

American Airlines
Group Inc.
September 28, 2017



Safe Harbor

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 June 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 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.



American Airlines: Playing The Long Game

Doug Parker – Chairman and Chief Executive Officer

Setting Context – 35,000-Foot View

- We are a U.S.-based, global hub-and-spoke airline with a set of privileged assets
- Our history has created a need to:
 - Invest in the airline
 - Transform our culture
 - Focus on our customer experience
- Executing on our strategy will deliver significant shareholder value





***The Leap of Faith
Revisited***

The Leap of Faith Revisited

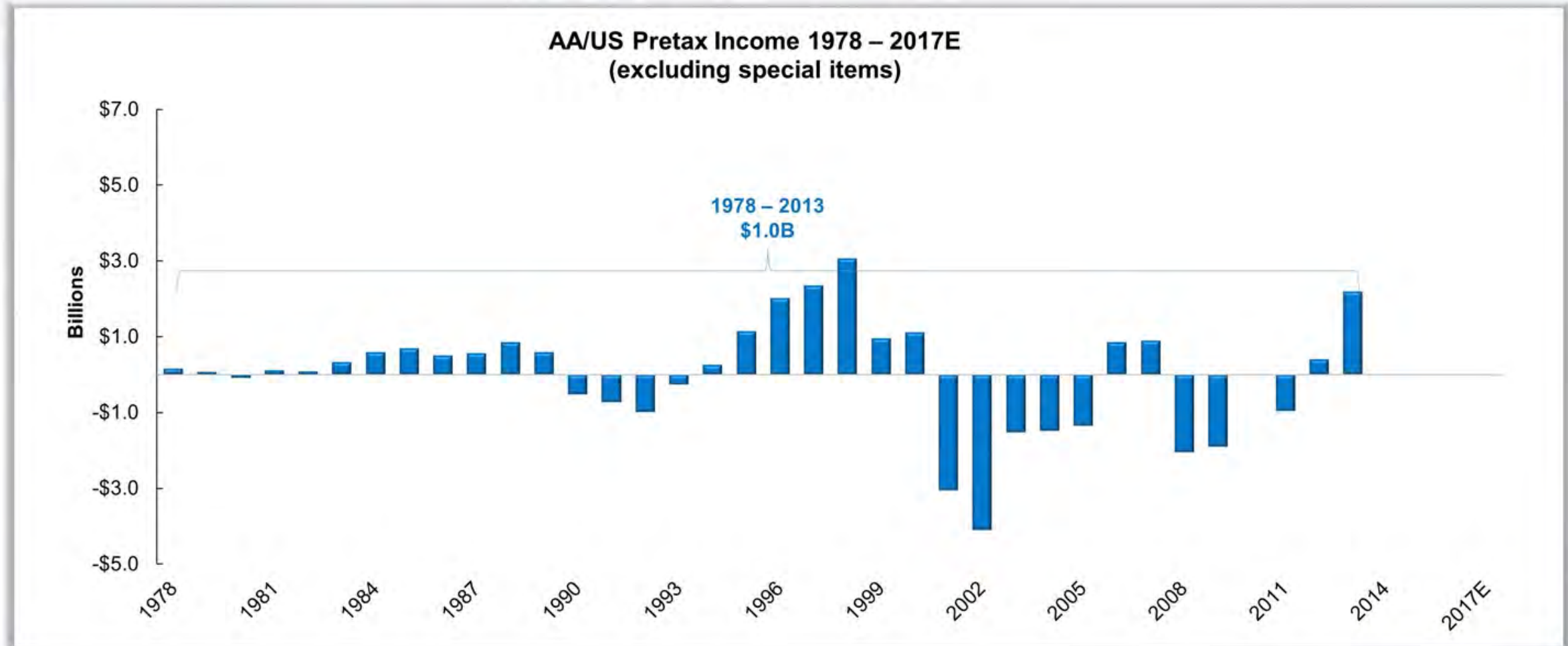
The Leap:

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

The Implication:

Leadership must adapt to the new world

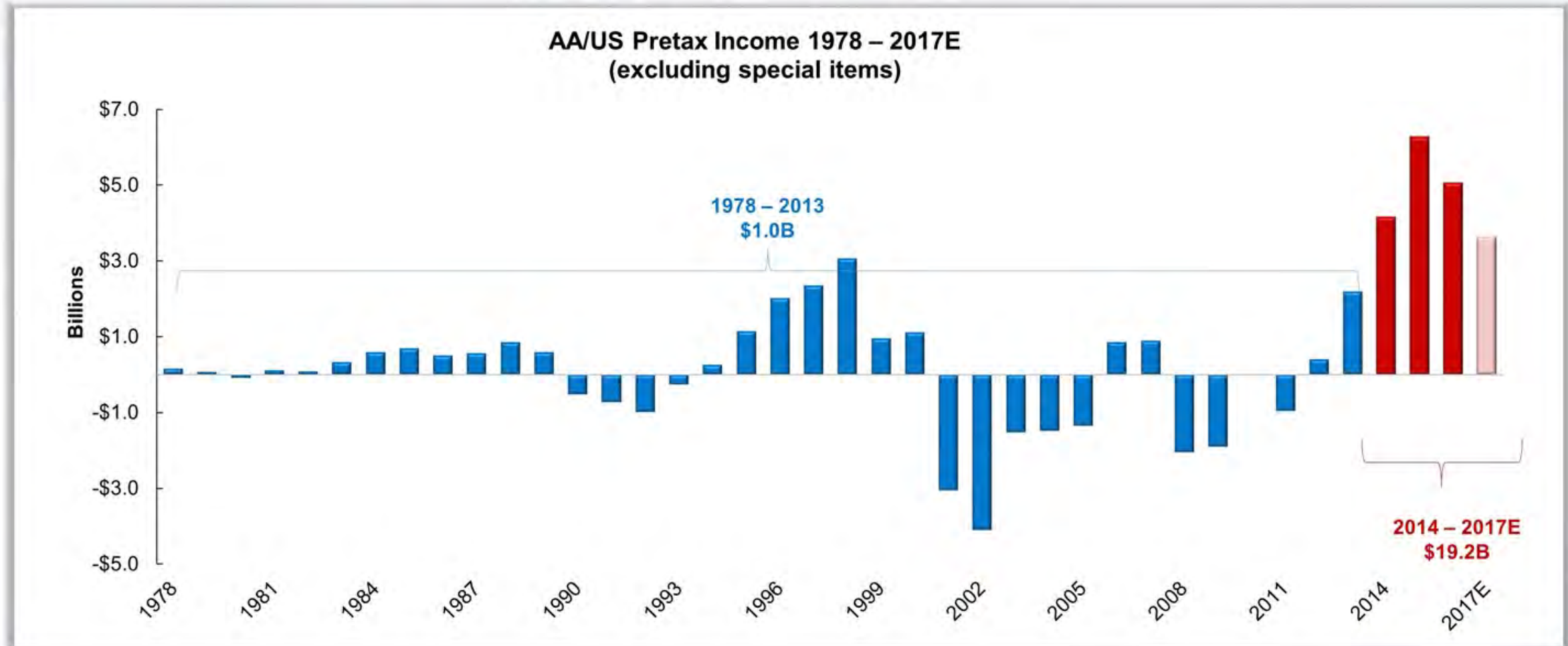
American Post-Merger Earnings



Data presented is pretax income excluding net special items for AMR and US Airways combined for 1978 – 2012 and pretax income excluding net special items for American Airlines Group Inc. for 2013 – 2016. Please refer to the Company's GAAP to Non-GAAP reconciliation in the appendix for these years.



American Post-Merger Earnings

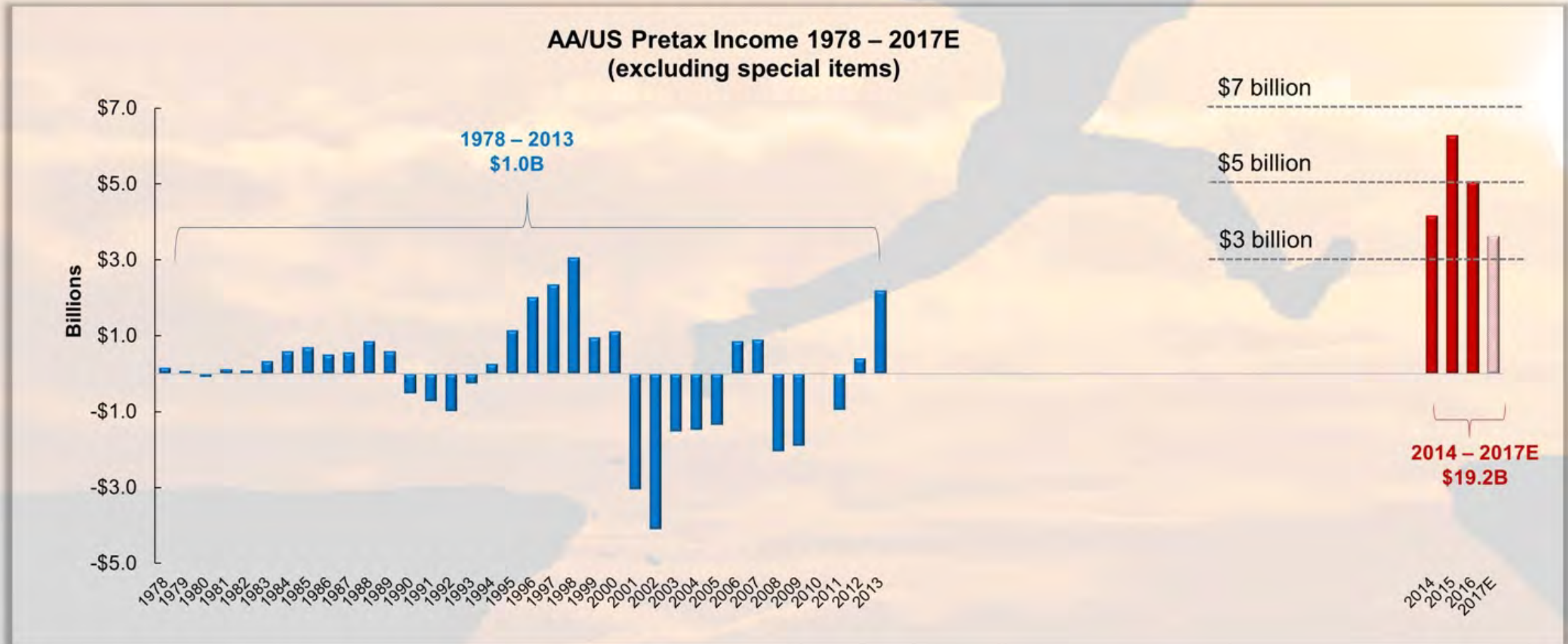


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Playing the Long Game

Build a World Class Product

- Strengthen our network: grow where we have competitive advantage
- Deliver value to all customer segments, with focus on the premium traveler
- Achieve operational excellence
- Leverage technology for customer ease of use

Drive Efficiencies

- Capture post-integration efficiencies
- Leverage technology to improve productivity

Our Strategy

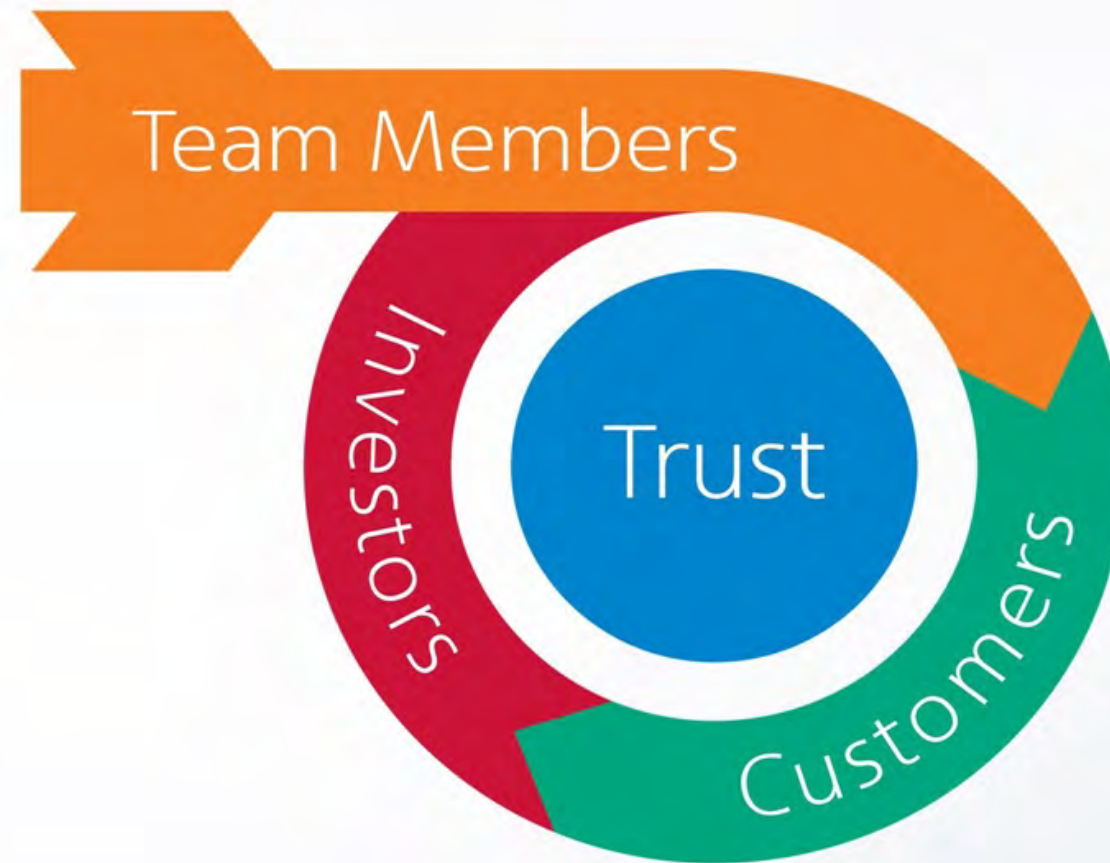
Think Forward, Lead Forward

- Become nimble: get value to market quickly
- Instill a leadership mindset focused on the future

Make Culture a Competitive Advantage

- Create an environment that cares for our frontline team members
- Invest in our team: provide the tools, training and facilities they require
- Develop innovative and inspiring leaders

Validate the Trust



Long-Term Focus = Near-Term Value

- A long-term strategy does not mean AAL investors should need to wait for returns
- If we are correct about our prospects, the **present value** of AAL is well above current trading levels
- Near-term issues have minimal impact on our view about our future



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.

