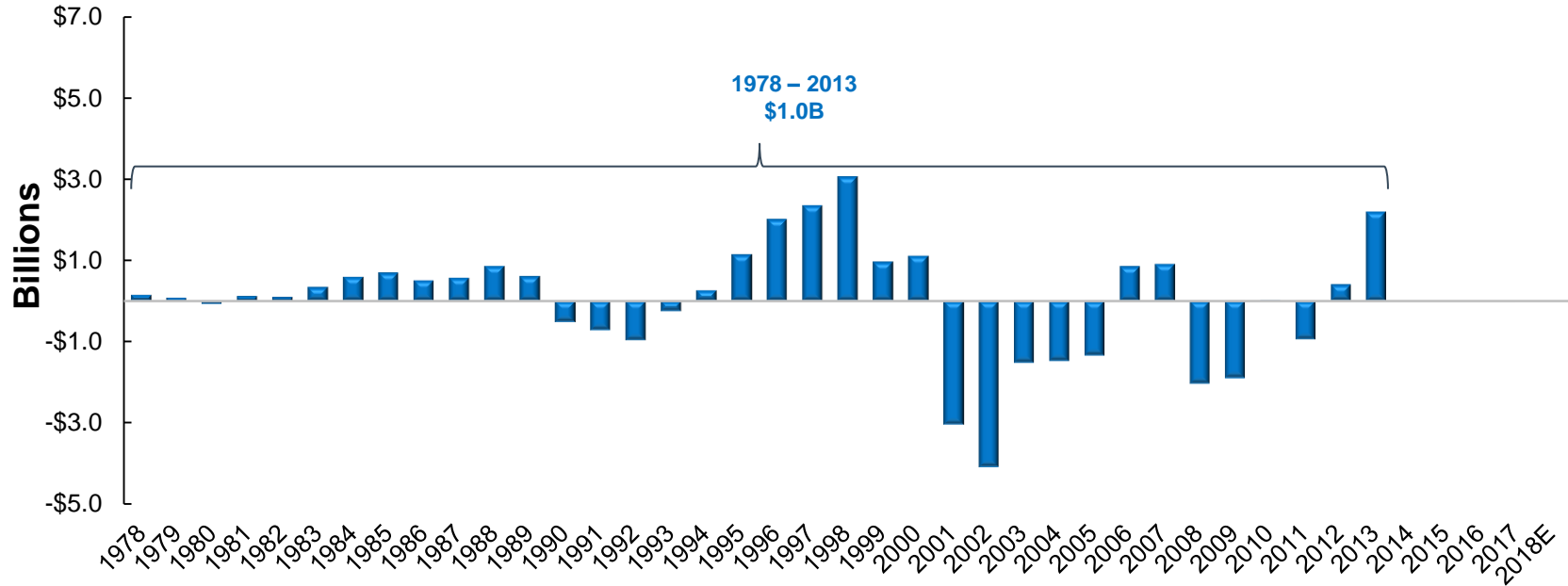
The Implication:

Leadership must adapt to the new world

American Pre-Merger Earnings



AA/US Pre-tax Income 1978 – 2018E
(excluding net special items)

