
**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 10, 2018**

**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.)

**4333 Amon Carter Blvd., Fort Worth, Texas
4333 Amon Carter Blvd., 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- 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 7.01. REGULATION FD DISCLOSURE.

On January 10, 2018, American Airlines Group Inc. (“American”) provided an update for investors presenting information relating to its financial and operational outlook for 2017. This investor presentation is located on American’s website at www.aa.com under “Investor Relations.” The update is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 7.01, including Exhibit 99.1, 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	Investor Update, dated January 10, 2018

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 10, 2018

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 10, 2018

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

Investor Relations Update January 10, 2018

General Overview

- **TRASM and Pre-tax Margin** – The company expects its fourth quarter total revenue per available seat mile (TRASM) to be up 5.0 to 6.0 percent year-over-year, vs. previous guidance of up 2.5 to 4.5 percent year-over-year. The change in TRASM vs. previous guidance is due primarily to improving yields in all geographic regions and higher than expected domestic close-in bookings. In addition, the company expects its fourth quarter pre-tax margin excluding special items to be approximately 6.5 to 7.0 percent, vs. previous guidance of 4.5 to 6.5 percent.¹
- **Special Items** – The company expects its pre-tax net special items in the fourth quarter will approximate \$315 million. Net special items include merger integration and fleet restructuring expenses, and the \$1,000 cash bonus granted to eligible employees as of December 31, 2017 in recognition of recent tax reform. Additionally, the company expects to record a special \$10 million non-cash credit to income tax expense in the fourth quarter to reflect the impact of recent tax reform on its deferred tax assets and liabilities.
- **CASM** – Consolidated CASM excluding fuel and special items¹ is expected to be up approximately 5.5 percent in 2017. Fourth quarter consolidated CASM excluding fuel and special items¹ is expected to be up approximately 4.0 percent year-over-year due primarily to salary and benefit increases provided to our team members (including the salary increases given to our pilots and flight attendants), higher revenue-related expenses, and higher depreciation and amortization resulting from increased capex. The year-over-year increase for the fourth quarter is lower than previous guidance due primarily to a higher than anticipated completion factor.
- **Capacity** – 2017 total system capacity was up approximately 1 percent vs. 2016. Full year domestic consolidated capacity was approximately flat year-over-year, while international capacity was up approximately 4 percent vs. 2016.
- **Liquidity** – As of December 31, 2017, the company had approximately \$7.6 billion in total available liquidity, comprised of unrestricted cash and investments of \$5.1 billion and \$2.5 billion in undrawn revolver capacity. The company also had a restricted cash position of \$318 million.
- **Fuel** – The company expects to pay an average of between \$1.88 and \$1.93 per gallon of mainline jet fuel (including taxes) in the fourth quarter.
- **Cargo / Other Revenue** – Includes cargo revenue, loyalty program revenue, ticket change fees, excess/overweight baggage fees, first and second bag fees, contract services, airport clubs and inflight service revenues.
- **Taxes** – As of December 31, 2016, the company had approximately \$10.5 billion of federal net operating losses (NOLs) and \$3.7 billion of state NOLs, substantially all of which are expected to be available in 2017 to reduce future federal and state taxable income. The company expects to recognize a provision for income taxes in 2017 at an effective rate of approximately 38 percent, which will be substantially non-cash.

Notes:

1. *For a reconciliation of special items (including the company's estimates for the fourth quarter), please see the GAAP to non-GAAP reconciliation at the end of this document.*

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

Mainline Update January 10, 2018

Mainline Comments

- All operating expenses are for mainline operated flights only. Please refer to the following page for information pertaining to regional data.
- The year-over-year increase in mainline CASM excluding fuel and special items is primarily driven by salary and benefit increases provided to our team members (including the salary increases given to our pilots and flight attendants), higher revenue related expenses, and higher depreciation and amortization resulting from increased capex.
- 2017 non-aircraft capex was approximately \$1.8 billion, an increase from previous guidance due primarily to pulling forward expenditures related to the narrowbody retrofit program and facility improvements for our customers and team members.