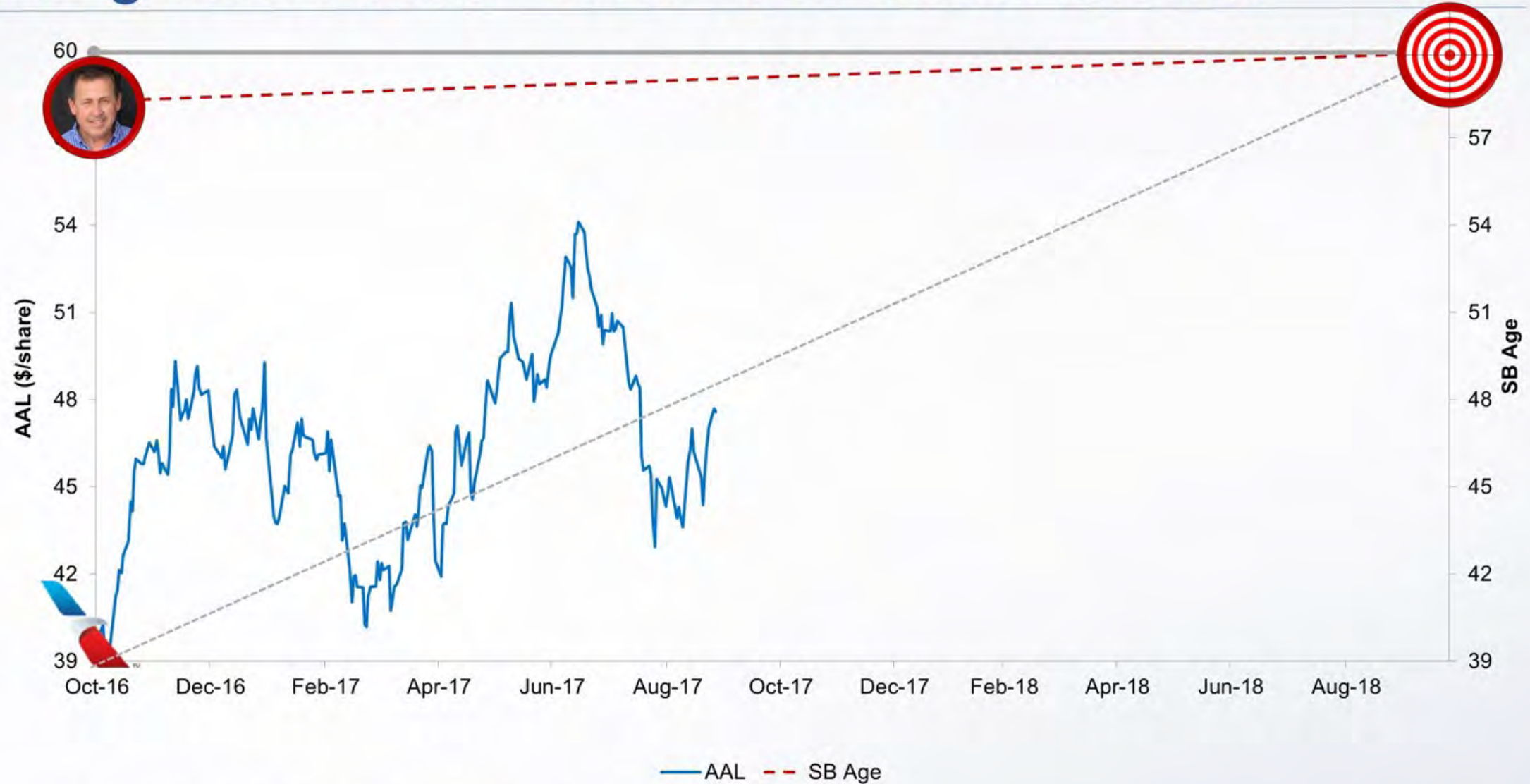
Sam B: That's great - but I will be 60 in 2018 (11/25 if you want to send a card) - and looking around the floor here, I don't see many 60 year old hedge fund analysts. Actually, I don't see any.

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.



Long Term Focus = Near Term Value: The Bet



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



Summary

- Incredibly excited and bullish about our future
- Know who we are: have a plan to create substantial value for our shareholders
- Focused on the long game and running our own race
- Encourage you to hold our feet to the fire against these plans



Building a World Class Product

Robert Isom – President

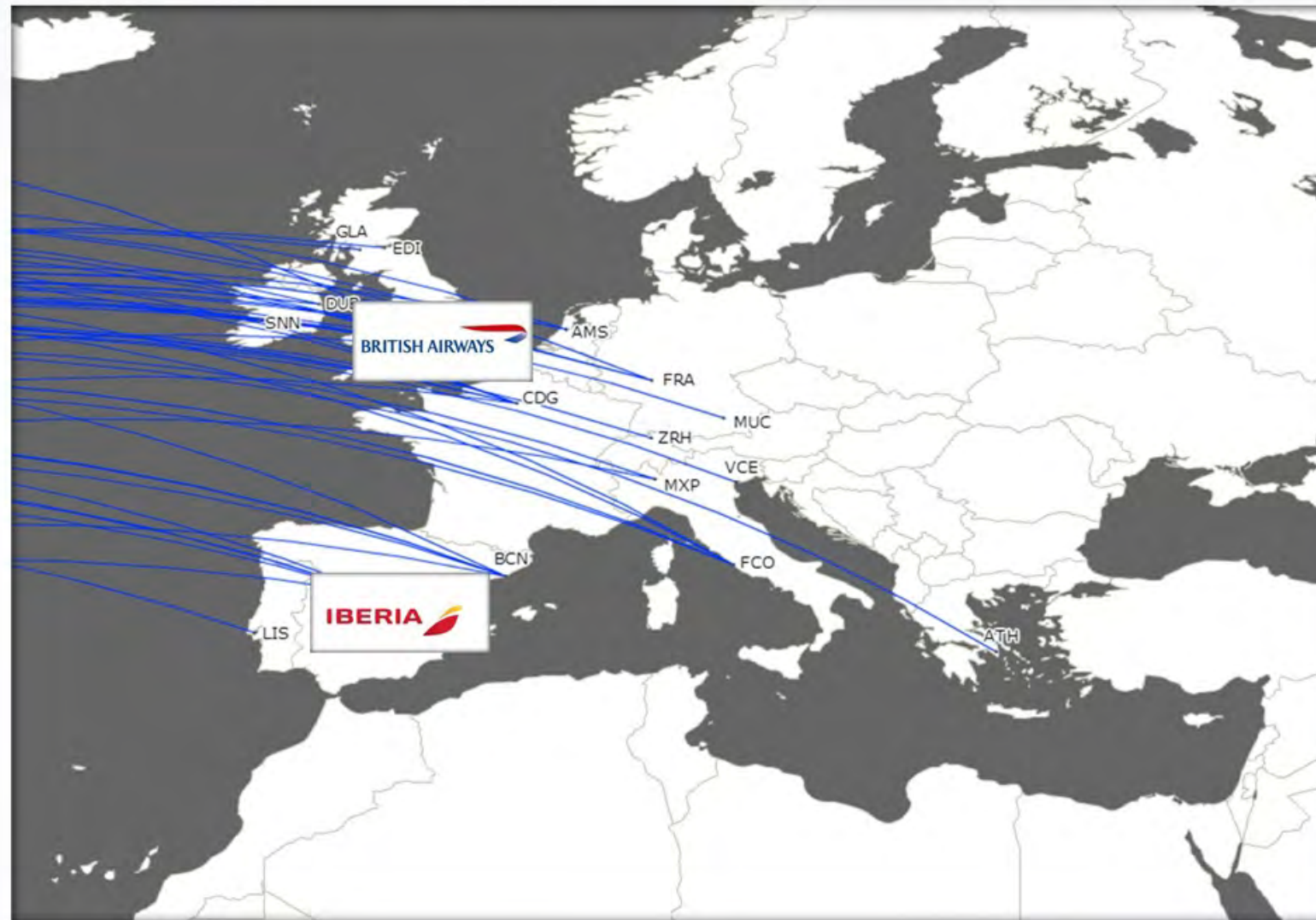
Building a World Class Product



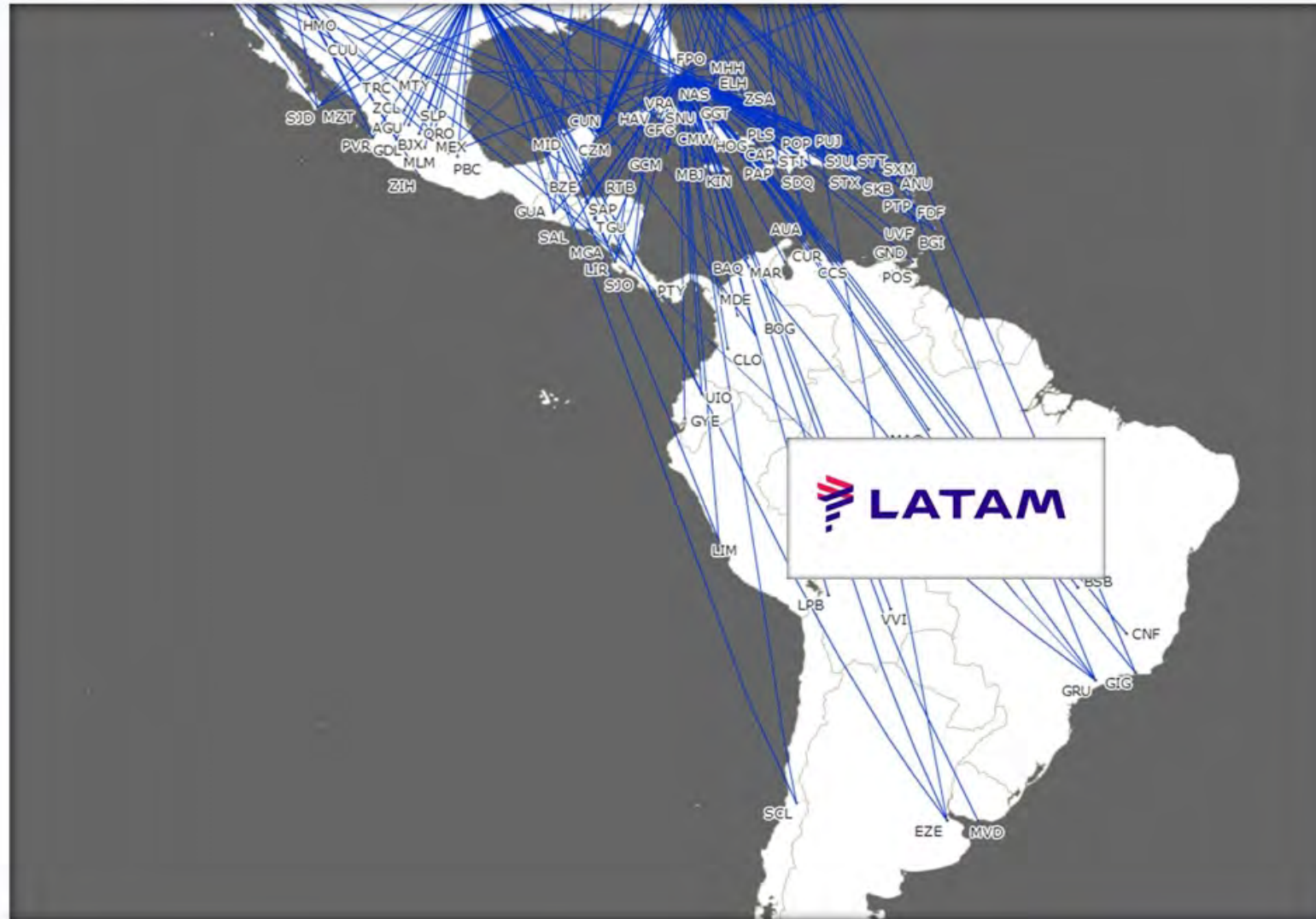
The World's Largest Network ...



With Strong Partners in Europe ...



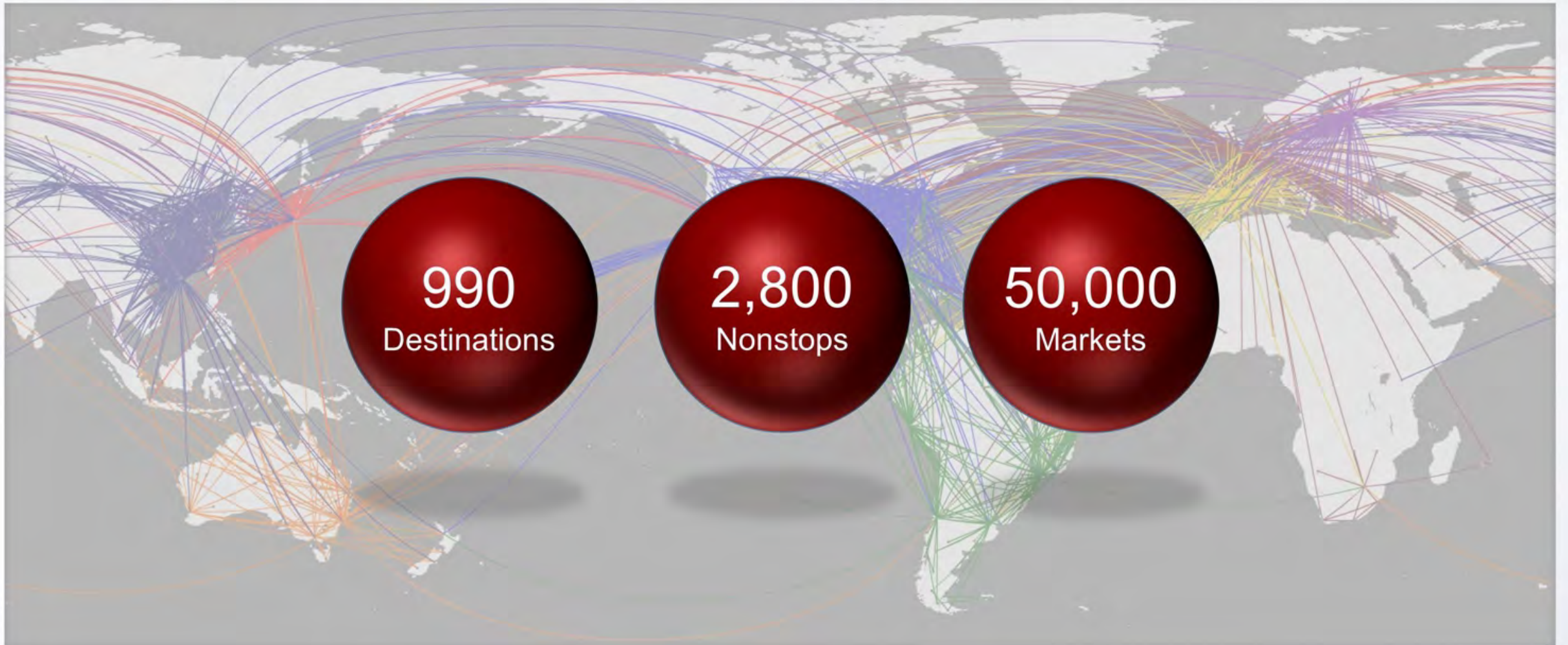
Latin America and the Caribbean ...



and the Pacific ...