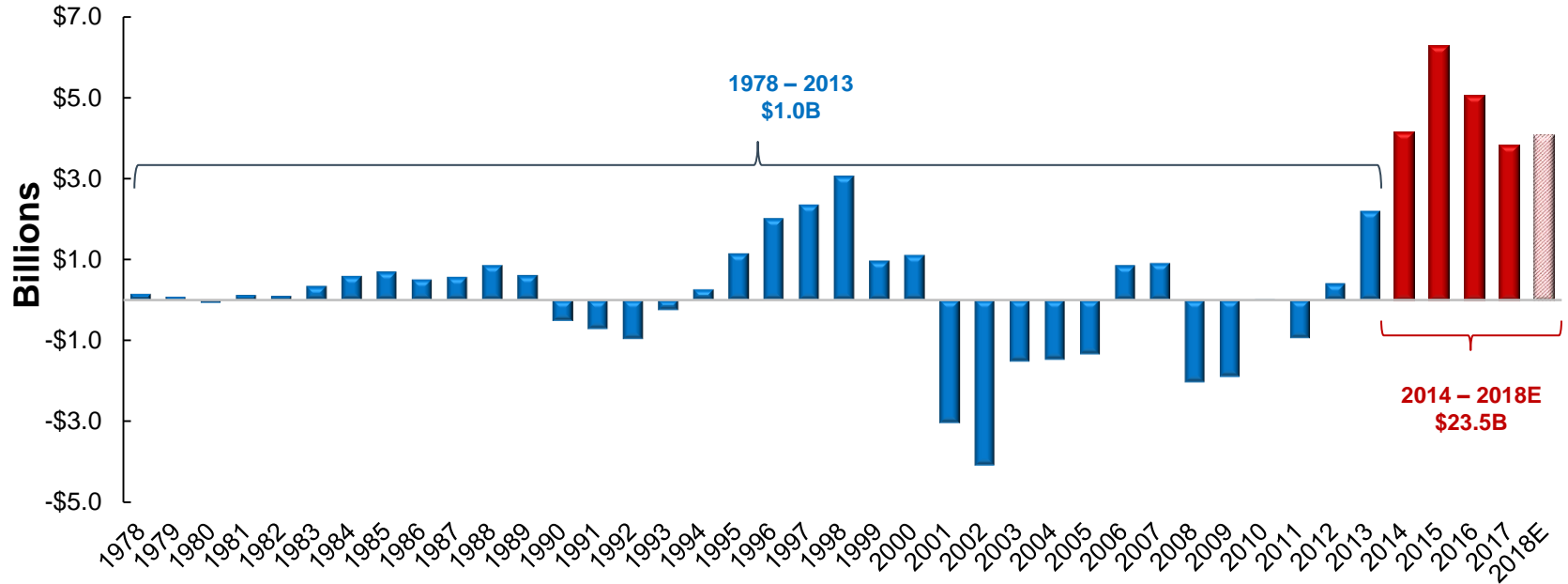


Data presented is pretax income excluding net special items for AMR and US Airways combined for 1978 – 2012 and pre-tax income excluding net special charges for American Airlines Group Inc. for 2013

American Post-Merger Earnings



AA/US Pre-tax Income 1978 – 2018E
(excluding net special items)

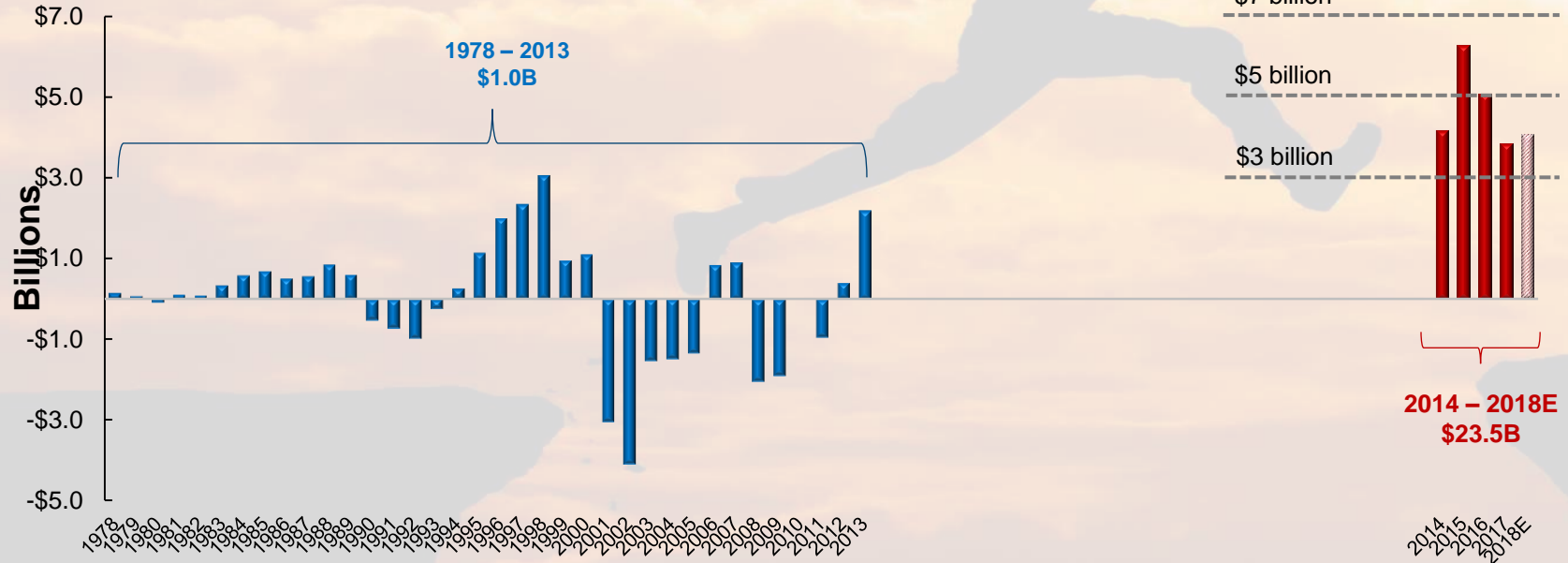


Data presented is pre-tax income excluding net special items for AMR and US Airways combined for 1978 – 2012 and pre-tax income excluding net special charges for American Airlines Group Inc. for 2013 – 2017. Please refer to the Company's GAAP to Non-GAAP reconciliation in the appendix for 2014 - 2017. The estimated 2018 data is a J.P. Morgan estimate as of March 9, 2018 and is not a Company forecast.