	1Q17A	2Q17A	3Q17A	4Q17E	FY17E ²
Mainline Guidance¹					
Available Seat Miles (ASMs) (bil)	56.6	63.5	64.6	~59.1	~243.8
CASM ex fuel and special items (YOY % change) ³	10.48	9.82	9.77	+4% to +6%	+5.5% to +7.5%
Cargo Revenues (\$ mil)	172	196	200	~230	~798
Other Revenues (\$ mil)	1,297	1,327	1,301	~1,350	~5,275
Average Fuel Price (incl. taxes) (\$/gal)	1.69	1.62	1.66	1.88 to 1.93	1.69 to 1.74
Fuel Gallons Consumed (mil)	831	934	947	~866	~3,578
Interest Income (\$ mil)	(21)	(24)	(25)	~(24)	~(94)
Interest Expense (\$ mil)	257	263	266	~267	~1,053
Other Non-Operating (Income)/Expense (\$ mil) ⁴	(5)	3	(16)	~12	~(7)
CAPEX Guidance (\$ mil) Inflow/(Outflow)					
Non-Aircraft CAPEX	(439)	(404)	(431)	~(526)	~(1,800)
Gross Aircraft CAPEX & net PDPs	(1,206)	(1,080)	(938)	~(866)	~(4,090)
Assumed Aircraft Financing	899	993	810	~728	~3,431
Net Aircraft CAPEX & PDPs ²	(307)	(87)	(128)	~(138)	~(659)

Notes:

1. Includes guidance on certain non-GAAP measures, which exclude special items. Please see the GAAP to non-GAAP reconciliation at the end of this document.
2. Numbers may not recalculate due to rounding.
3. CASM ex fuel and special items is a non-GAAP financial measure.
4. Other Non-Operating (Income)/Expense primarily includes gains and losses from foreign currency and income/loss from the company's approximate 25% ownership interest in Republic Airways Holdings Inc.

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

Regional Update January 10, 2018

Regional Comments

- The company receives feed from 10 regional airlines, including wholly owned subsidiaries Envoy, PSA Airlines and Piedmont Airlines.
- Fourth quarter and full year CASM increases are lower than previous guidance due to a higher than anticipated completion factor.

	1Q17A	2Q17A	3Q17A	4Q17E	FY17E ²
Regional Guidance¹					
Available Seat Miles (ASMs) (bil)	7.78	8.22	8.47	~8.22	~32.69
CASM ex fuel and special items (YOY % change) ³	16.10	15.69	15.44	-1% to +1%	+0% to +2%
Average Fuel Price (incl. taxes) (\$/gal)	1.75	1.69	1.75	1.95 to 2.00	1.77 to 1.82
Fuel Gallons Consumed (mil)	182	195	201	~194	~772

Regional Airlines

Envoy Air Inc. ⁴	Mesa Airlines, Inc.
SkyWest Airlines, Inc. ⁵	Piedmont Airlines, Inc. ⁴
ExpressJet Airlines, Inc. ⁵	PSA Airlines, Inc. ⁴
Republic Airline Inc.	Trans States Airlines, Inc.
Air Wisconsin Airlines Corporation	Compass Airlines, LLC

Notes:

1. Includes guidance on certain non-GAAP measures. Please see the GAAP to non-GAAP reconciliation at the end of this document.
2. Numbers may not recalculate due to rounding.
3. CASM ex fuel and special items is a non-GAAP financial measure. Please see the GAAP to non-GAAP reconciliation at the end of this document.
4. Wholly owned subsidiary of American Airlines Group Inc.
5. Pro-rate agreement and capacity purchase agreement.

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

Fleet Update January 10, 2018

Fleet Comments

- In 2017, the company took delivery of 57 mainline aircraft consisting of 20 A321 aircraft, 20 B738 aircraft, 4 B738 Max aircraft, 3 B788 aircraft, and 10 B789 aircraft. The company also retired 39 mainline aircraft, including 3 A320 aircraft, 17 B757 aircraft, 7 B763 aircraft and 12 MD80 aircraft.
- In 2017, the company reduced regional fleet counts by a net of 9 aircraft, including the addition of 31 CRJ700 aircraft, 24 E175 aircraft, and 8 ERJ140 aircraft, as well as the reduction of 52 CRJ200 aircraft and 20 Dash 8-100 aircraft.