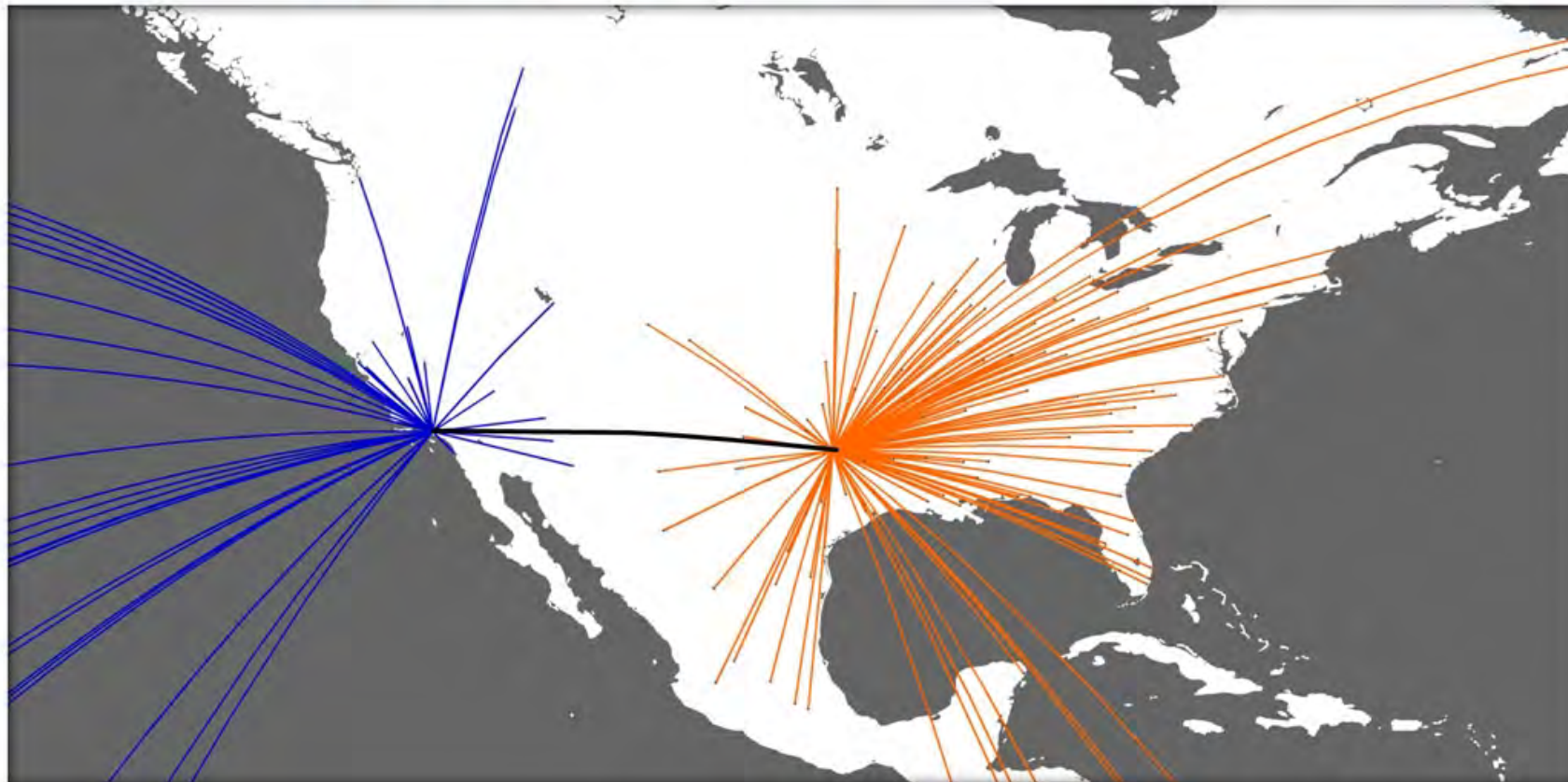


Provides Easy Access to the World



American's Network Structured to Serve Demand

 2480 American Airlines
Dallas/Fort Worth to Los Angeles

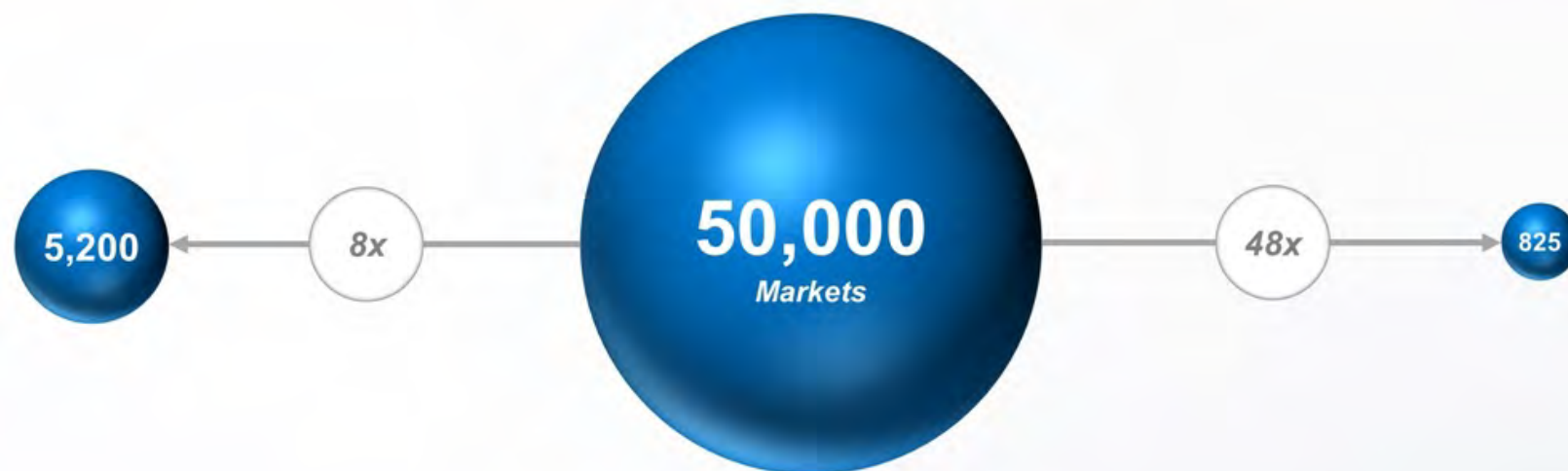


Market	% of Daily Passengers ¹
DFW-LAX	49%
LIT-LAX	3%
TUL-LAX	2%
JAN-LAX	1%
BNA-LAX	1%
EWR-LAX	1%
DAY-LAX	1%
SDF-LAX	1%
MSY-LAX	1%
SGF-LAX	1%
XNA-LAX	1%
SHV-LAX	1%
GUA-LAX	1%
LFT-LAX	1%
AEX-LAX	1%
LGA-LAX	1%
ICT-LAX	1%
VPS-LAX	1%
STL-LAX	1%
PNS-LAX	1%
DCA-LAX	1%
FLL-LAX	1%
BTR-LAX	1%
IND-LAX	1%
300+	<1%

¹ American Airlines Flown O&D passengers per day each way August 2017



Providing Access to Markets Worldwide



Source: Db1B and OAG data



Building a World Class Product



Our Privileged Assets



Who We Serve



Our Strategy Is Working



There's More to Come



Bet on American

Customer Segmentation

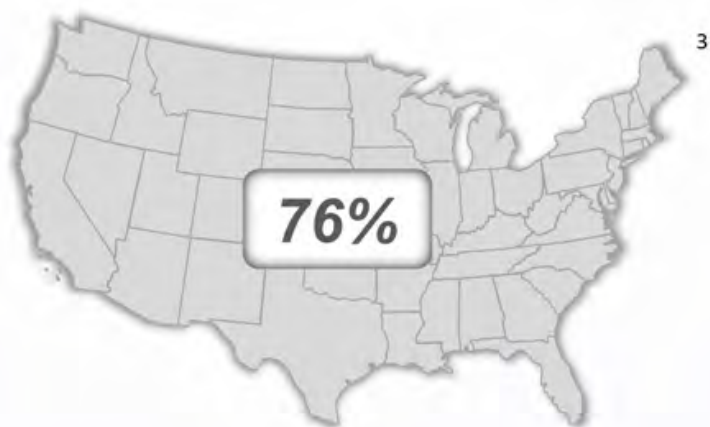
500,000 daily passengers¹

13%

Fly more than once a year²

87%

Fly once a year or less

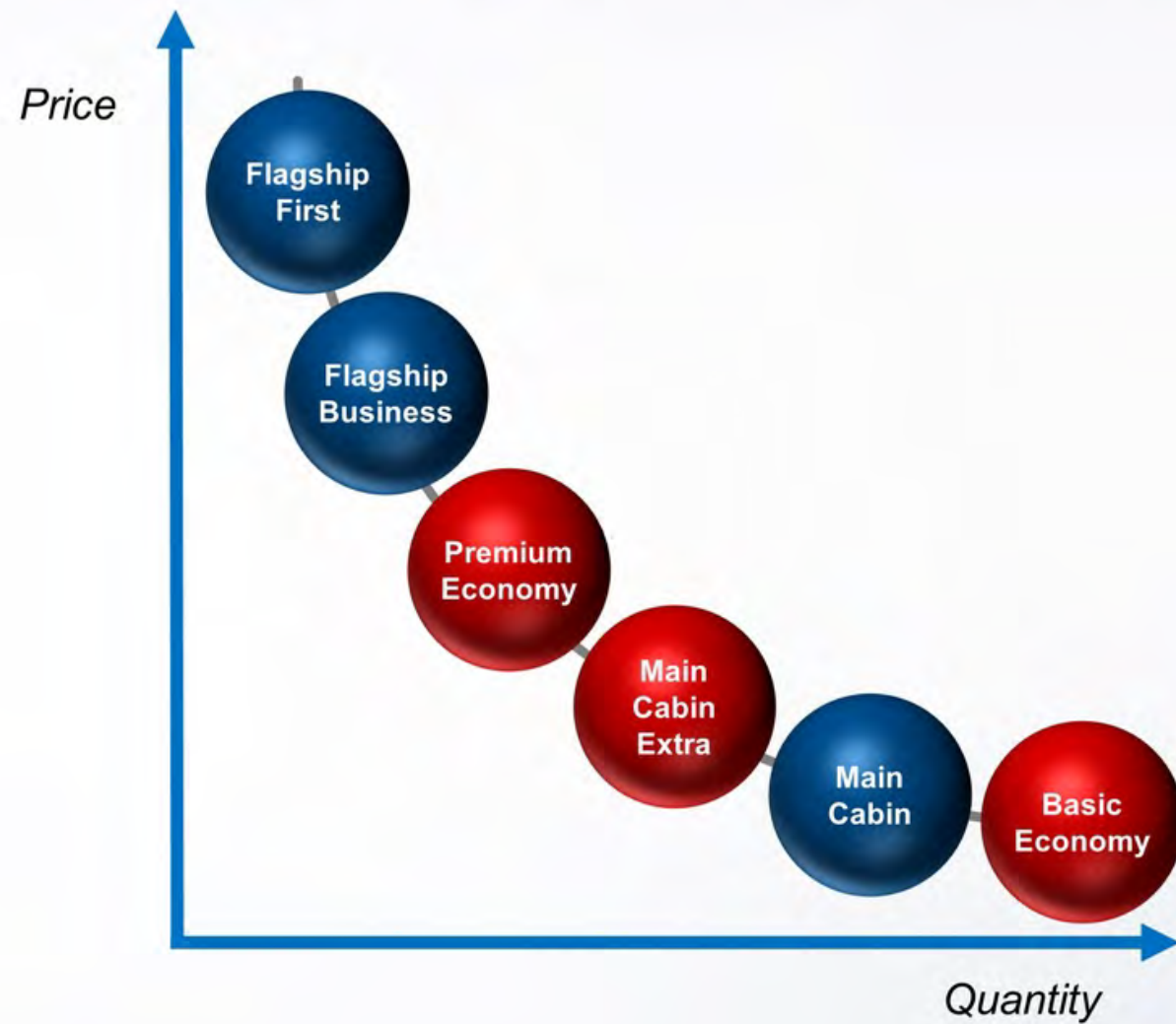


^{1/} Unique O&D passengers on 11/27/16








^{2/} Unique flown passengers

^{3/} O&D destination region with at least one flown leg operated by American Airlines

Product Segmentation Appeals to Broad Customer Base



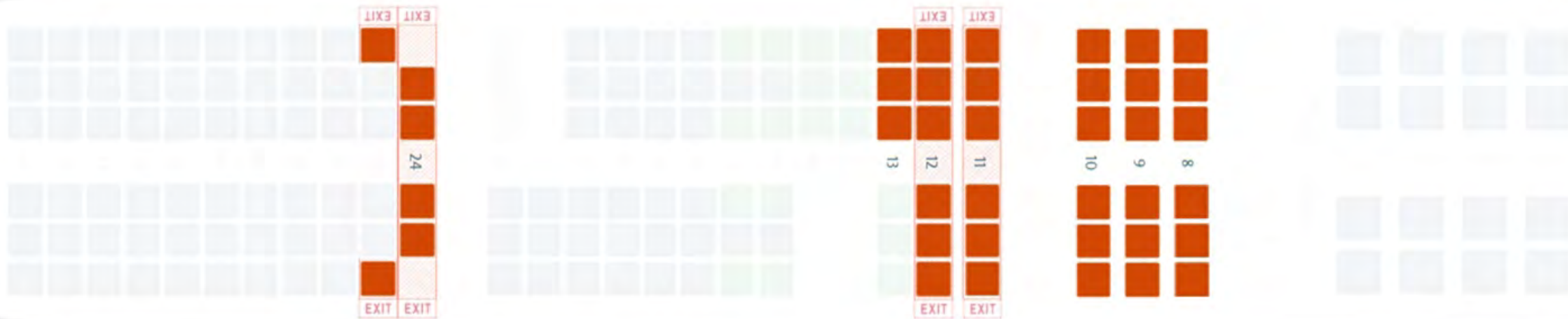
Basic Economy: Retain Core Aspects of Main Cabin ...

	American Main Cabin	American Basic Economy	ULCC Economy
 Carry-on Bags	✓	✗	✗
 Seat Assignment	✓	✗	✗
 Upgrades	✓	✗	✗
 Wi-Fi & Entertainment	✓	✓	✗
 Snacks & Drinks	✓	✓	✗
 Service Recovery	✓	✓	✗
 Price	+	=	=

With the Ability to Choose Desired Benefits

	<i>Basic Economy</i>	<i>Main Cabin</i>
<i>Customers</i>	Lowest price	Bundled product with all the benefits
<i>American</i>	Marketplace competitive More ancillary revenue	50% upsell rate to better product

Main Cabin Extra: Additional Comfort and Convenience



Additional benefits coming soon

Premium Economy: Coming to a Widebody Near You



Premium Economy Rollout Schedule – Retrofit Completion Rate by Quarter					
3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
26%	76%	88%	88%	88%	100%

Flagship Business: Lie-flat Seats with Flagship Lounge Access



Flagship First: A Premium Experience on the Ground and in the Air



Airport	Flagship Lounge
JFK	Open
ORD	Open
MIA	4Q 2017
LAX	4Q 2017
DFW	4Q 2018
PHL	TBA
LHR	TBA