American Post-Merger Earnings



AA/US Pre-tax Income 1978 – 2018E
(excluding net special items)



Data presented is pre-tax income excluding net special items for AMR and US Airways combined for 1978 – 2012 and pre-tax income excluding net special charges for American Airlines Group Inc. for 2013 – 2017. Please refer to the Company's GAAP to Non-GAAP reconciliation in the appendix for 2014 - 2017. The estimated 2018 data is a J.P. Morgan estimate as of March 9, 2018 and is not a Company forecast.

The Leap of Faith Revisited



The Leap:

Believe/Understand that our industry and our airline have been materially and permanently transformed

The Implication:

Leadership must adapt to the new world

Largest Difference For Leadership is Time Horizon



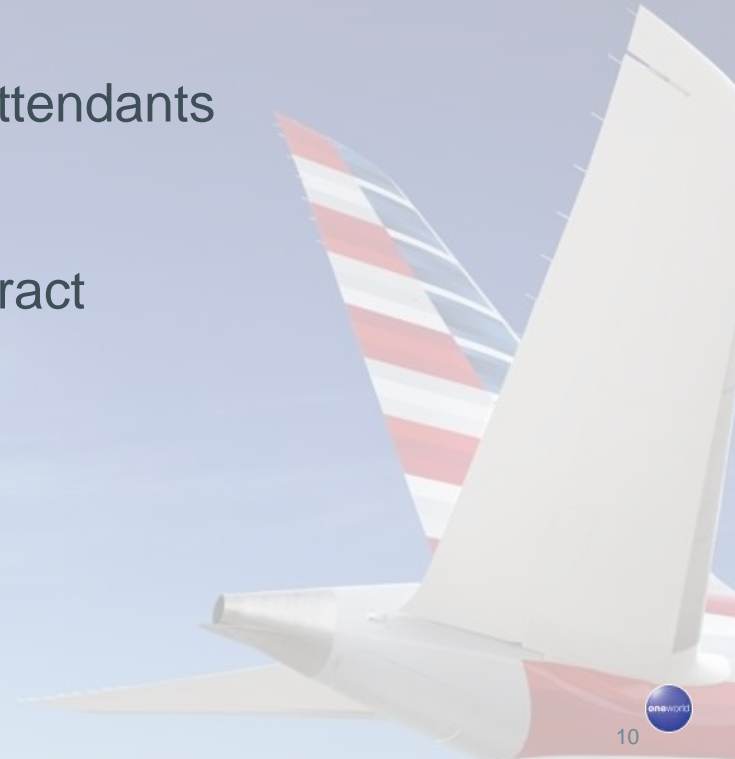
- **Pre Leap of Faith:** Survive – Very short term decision making
- **Post Leap of Faith:** Play the Long Game – Make decisions now to assure American is great forever



Playing the Long Game - Examples



- Profit Sharing
- One Campus, One Team
- Mid-contract adjustment: Pilots and Flight Attendants
- Investor guidance
- TWU/IAM pay increase before full joint contract
- \$1,000 tax reform bonus for team members