Active Mainline Ending Fleet Count						Active Regional Ending Fleet Count ¹					
	2016A	1Q17A	2Q17A	3Q17A	4Q17A		2016A	1Q17A	2Q17A	3Q17A	4Q17A
A319	125	125	125	125	125	CRJ200	120	123	122	95	68
A320	51	49	48	48	48	CRJ700	79	93	105	110	110
A321	199	207	214	219	219	CRJ900	118	118	118	118	118
A332	15	15	15	15	15	DASH 8-100	23	17	12	8	3
A333	9	9	9	9	9	DASH 8-300	11	11	11	11	11
B738	284	289	294	299	304	E175	124	137	141	144	148
B738 Max	-	-	-	1	4	ERJ140	13	6	-	7	21
B757	51	51	51	40	34	ERJ145	118	118	118	118	118
B763	31	31	31	27	24		606	623	627	611	597
B772	47	47	47	47	47						
B773	20	20	20	20	20						
B788	17	19	20	20	20						
B789	4	6	9	11	14						
E190	20	20	20	20	20						
MD80	57	56	53	46	45						
	930	944	956	947	948						

Notes:

- At the end of the fourth quarter, the company had 38 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 10, 2018

Shares Outstanding Comments

- The estimated weighted average shares outstanding for 2017 are listed below.
- On January 25, 2017, the company's Board authorized a new \$2.0 billion share repurchase program to expire by the end of 2018. This brings the total amount authorized for share repurchase programs to \$11.0 billion since the merger. All prior repurchase programs had been fully expended as of December 31, 2016.
- In the fourth quarter of 2017, the company repurchased 4.6 million shares at a cost of \$227 million. 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 37 percent from 756.1 million shares at merger close to 475.5 million shares outstanding on December 31, 2017.

2017 Shares Outstanding (shares mil)¹

	Shares	
	Basic	Diluted
For Q4		
Earnings	477	479
Net loss	477	477
For FY 2017 Average	Shares	
	Basic	Diluted
Earnings	489	492
Net loss	489	489

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 10, 2018

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 reconciliations of mainline and regional operating costs (GAAP measure) to mainline and regional operating costs excluding special items and fuel (non-GAAP measure). Management uses mainline and regional operating costs excluding 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, special items may vary from period-to-period in nature and amount. These adjustments to exclude aircraft fuel and special items allow management an additional tool to better 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 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 special items may vary from period-to-period in nature and amount, the adjustment to exclude special items allows management an additional tool to better understand the company's core performance.

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

	1Q17	2Q17	3Q17	4Q17 Range		FY17 Range	
	Actual	Actual	Actual	Low	High	Low	High
Mainline¹							
Mainline operating expenses	\$ 7,450	\$ 7,950	\$ 7,992	\$ 8,159	\$ 8,322	\$ 31,360	\$ 31,868
Less mainline fuel expense	1,402	1,510	1,570	1,628	1,671	6,110	6,153
Less special items	119	202	112	280	280	712	712
Mainline operating expense excluding fuel and special items	5,929	6,238	6,310	6,251	6,371	24,538	25,003
Mainline CASM (cts)	13.17	12.51	12.37	13.81	14.08	12.86	13.07
Mainline CASM excluding fuel and special items (Non-GAAP) (cts)	10.48	9.82	9.77	10.58	10.78	10.06	10.26
Mainline ASMs (bil)	56.6	63.5	64.6	59.1	59.1	243.8	243.8
Regional¹							
Regional operating expenses	\$ 1,573	\$ 1,620	\$ 1,654	\$ 1,679	\$ 1,714	\$ 6,476	\$ 6,587
Less regional fuel expense	318	329	352	378	388	1,377	1,387
Less special items	2	1	(5)	23	23	22	22
Regional operating expenses excluding fuel and special items	1,253	1,290	1,307	1,278	1,303	5,077	5,178
Regional CASM (cts)	20.23	19.71	19.53	20.42	20.86	19.81	20.15
Regional CASM excluding fuel and special items (Non-GAAP) (cts)	16.10	15.69	15.44	15.54	15.86	15.53	15.84
Regional ASMs (bil)	7.78	8.22	8.47	8.22	8.22	32.69	32.69
Other non-operating (income)/expense¹							
Other non-operating (income)/expense	\$ —	\$ 5	\$ (13)	\$ 23	\$ 23	\$ 15	\$ 15
Less special items	5	2	3	11	11	22	22
Other non-operating (income)/expense excluding special items	(5)	3	(16)	12	12	(7)	(7)

Notes: Amounts may not recalculate due to rounding.

1. Includes the company's estimate for special items for the fourth quarter. Special items for this period include merger integration and fleet restructuring expenses and the \$1,000 cash bonus granted to eligible employees as of December 31, 2017 in recognition of recent tax reform.

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

Forward Looking Statements January 10, 2018

Cautionary Statement Regarding Forward-Looking Statements

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, 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, 2017 (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