A Successful Model for Industry Competition

Network



Product



Segmentation



Service



Schedule



Rewards



Building a World Class Product



Our Privileged Assets



Who We Serve



Our Strategy Is Working

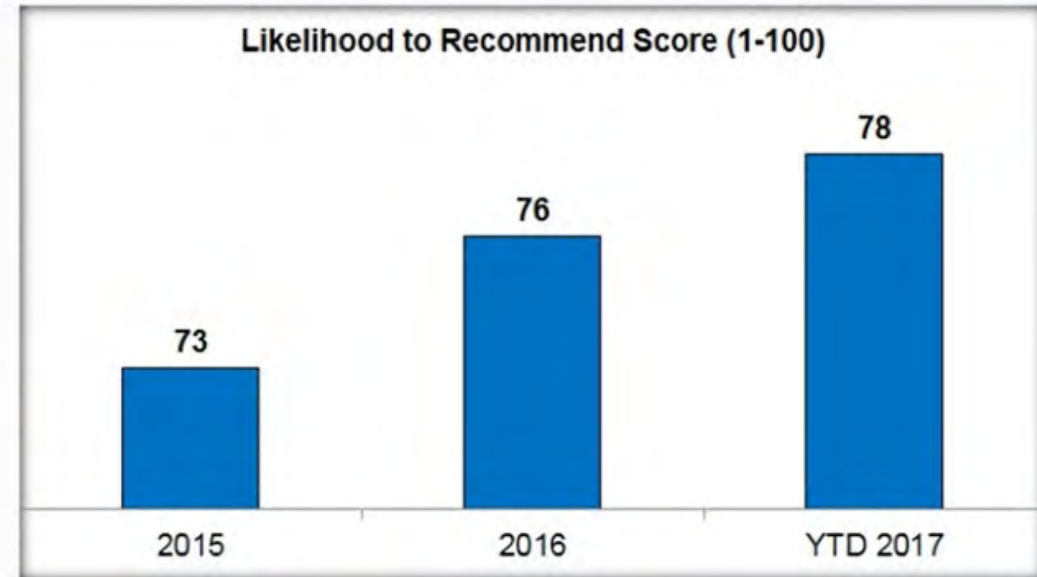
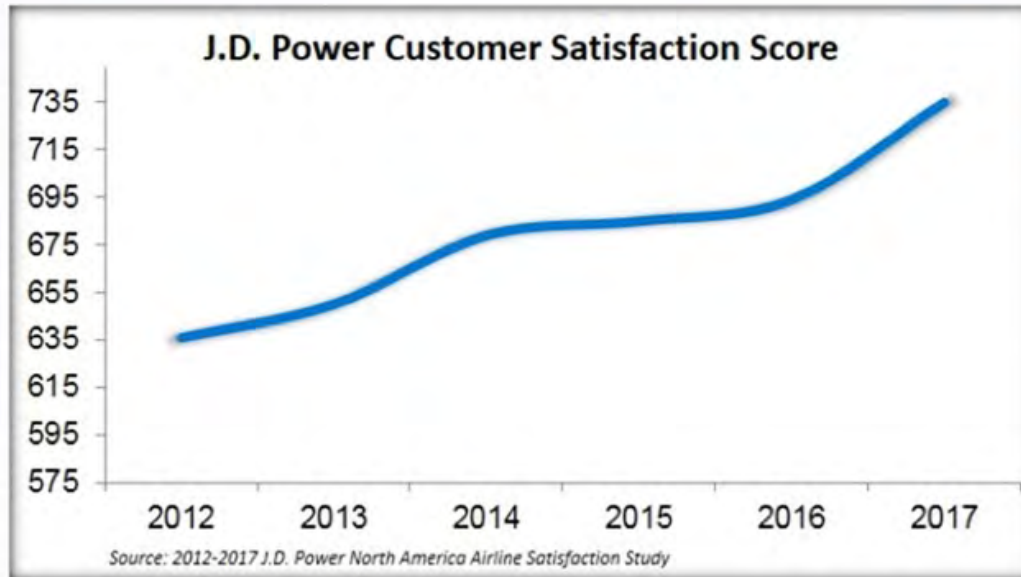


There's More to Come

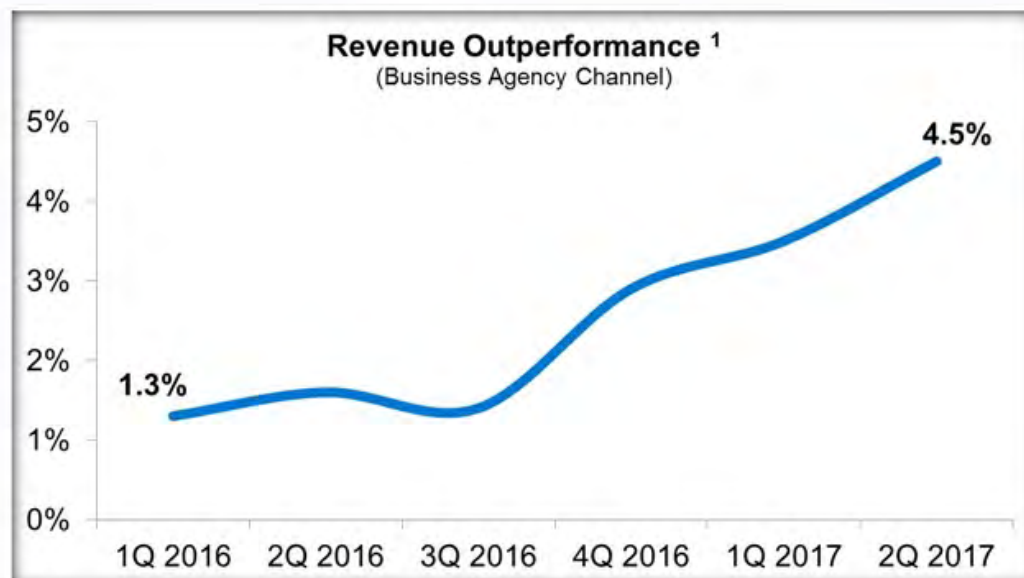


Bet on American

Customer Satisfaction is Improving

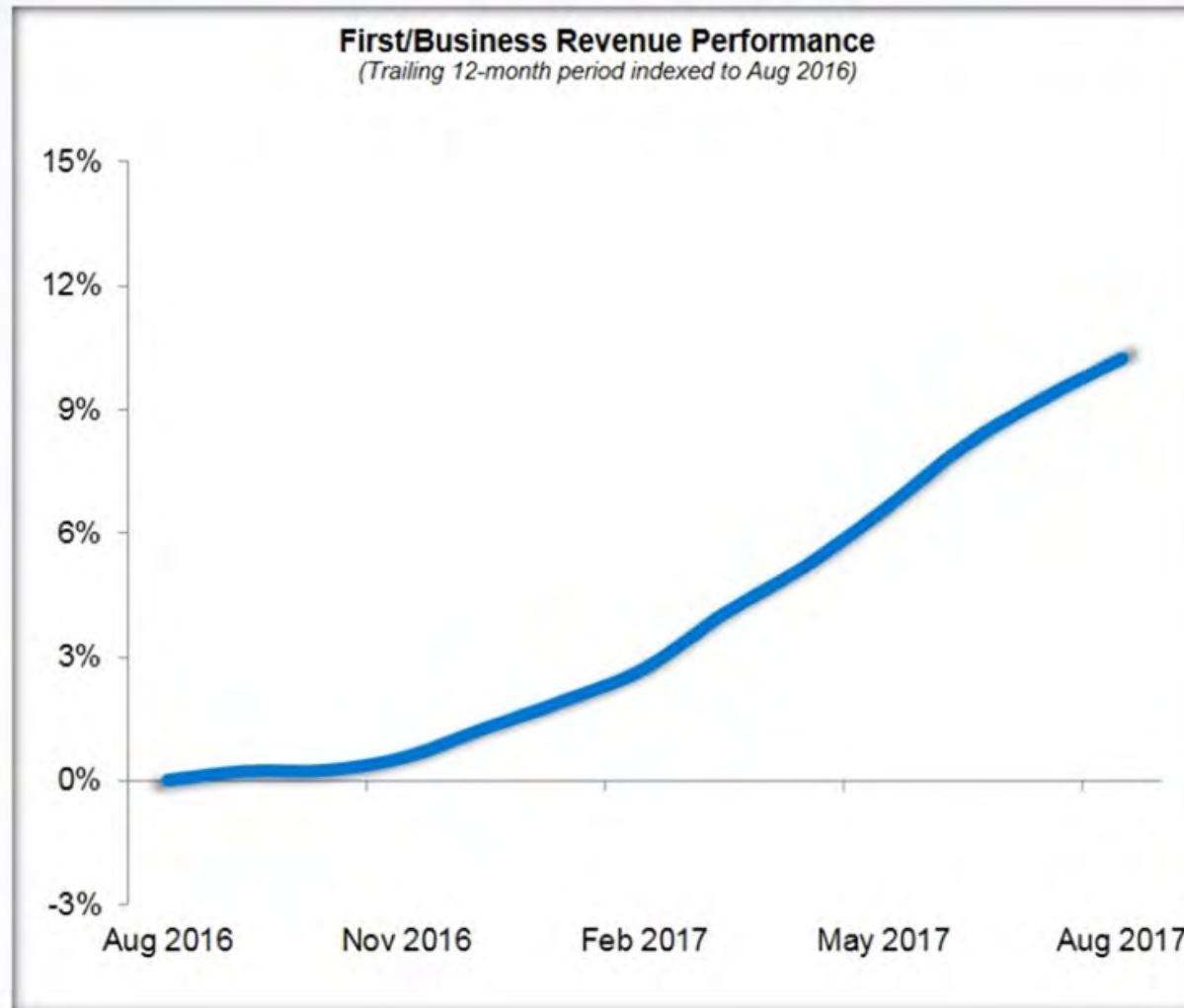


Continued Growth in High Value Channels



^{1/} Data includes Business agencies and Travel Management Company (TMC) channel performance

Strong Premium Cabin Revenue Performance

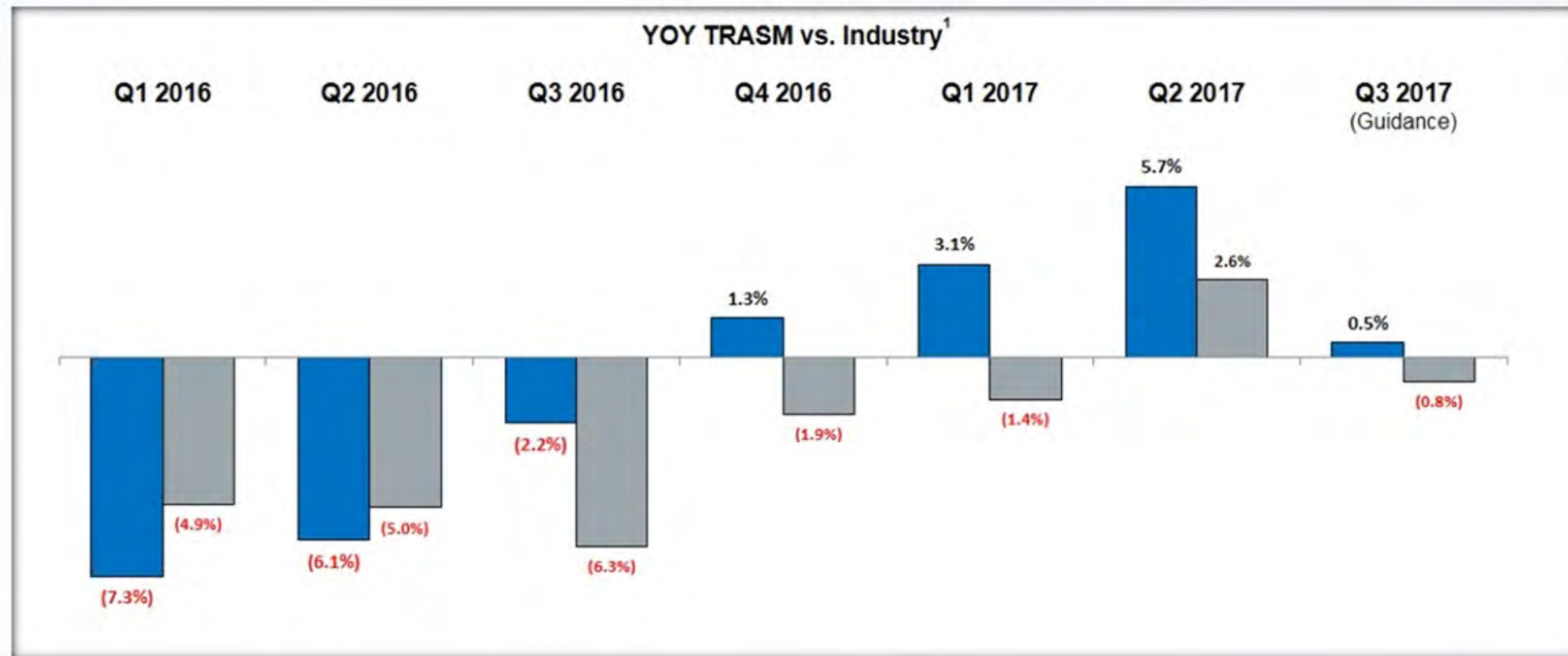


**Product improvements - On the plane
and on the ground**

**Improved pricing infrastructure and
yield management changes**

Improvements in corporate share

Revenue Performance Outpacing the Industry



^{1/} Industry includes: Alaska, Delta, Hawaiian, Jetblue, Southwest, Spirit and United; Q3 2017 excludes Alaska



Building a World Class Product



Our Privileged Assets



Who We Serve



Our Strategy Is Working

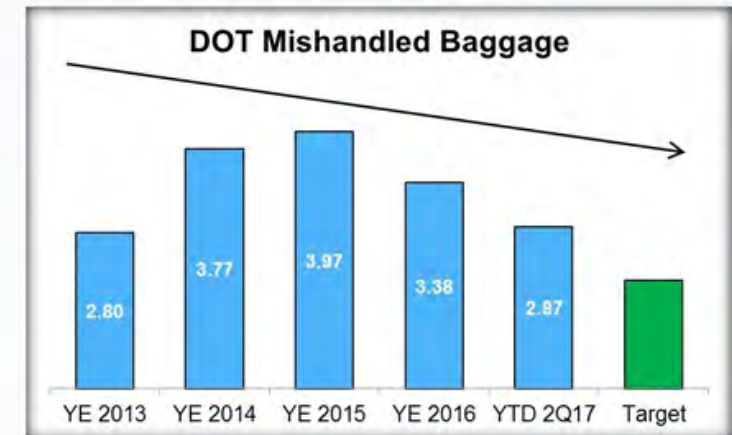
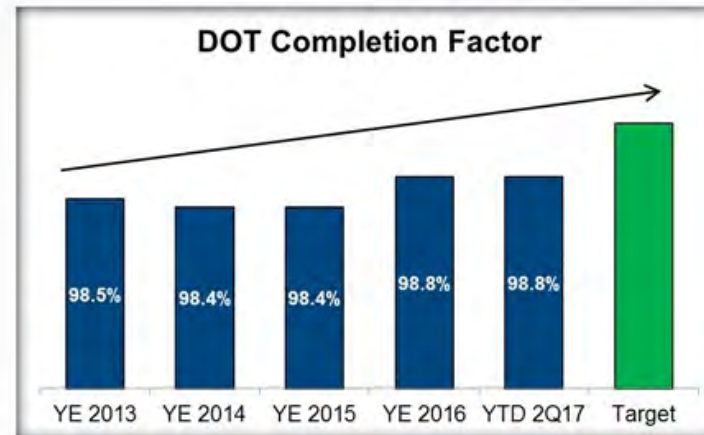
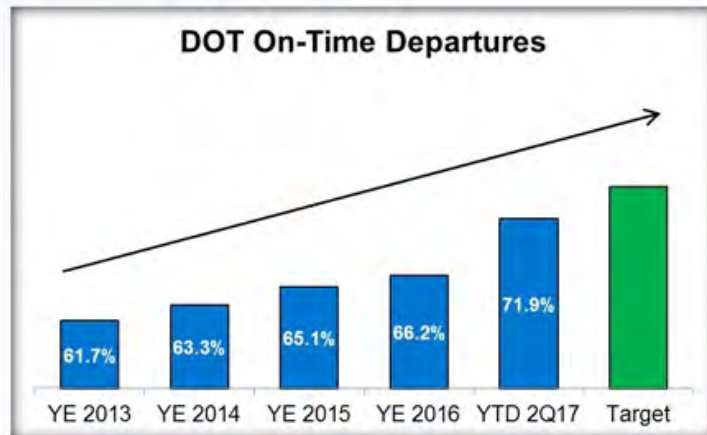