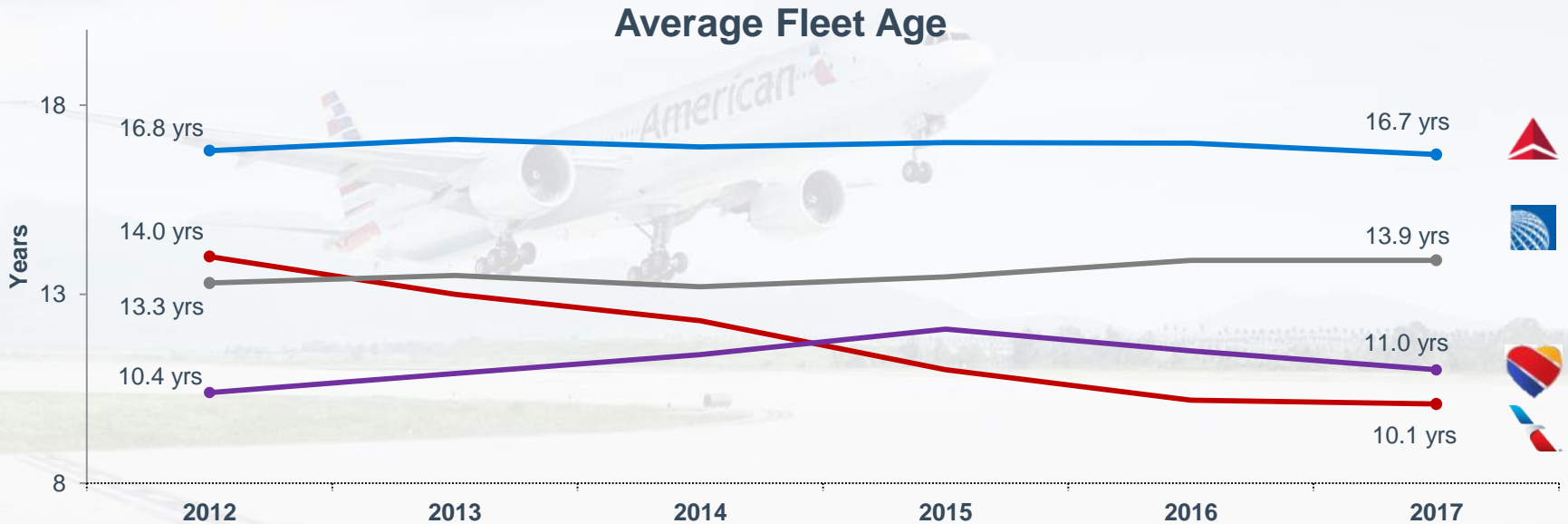
Playing the Long Game



Investments in Our Fleet



- By the end of 2017, we had inducted 496 new aircraft into the fleet since the merger, and retired 469 older aircraft – giving us the youngest fleet of the major airlines