There's More to Come



Bet on American

Reliability through Improved Operational Performance



Maintenance systems alignment



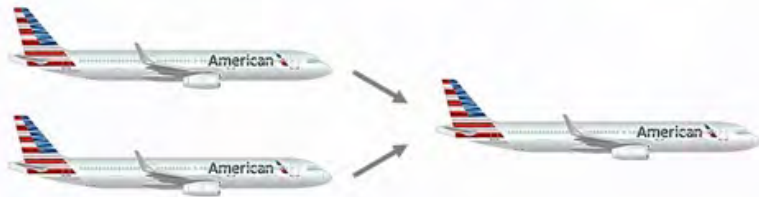
Flight attendant integration



Fleet alignment

Major Milestones = Delivering More Value

Integration Milestone



Impact to Network



Enhancing Revenue Management Tools and Processes



New Optimizer



Premium Cabin Network Optimization



Ancillary Product Pricing

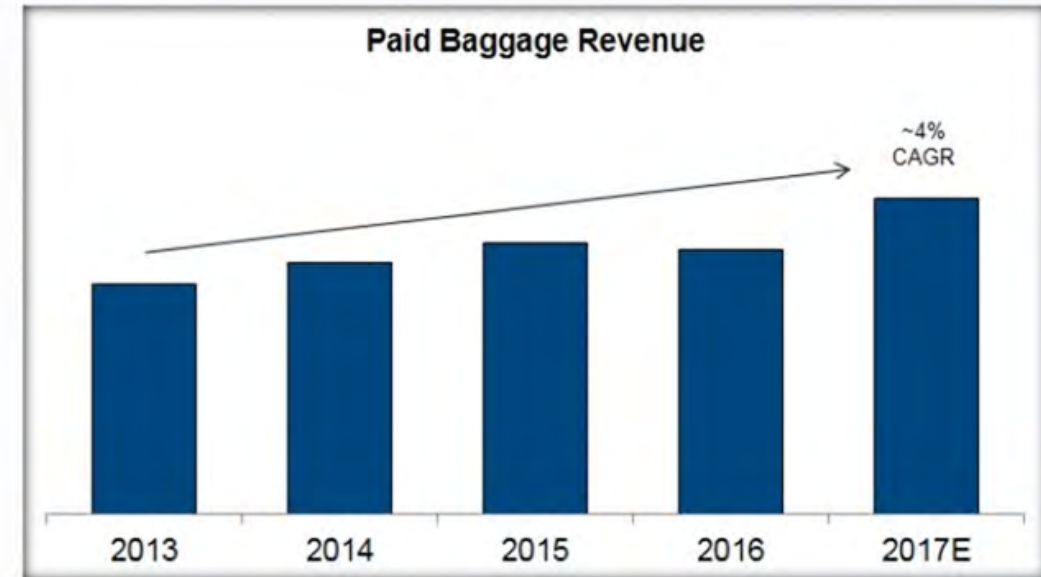
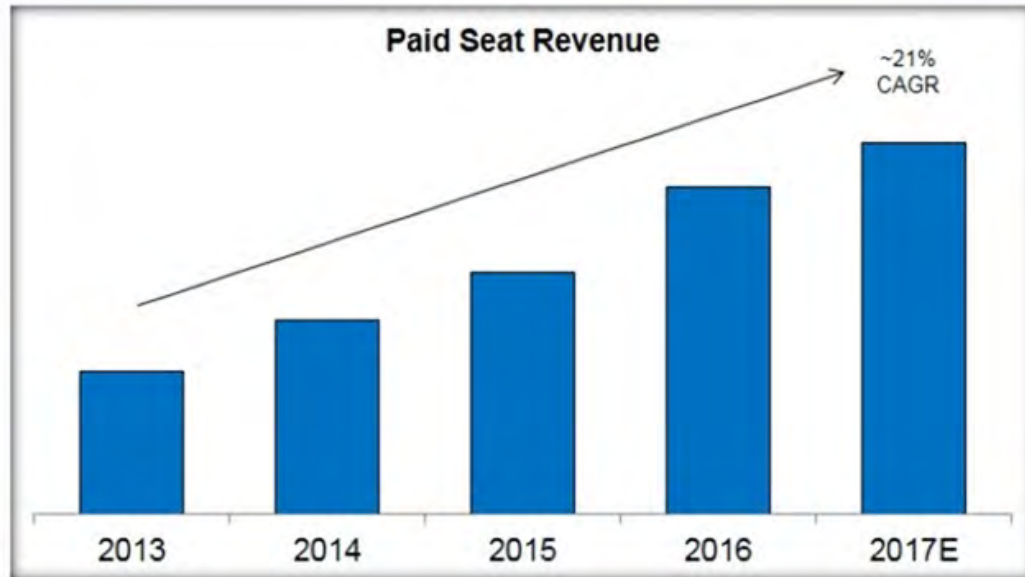


Advanced Data Platforms



Load Leveling

Ancillary Revenue Performance Continues to Improve

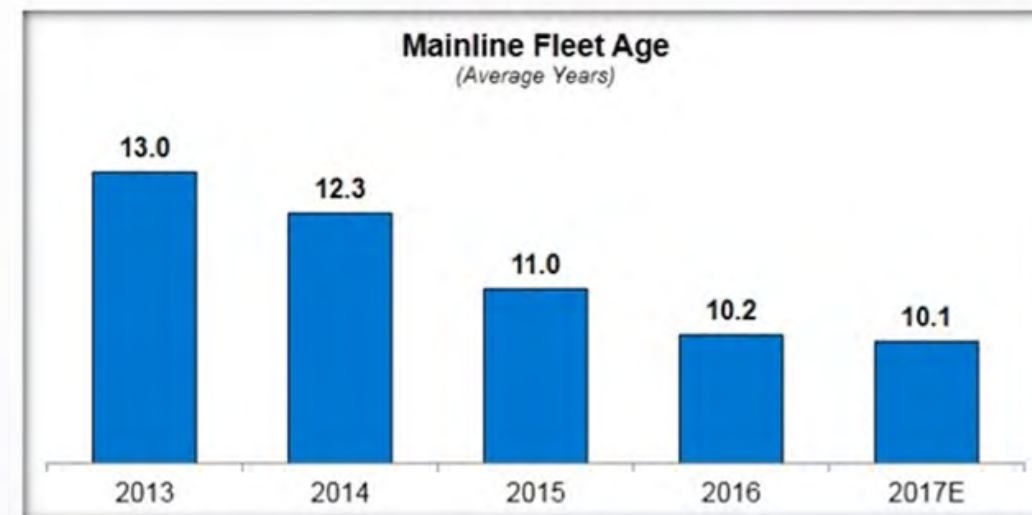
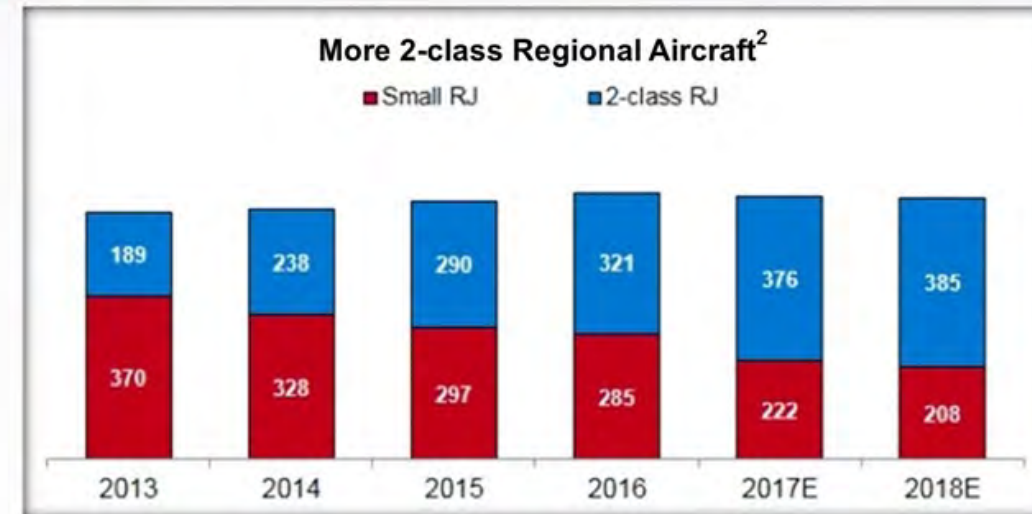


A Younger, More Modern Fleet

496
deliveries¹

469
retirements

10 years
average age



1/ Delivery, retirement and fleet age YE 2017 estimates

2/ Regional aircraft counts include aircraft operated by wholly owned subsidiaries and contracted carriers



Updating Aircraft to Align Fleet Types and Improve the Customer Experience

Major Retrofit Projects	Completion %
B772-200 Interior Retrofit	100%
LUS A319 Retrofit	100%
B737-800 150-160 Seat Retrofit	100%
LAA B757 Standardization	100%
LUS Livery/Merged Livery	96%
LUS B757 Hawaii Retrofit	85%
Widebody Satellite Wi-Fi	69%
Widebody Premium Economy	6%
Domestic Satellite Wi-Fi	1%



Major Fleet Harmonization and Optimization Update

In 4Q 2017, the first of more than 550 narrowbody aircraft will begin the largest fleet modernization project in aviation history



New seats



Satellite Wi-Fi



In-seat power



Larger overhead bins



B737-800

160



B737 MAX

172



B737-800 & MAX

172



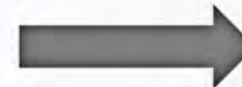
LAA A321

181



LUS A321

187



A321

190

Strengthening Relationships with Global Partners

Atlantic Joint Business



China Southern

中国南方航空
CHINA SOUTHERN



Qantas Joint Business



Latin Joint Business

American Airlines 

 **LATAM**

Revitalized Sales Efforts to Extend Global Reach



Groups Relaunch

simplified contracts and
increased flexibility



132

new team members by 2018



NDC

New Distribution Capability
launched June 2017

Market Leading Co-brand Partnerships

New co-brand agreements drive incremental revenue¹



\$200M

2016



\$550M

2017









\$800M

2018

^{1/} \$200M, \$550M and \$800M figures represent pre-tax income improvement over 2015 baseline

Building a World Class Product That Delivers Value

Estimated Program/Project Value (\$ Millions)		Total
 Basic and Premium Economy		1,000
 Revenue Management Initiatives		350
 Commercial Initiatives		325
 Sales Initiatives		175
 Co-Branded Partnerships		550
 Seat Harmonization		500
Total Opportunity from Commercial Projects		2,900

Building a World Class Product



Our Privileged Assets



Who We Serve



Our Strategy Is Working



There's More to Come

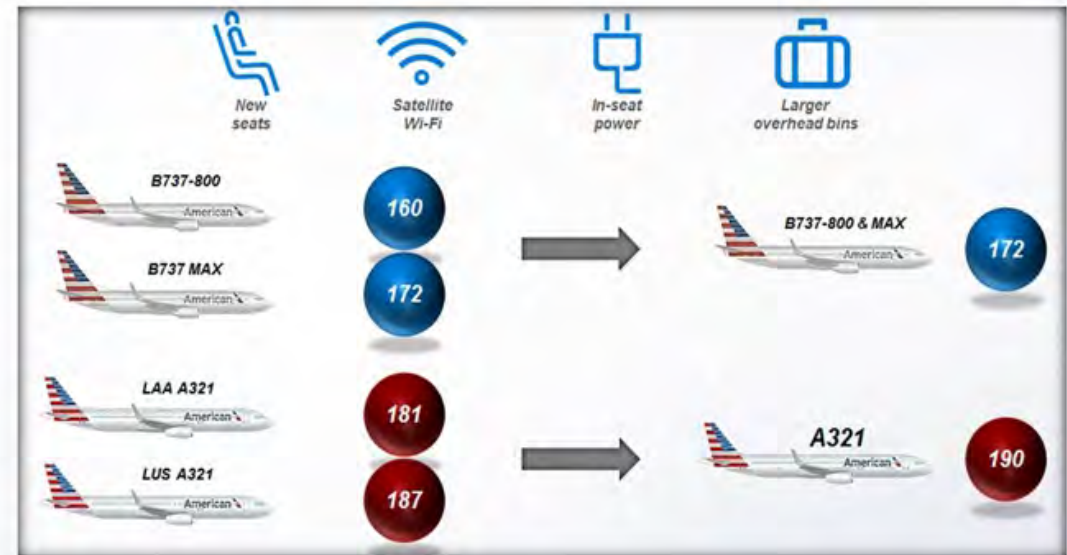
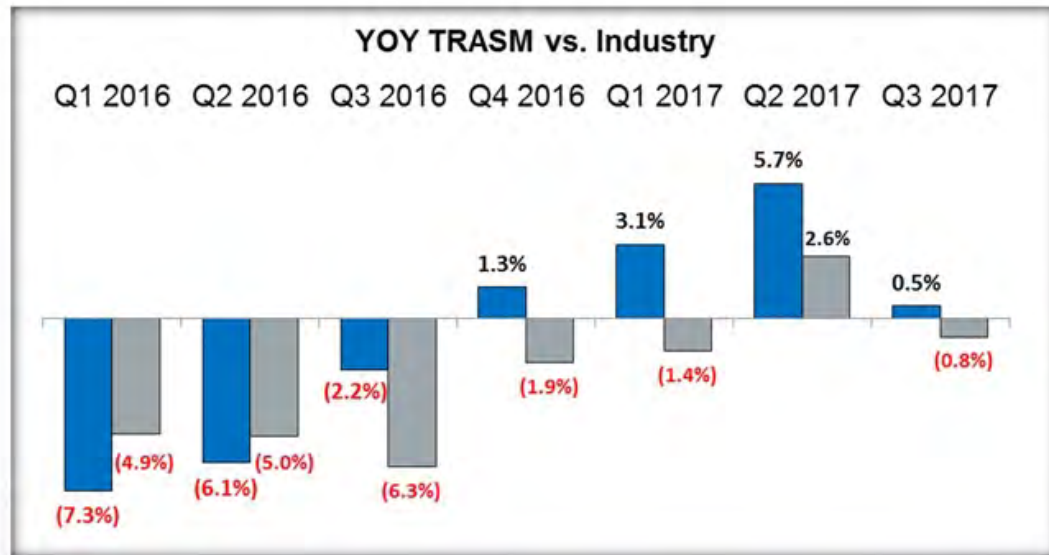


Bet on American

A Winning Combination You Can Bet On



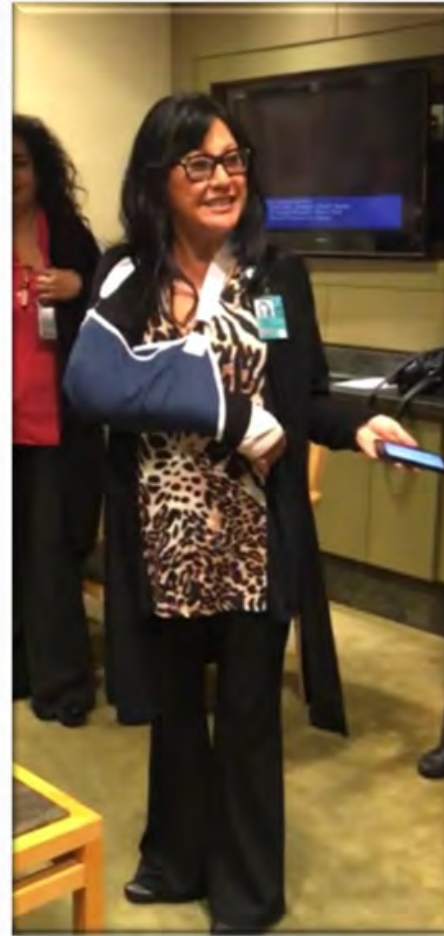

Flagship First	Business	Domestic First	Premium Economy	Economy	Basic Economy
Exclusive Lie-Flat All Aisle Access Premium Markets	Lie-Flat Privacy Premium service	More room Amenities Premium service Priority privileges	More Room Amenities Complimentary offerings	Customizable Preferred Seats (MCE) Food, Beverage & Bag options In-Flight Entertainment	No Frills No Seat Assignment Un-bundled No Mileage Accrual