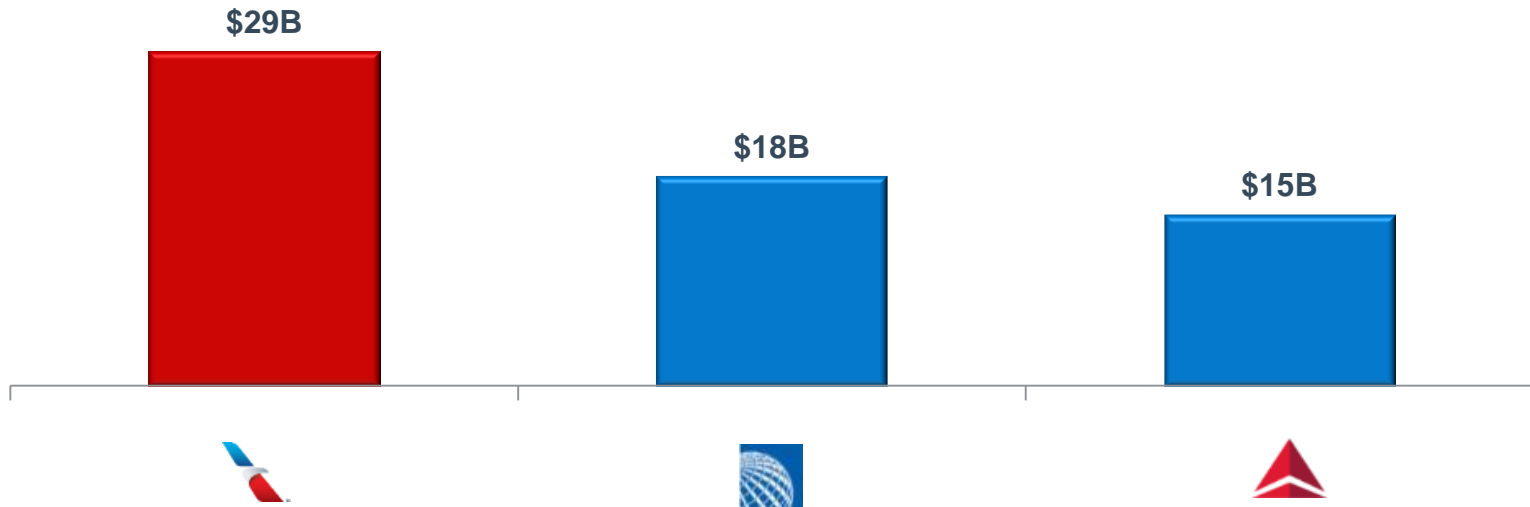


Source: Company filings and Ascend data

Fleet Investments Drive Higher Asset Values



2017 Mainline Fleet Values¹



1. Data estimated from Diio and MBA Redbook values

Widebody Retrofits – Lie-flat and Premium Economy

All Lie-flat Widebodies



Premium Economy Retrofits



New Flagship Lounges



ORD
FLAGSHIP Lounge



JFK
FLAGSHIP FIRST Dining



LAX T4
FLAGSHIP FIRST Dining

DFW
FLAGSHIP FIRST Dining



MIA
FLAGSHIP FIRST Dining

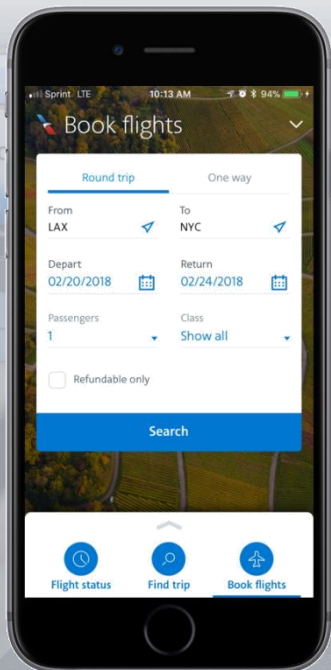


DFW lounge is an artist rendering

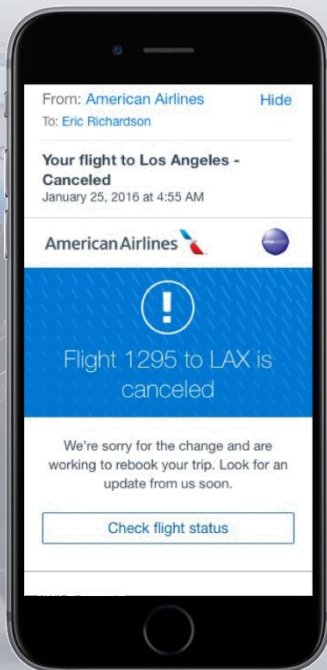
Enhanced Self-Service Tools



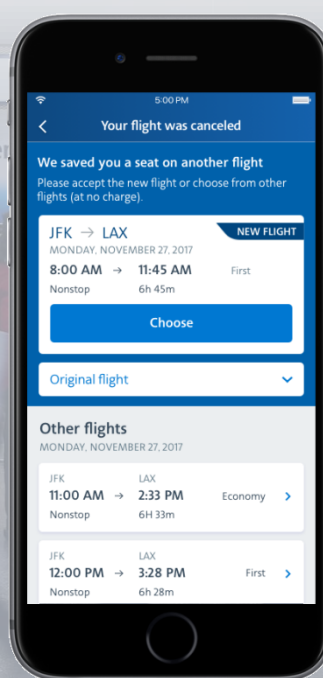
Book on App



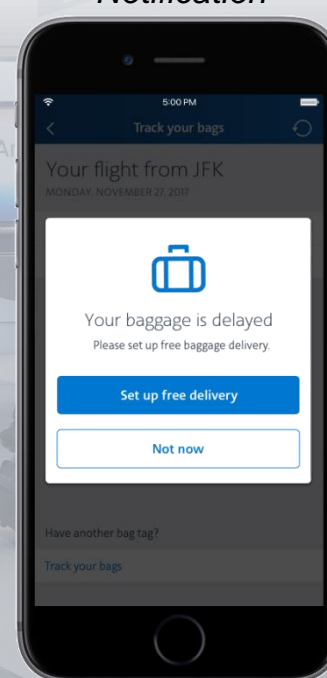
Notify All



Dynamic Rebooking



Customer Bag Notification



Commercial Initiatives



American Airlines
AAdvantage

- Gold**
25k EOMs or 30 EQs
+
\$3k EODs
- Platinum**
50k EOMs or 60 EQs
+
\$6k EODs
- Platinum Pro**
75k EOMs or 90 EQs
+
\$9k EODs
- Executive Platinum**
100k EOMs or 120 EQs
+
\$12k EODs
- ConciergeKey**
Invite Only

Value Based AAdvantage Program



Flagship First	Flagship Business	First & Business	Premium Economy	Main Cabin Extra	Main Cabin	Basic Economy
-----------------------	--------------------------	-----------------------------	------------------------	-------------------------	-------------------	----------------------

Enhanced Revenue Management Tools



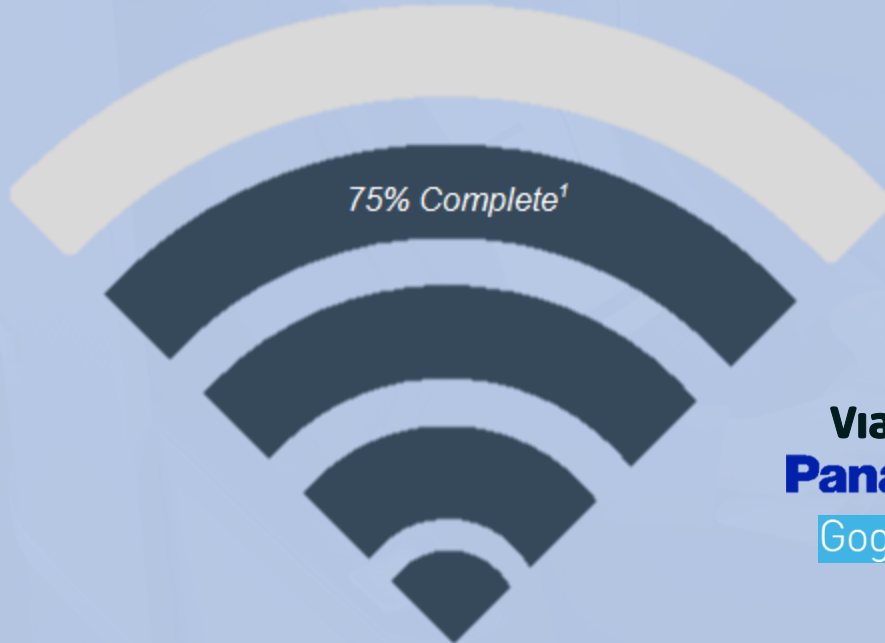
Increased Focus on Sales

Satellite WiFi



Widebody Installation Progress

Estimated Completion 2Q18



Narrowbody Installation Progress

Estimated Completion 2Q19



Viasat
Panasonic
Gogo 2Ku

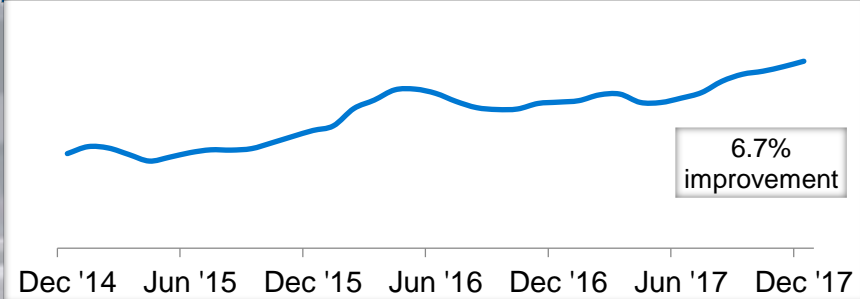
1. As of 4Q 2017

Operational Improvement

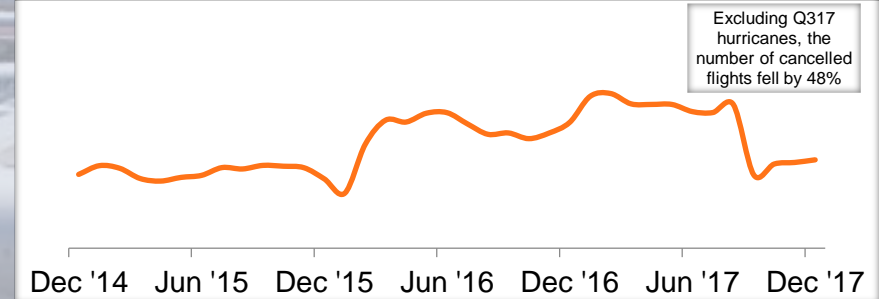


Trailing twelve month averages

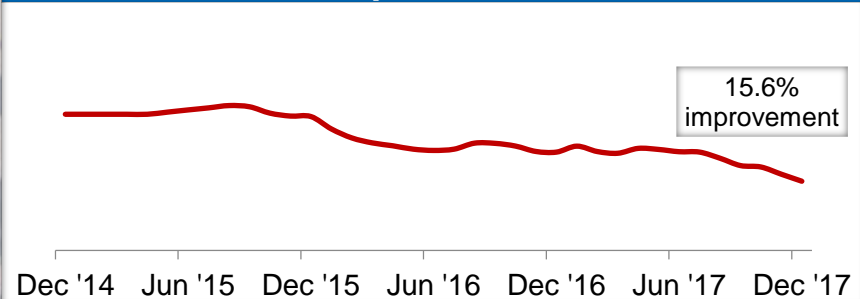
On-time Departures



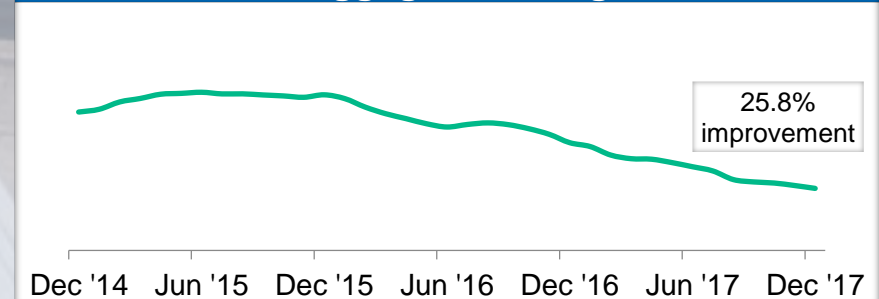
Completion Factor



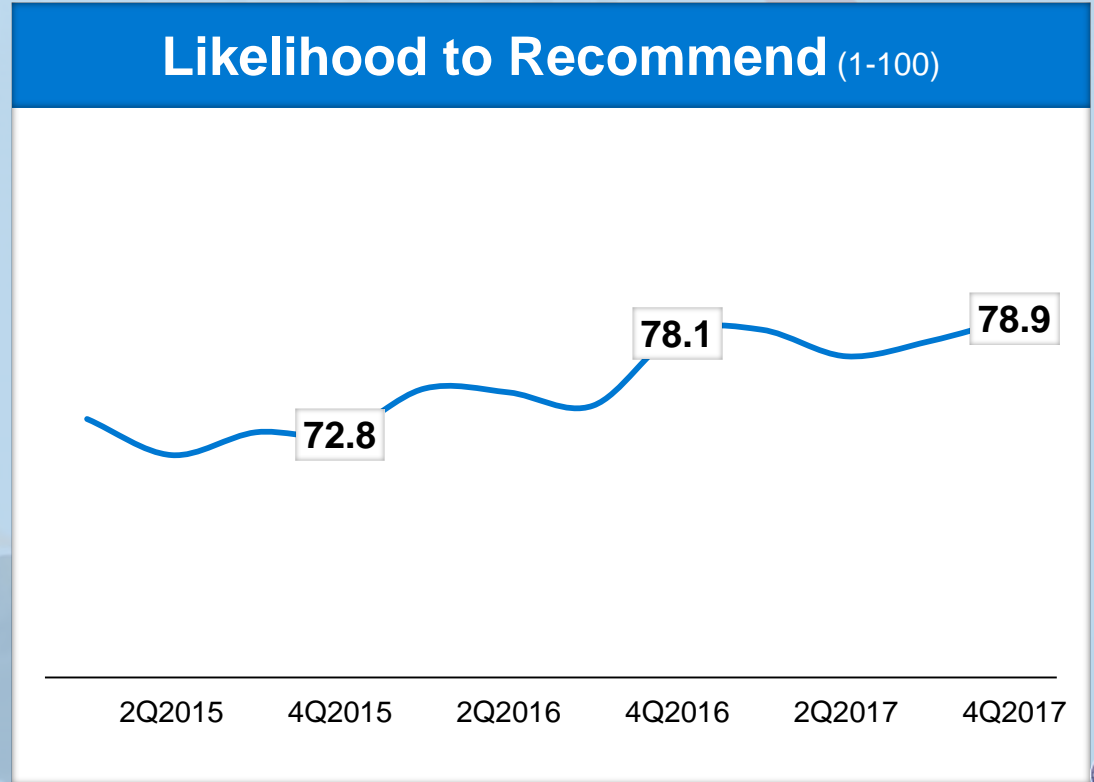
Misconnects per 100 connections



Baggage Handling



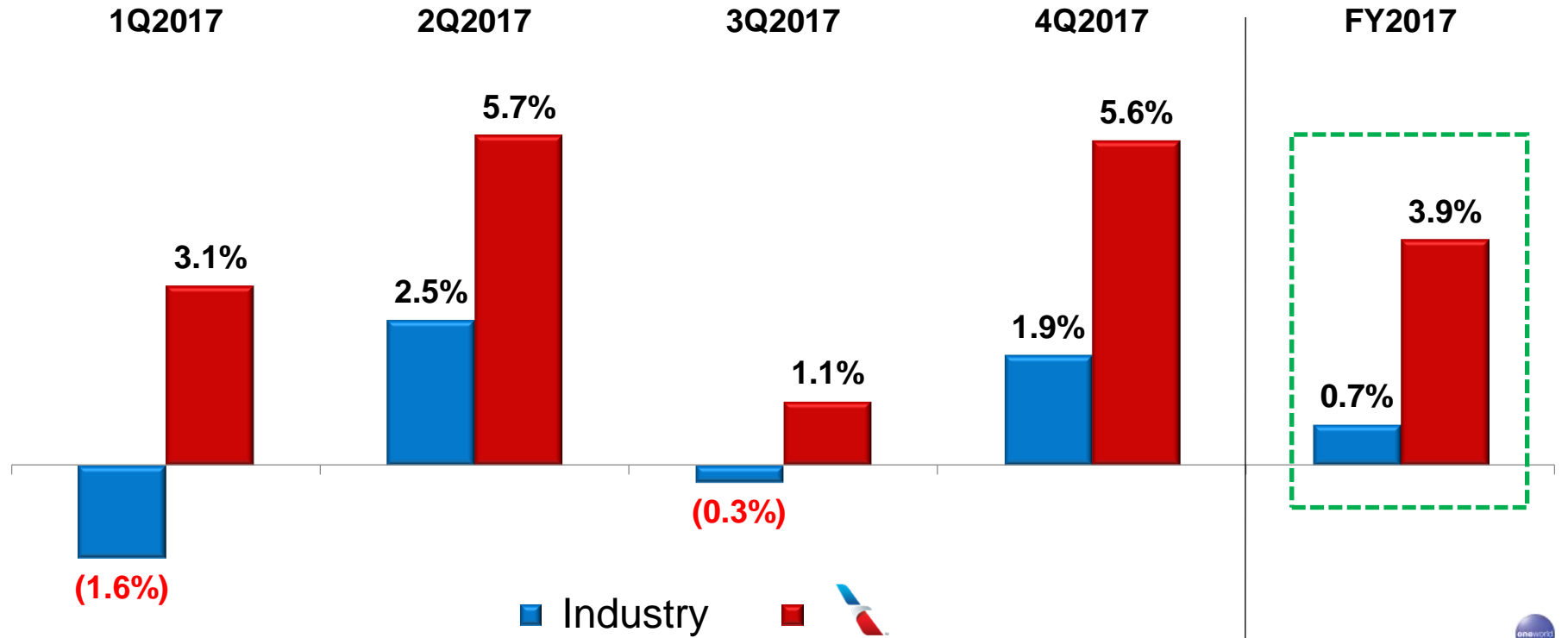
Customer Satisfaction



Revenue Improvement



YOY TRASM vs. Industry



Playing the Long Game



Long-Term Focus = Near-Term Value: The Bet



Sam B: Hi Dan - I continue to struggle to reconcile Doug's unequivocal bullishness with the street's forecasts. (10/21/16)

Doug P: In short, we don't think that declining earnings in the near term should mean declining stock prices. Indeed, we think our equity is well discounted versus our view of future earnings.