A Winning Combination You Can Bet On



Trust in Action

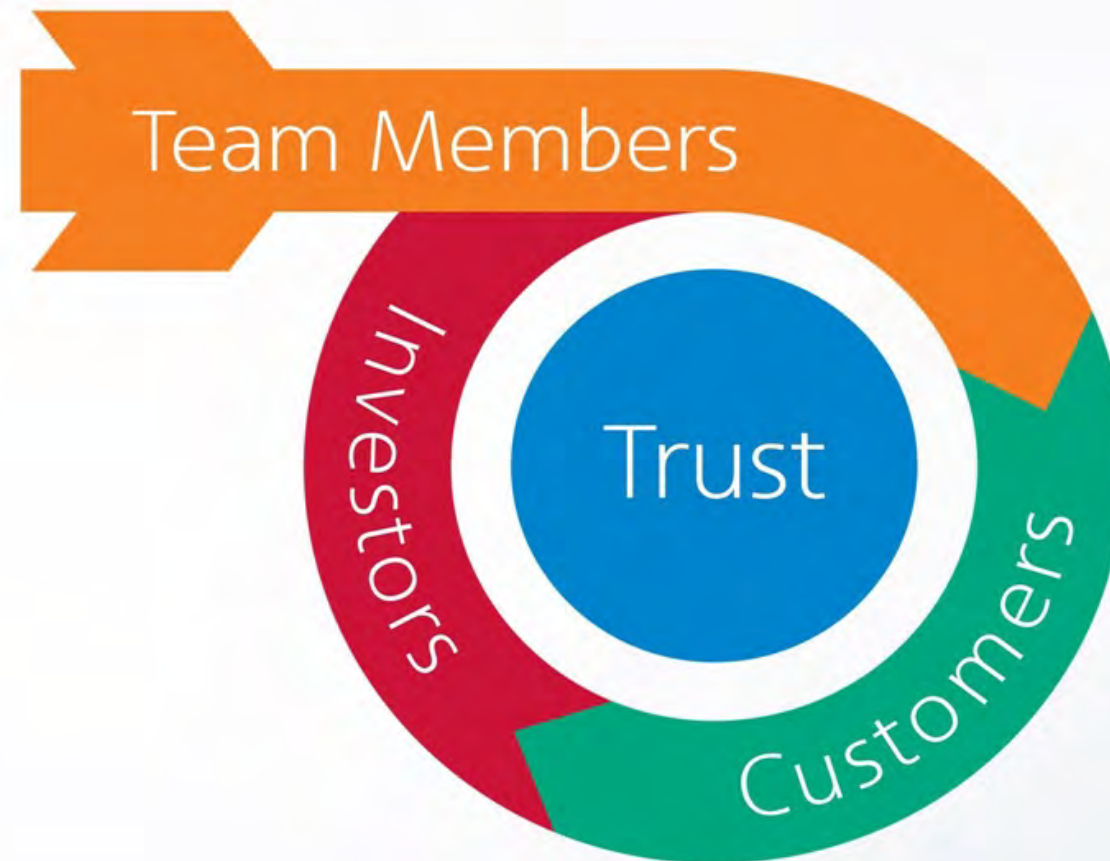




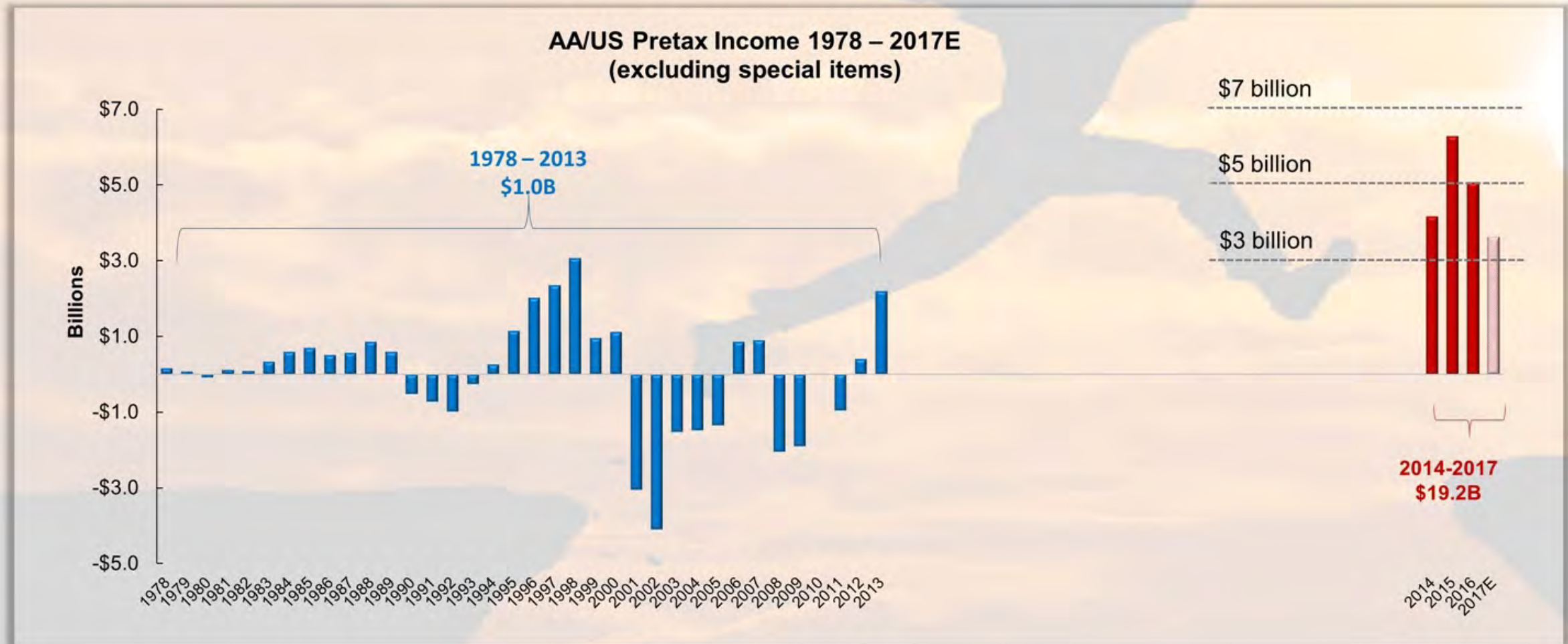
Drive Efficiencies

Derek Kerr – Chief Financial Officer

Validate the Trust: Investors



Current Status: Pretax Earnings



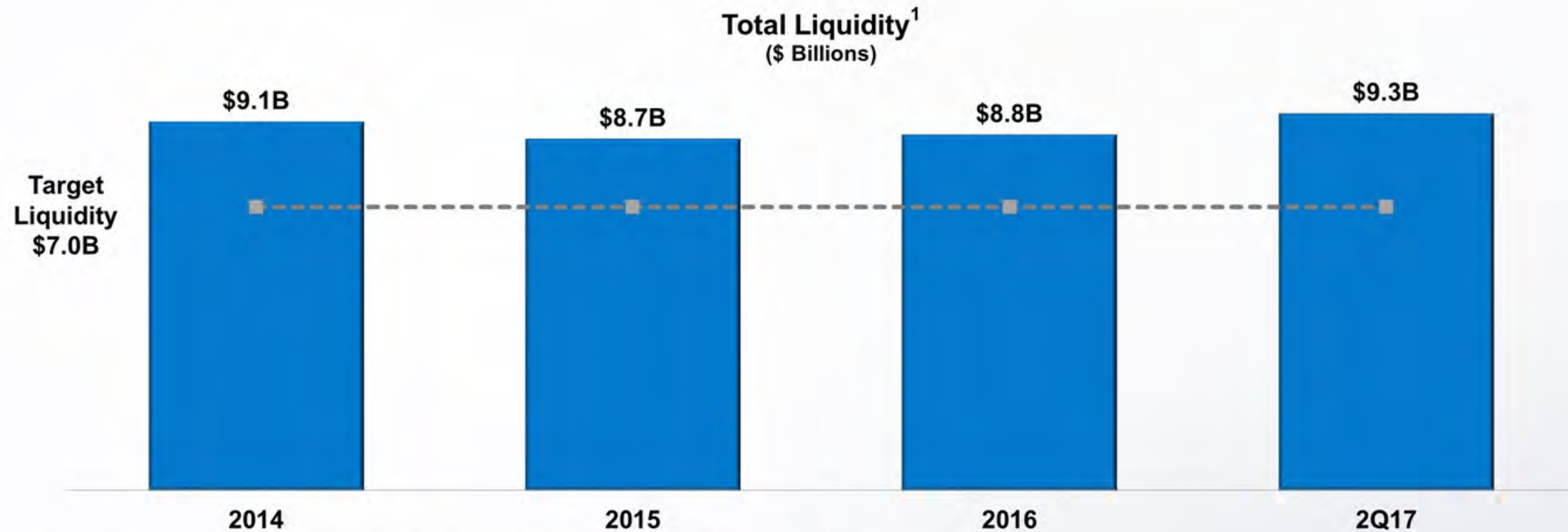
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Current Status: Liquidity

- Despite significant investment in the airline, American remains comfortably above its target liquidity of \$7.0 billion



^{1/} Total liquidity consists of unrestricted cash and short term investments, plus available undrawn revolving credit facilities

Validating the Trust: Investors

Long-Term Value Creation

Investment in
the Business

Project One
Airline

Commercial
Initiatives

Capital
Allocation

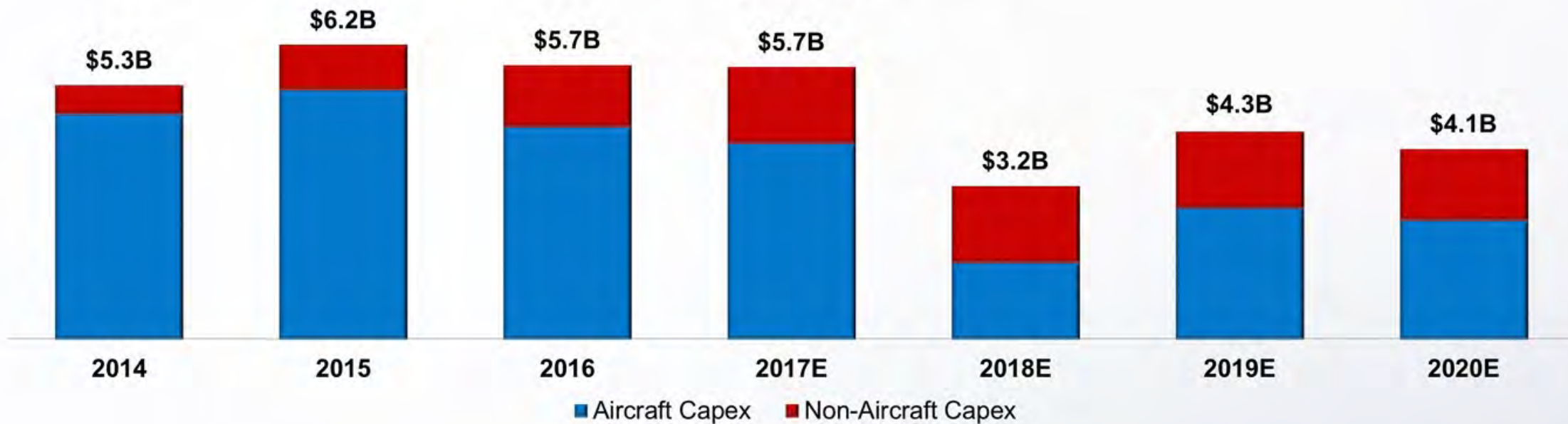


Investment in
the Business

Capital Investments

- Elevated capex driven by fleet renewal program
- Fewer aircraft deliveries in future years reduces cash outflows and increases financial flexibility

Projected Capex 2014 – 2020E
(\$ Billions)



Aircraft Deliveries

- By the end of 2017, we will have inducted 496 new aircraft into the fleet since the merger, while retiring 469 older aircraft

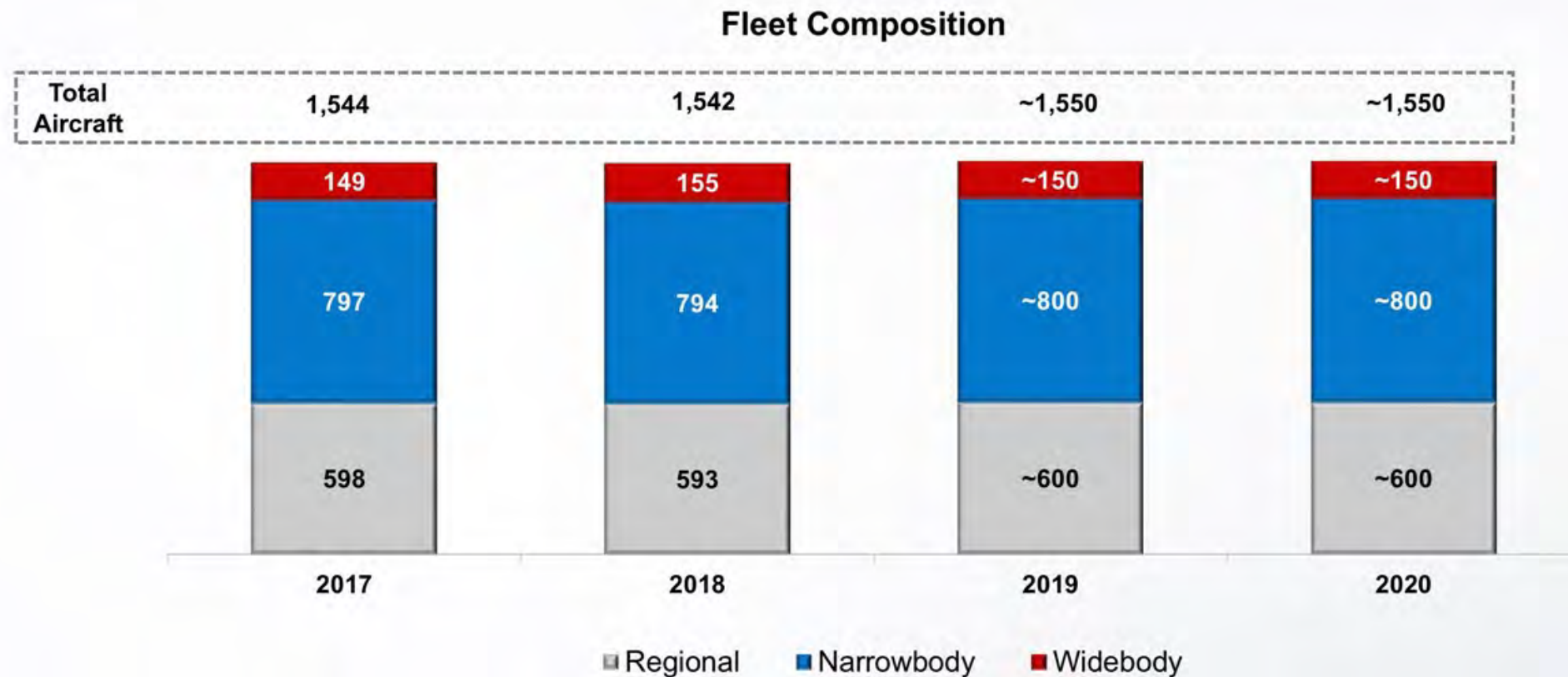


	2017	2018	2019	2020	Beyond 2020
A320 Family / Neo	20	-	25	25	50
A330-200	-	-	-	-	-
A350-900	-	-	-	2	20
B737-800 / Max	24	16	20	20	40
B777-300ER	-	-	-	-	-
B787 Family	13	6	2	-	-
Mainline Total	57	22	47	47	110
CRJ-900	-	-	-	-	-
E175	16	-	-	-	-
Regional Total	16	-	-	-	-
Airline Total	73	22	47	47	110

Note: New aircraft deliveries by type. Regional inductions include aircraft owned by third party operators.

5 -Year Fleet Plan

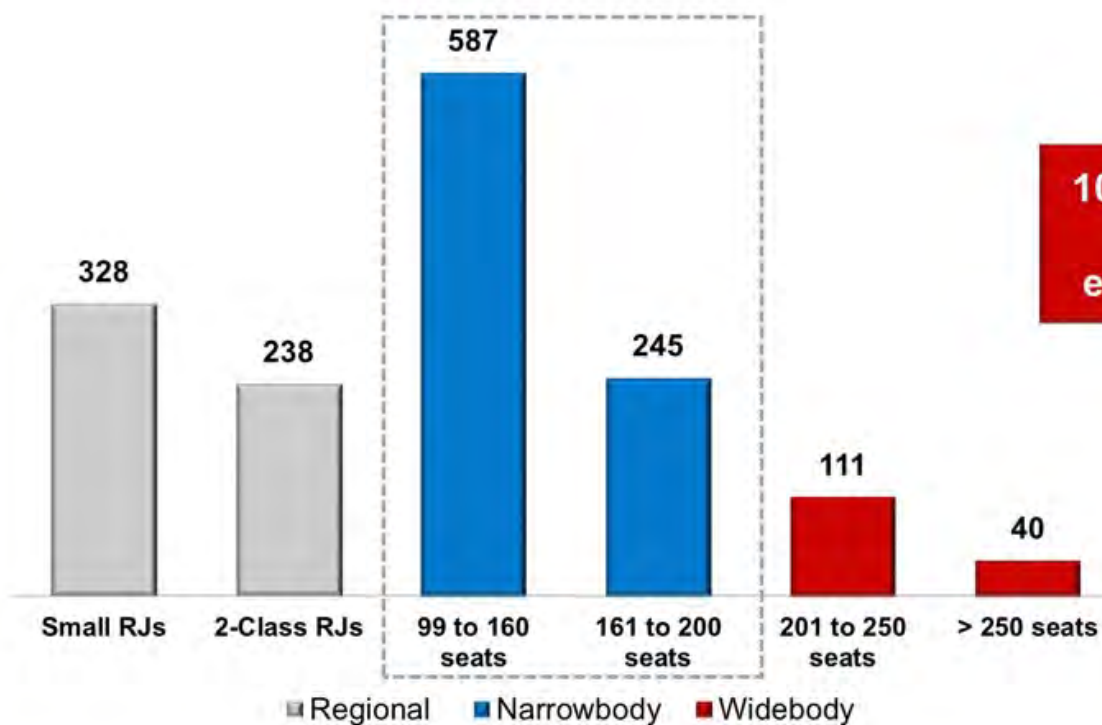
- Future deliveries will continue to be accompanied by retirements, keeping the number of aircraft relatively flat



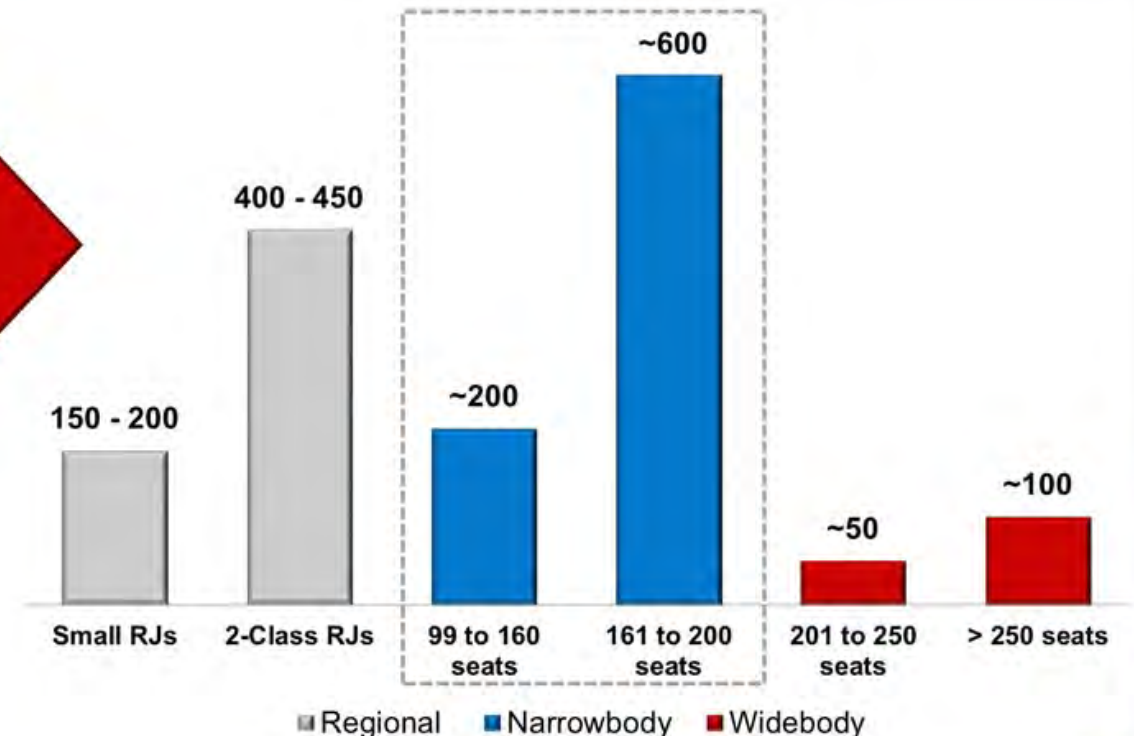
Fleet Transformation

- Efficient capacity growth driven by larger replacement aircraft, upgauging existing aircraft and longer stage length flying

2014 Fleet Breakdown



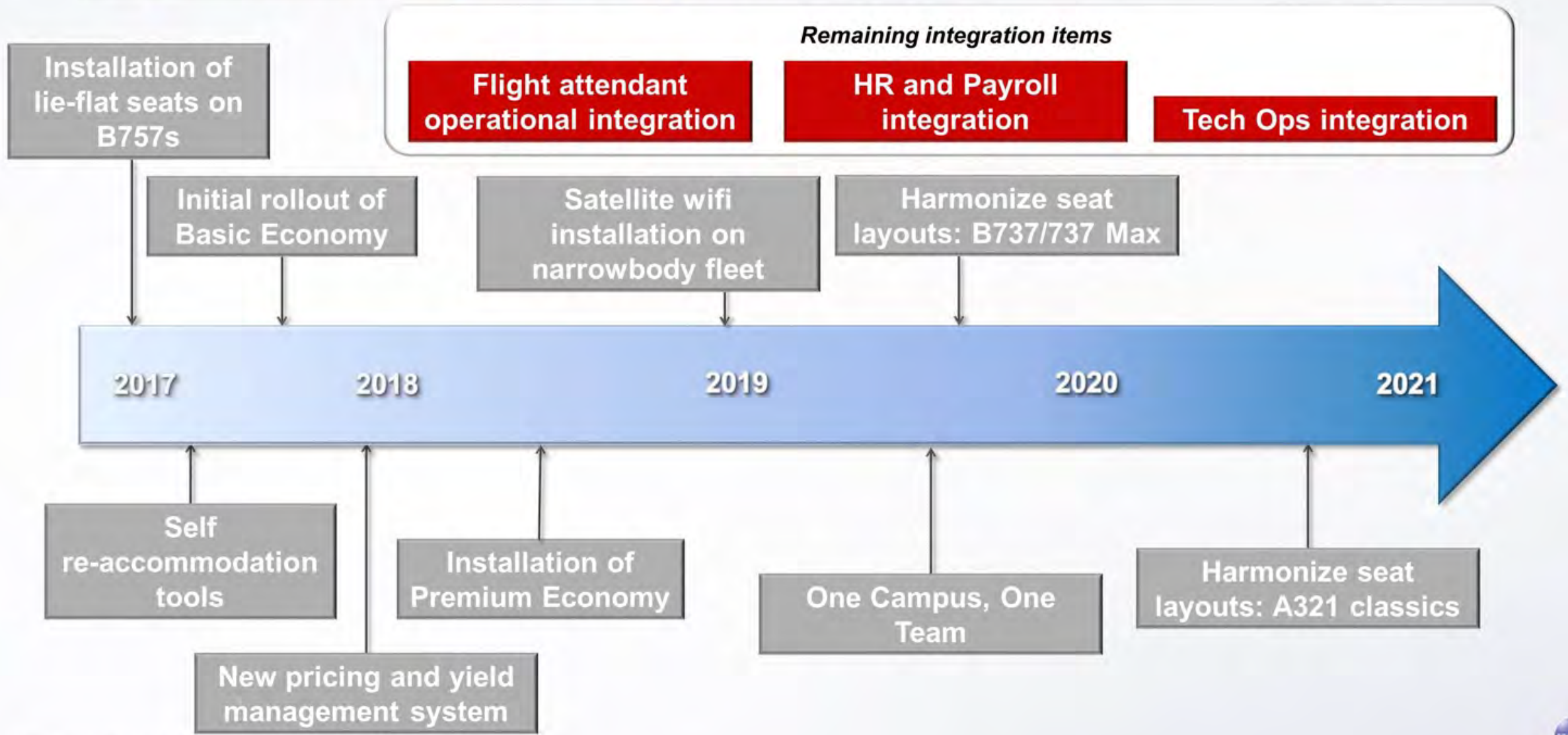
2021 Fleet Breakdown



¹/ Measured in gallons per 10,000 ASMs



Significant Capital Projects



Note: Estimated completion dates subject to revision





Project One Airline

Drive Efficiencies: Project One Airline

A total of **417** efficiency projects have been identified

60

Remaining
redundancies on
FTEs, systems and
other initiatives

32

High-value
initiatives in
customer
experience, ops,
sales and marketing

72

Technology driven
or enabled
initiatives

253

Smaller process
improvement
initiatives

Drive Efficiencies: Project One Airline

- Examples of efficiency projects include:

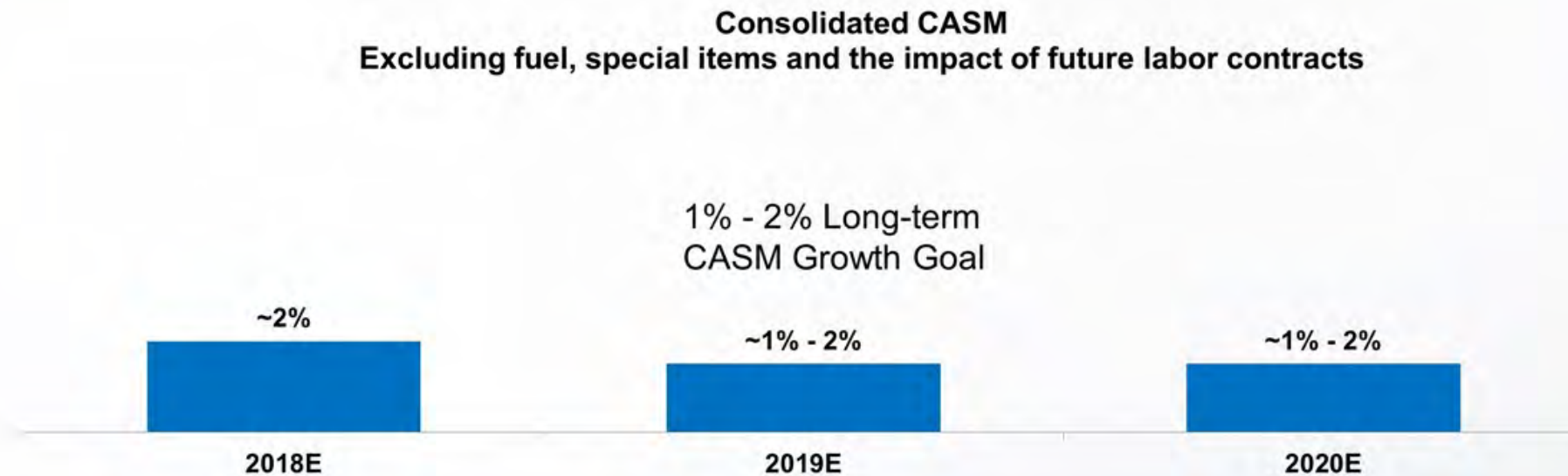
Integrated Ops	Customer Experience	Strategic Planning	Other
<ul style="list-style-type: none"> Aircraft taxi management technologies Hotel booking management Fuel initiatives – RAF, APU, single engine taxi and other Flight, route and re-routing planning systems Optimize aircraft warranty recoveries 	<ul style="list-style-type: none"> New airport ramp technologies Implement new cargo operating system Implement new airport overtime assignment system Implement new IROPS voucher system Complete Flight Attendant integration 	<ul style="list-style-type: none"> Redesign schedule seasonality Improved asset/gate utilization at hub airports Concentrate widebody hub deployment Further shift to dual-class regional jets, primarily at wholly owned carriers 	<ul style="list-style-type: none"> Reduce airport footprint following integration Improve workers' compensation case management Fleet simplification Pharmaceutical expense audit Expand direct connect technology
\$250 million	\$350 million	\$175 million	\$225 million

 **Estimated Opportunity of \$1.0 billion**



Long Term CASM Growth Targets

- As the efficiency program takes hold and the integration nears completion, sustainable low CASM growth is anticipated





Commercial Initiatives

Driving Efficiencies: Commercial Initiatives

Estimated Program/Project Value (\$ Millions)	18/17	19/18	20/19	21/20	Total
 Basic and Premium Economy	650	250	50	50	1,000
 Revenue Management Initiatives	250	100	-	-	350
 Commercial Initiatives	150	150	25	-	325
 Sales Initiatives	50	50	25	50	175
 Co-branded Partnerships	250	100	200	-	550
 Seat Harmonization	-	125	200	175	500
Total Revenue Opportunity from Commercial Projects	1,350	775	500	275	2,900
 Integrated Operations	50	100	50	50	250
 Customer Experience	60	120	120	50	350
 Strategic Planning	40	125	10	-	175
 Other	50	105	20	50	225
Total Cost Opportunity from One Airline Initiatives	200	450	200	150	1,000
Total Opportunity from All Initiatives	1,550	1,225	700	425	3,900