Doug P: I personally believe that in a couple of years we will look back at the fact that the market allowed us to repurchase billions of dollars of AAL at below \$40 over a three year period as one of the all-time great airline equity buying opportunities. And that's why I say we're bullish.

Sam B: That's great - but I will be 60 in 2018 (11/25 if you want to send a card) - and looking around the floor here, I don't see many 60 year old hedge fund analysts. Actually, I don't see any.

Doug P: Understood. I'll bet you a bottle of wine that AAL hits 60 before you do.

10/28/16: AAL @ \$40.06; Sam B @ 57.96 yrs.

The Bet - Update



The Bet = AAL will be \$60/share before Sam B. turns 60 years old on 11/25/2018



Leading Indicators of “There They Go Again” - AAL

- Expanding service to markets that don't touch a hub
- New hubs
- Large aircraft order, not primarily for replacement
- Aircraft order done in exchange for financing
- Curbing long-term investment in product / airports
- Leadership not focused on providing a caring environment for team members
- Leadership says “the airline business can never be a real business”

Why American?



- The industry has been transformed
 - Transformation is not fully appreciated / recognized by investors
- American is best positioned within the industry
 - Leadership focused on the long-game and running our own race
 - Know who we are: global, hub and spoke airline with privileged assets
 - Long-term strategy to create value
 - Significant upside through product enhancements, cultural transformation
 - Progress underway, momentum is strong



GAAP to Non-GAAP Reconciliations



GAAP to non-GAAP Reconciliations



Reconciliation of Pre-Tax Income Excluding Special Items	2017	12 Months Ended December 31,		2014
		2016	2015	
		(in millions)		
Pre-tax income as reported	\$ 3,084	\$ 4,299	\$ 4,616	\$ 3,212
Pre-tax special items:				
Special items, net	712	709	1,051	800
Regional operating special items, net	22	14	29	24
Nonoperating special items, net	<u>22</u>	<u>49</u>	<u>594</u>	<u>132</u>
Total pre-tax special items	756	772	1,674	956
Pre-tax income excluding special items	\$ 3,840	\$ 5,071	\$ 6,290	\$ 4,168