Capital Allocation

Driving Efficiencies: Allocating Capital

- Higher debt levels supported by higher asset values

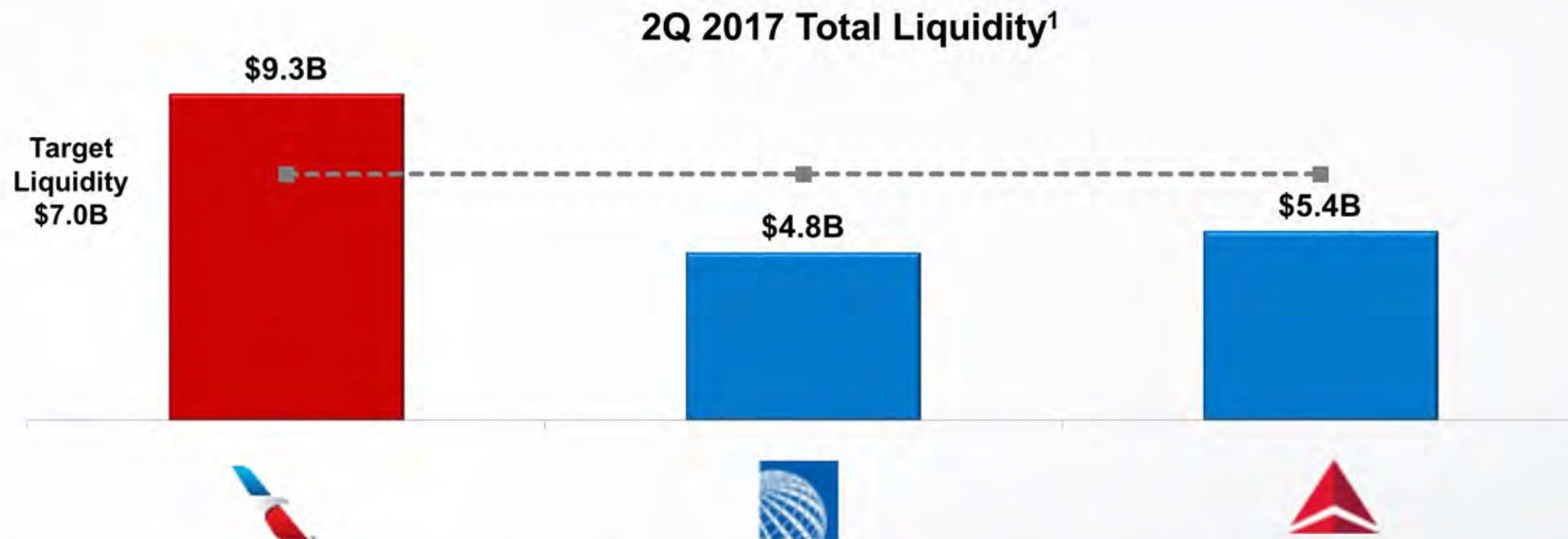
2Q 2017 Mainline Fleet Values¹



¹/ Data estimated from Diio and MBA Redbook values

Driving Efficiencies: Liquidity

- American is comfortably above its target liquidity level of \$7.0 billion, and has higher liquidity than both the other network airlines

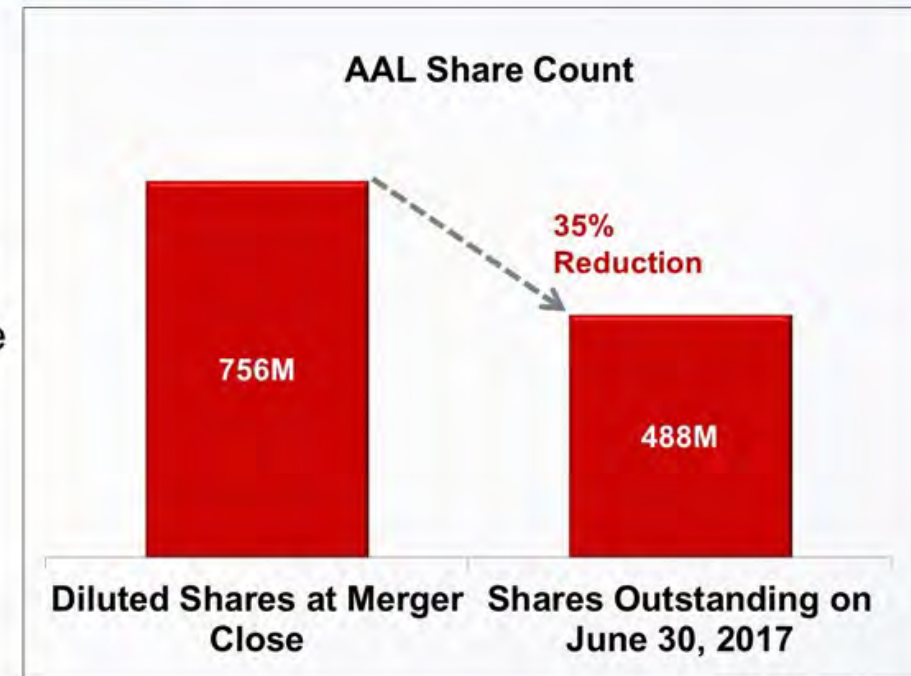
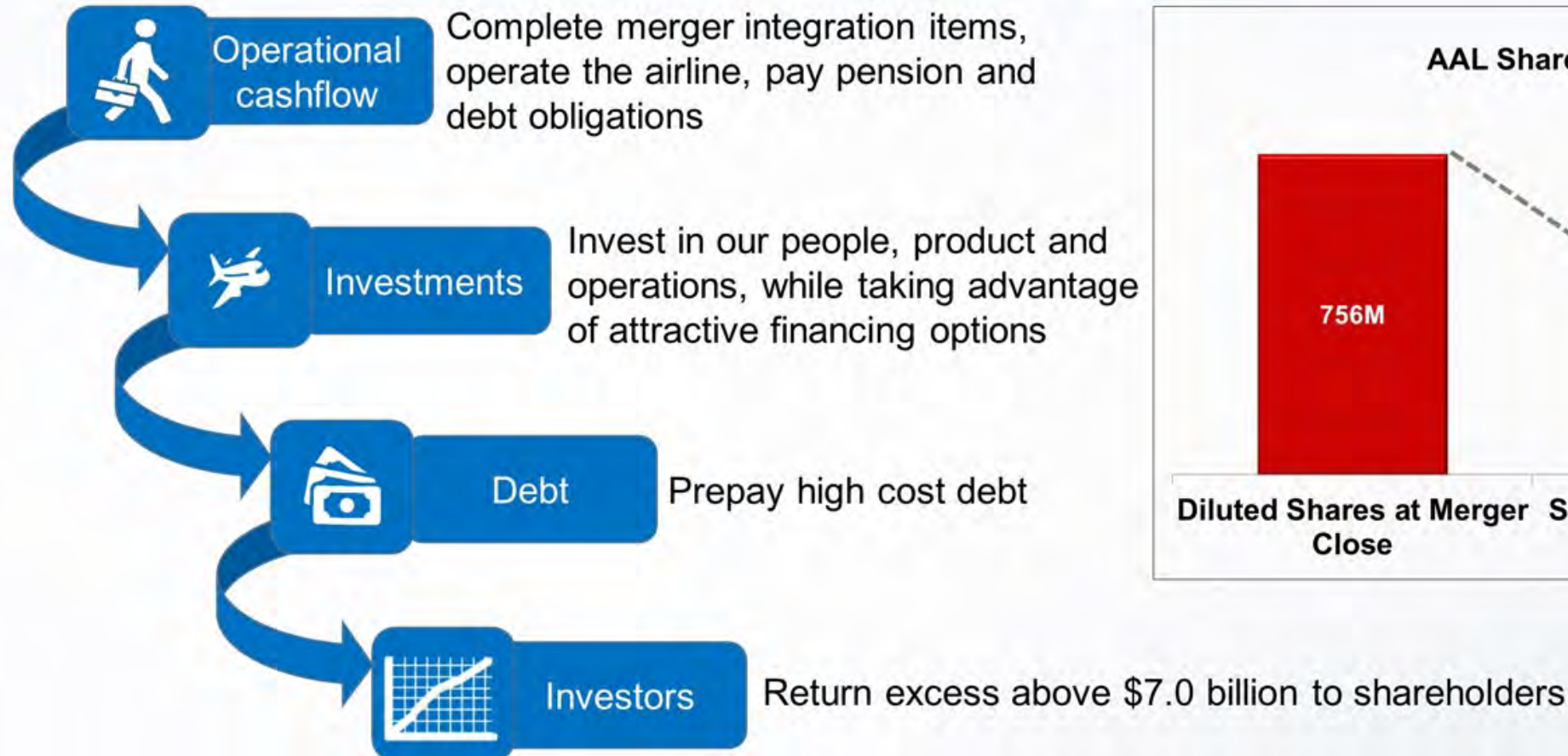


- Impact of 100 bps increase in interest rates is ~\$30M / year in net interest expense²

^{1/} Total liquidity consists of unrestricted cash and short term investments, plus available undrawn revolving credit facilities
^{2/} Net of an assumed 1% increase in earnings on \$6.9 billion of current cash balances

Driving Efficiencies: Capital Allocation Strategy

Anticipated Uses of Cash



Summary

- American remains committed to long-term value creation
- American has identified \$3.9 billion of revenue and cost opportunities
 - Fleet transformation
 - Commercial initiatives
 - Project One Airline
- Capital allocation plan:
 - We expect to de-lever over time as our capex program decreases
 - We will maintain a minimum target liquidity of \$7.0 billion as we complete the integration
- With these initiatives, along with our strong financial position, American expects its pretax earnings excluding special items to average \$5.0 billion annually



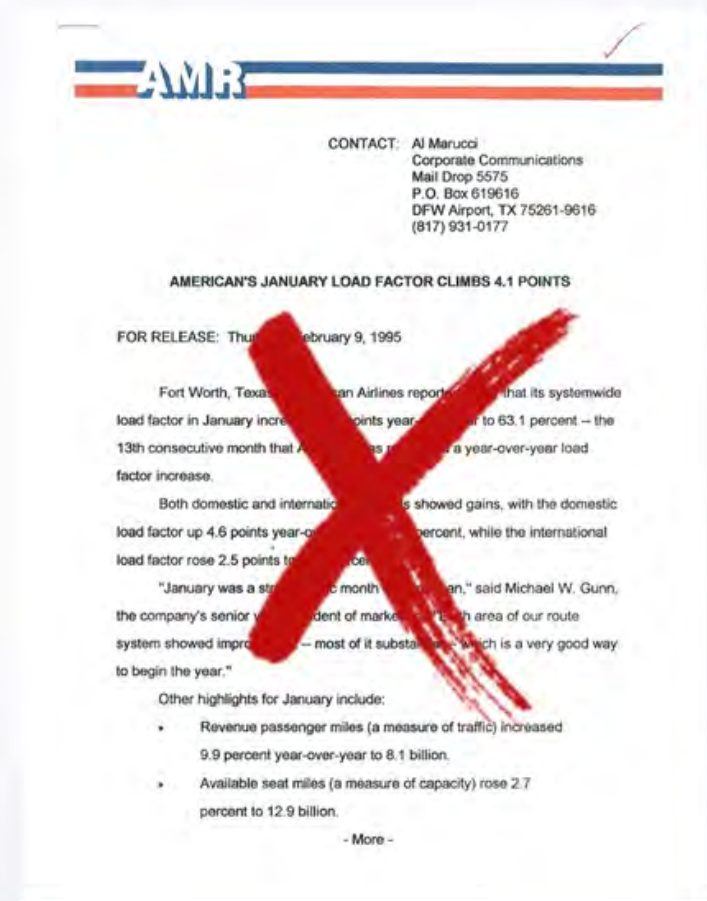


Long-term Guidance

Focus on the Long-Term – Changes to Guidance

American will lay out long-term, clear financial objectives

- Going forward:
 - Will provide TRASM guidance on a quarterly basis
 - Will stop reporting monthly traffic
- Starting in 2018:
 - Guidance will be on consolidated basis
 - Will provide three years of fleet guidance
 - Will provide three years of CASM guidance





Change to Revenue
Recognition Standard

New FASB Revenue Recognition Standard

- Certain ancillary fees currently reported as “other revenue” will be reclassified as “passenger revenue”
 - \$2.5 billion annually; no effect on total operating revenues or TRASM
- AAdvantage miles earned through travel must be accounted for under the deferred revenue method versus the incremental cost method
 - Value for mileage credits is significantly higher
 - No impact on miles sold under co-brand cards or to other partners
- Late February 2018, updated 2017 financial statements will be filed in a Form 8-K to conform with these changes



New FASB Revenue Recognition Standard

- Estimated impact upon adoption on January 1, 2018:

Balance Sheet:

- \$5.5 billion increase to liability for outstanding mileage credits
- Corresponding \$2.0 billion increase in deferred tax asset
- Net \$3.5 billion charge recorded to retained earnings

Income Statement:

- In accordance with GAAP, the prior year will be adjusted for comparison purposes to reflect an approximate \$300 million increase in passenger revenue and pretax income
- For modeling purposes, this adjusted passenger revenue and pretax income will become the new 2017 base





Closing Remarks

Playing the Long Game

Build a World Class Product

- Strengthen our network: grow where we have competitive advantage
- Deliver value to all customer segments, with focus on the premium traveler
- Achieve operational excellence
- Leverage technology for customer ease of use

Drive Efficiencies

- Capture post-integration efficiencies
- Leverage technology to improve productivity

Our Strategy

Think Forward, Lead Forward

- Become nimble: get value to market quickly
- Instill a leadership mindset focused on the future

Make Culture a Competitive Advantage

- Create an environment that cares for our frontline team members
- Invest in our team: provide the tools, training and facilities they require
- Develop innovative and inspiring leaders

Summary

- Incredibly excited and bullish about our future
- Know who we are: have a plan to create substantial value for our shareholders
- Focused on the long game and running our own race
- Encourage you to hold our feet to the fire against these plans

Appendix



GAAP/Non-GAAP Reconciliation

Reconciliation of Pre-Tax Income Excluding Special Items	12 Months Ended December 31,			
	2016	2015	2014	2013
	(In millions)			
Income (loss) before income taxes as reported	\$ 4,299	\$ 4,616	\$ 3,212	\$ (1,340)
Special items:				
Other revenue special item, net	-	-	-	(31)
Special items, net	709	1,051	800	697
Regional operating special items, net	14	29	24	(4)
Nonoperating special items, net	49	594	132	218
Reorganization items, net	-	-	-	2,655
Pre-tax income excluding special items	\$ 5,071	\$ 6,290	\$ 4,168	\$ 2,195
Calculation of Operating Revenues and Pre-Tax Margin Excluding Special Items				
Income before income taxes as adjusted for special items	\$ 5,071	\$ 6,290	\$ 4,168	\$ 2,195
Total operating revenues	\$ 40,180	\$ 40,990	\$ 42,650	\$ 40,419
Other revenue special item, net	-	-	-	(31)
Total operating revenues excluding special items	\$ 40,180	\$ 40,990	\$ 42,650	\$ 40,388
Pre-tax margin excluding special items	12.6%	15.3%	9.8%	5.4%

For additional detail regarding net special items and the methodology used to produce combined historical results for 2013, see the Company's earnings press releases filed on SEC Form 8-K issued January 27th, 2017, January 29th, 2016, January 27th, 2015 and January 28th, 2014, which can be found at www.aa.com/investorrelations

