
**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): **April 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 April 10, 2018, American Airlines Group Inc. (“American”) provided an update for investors presenting information relating to its financial and operational outlook for 2018. 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 April 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: April 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: April 10, 2018

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

Investor Relations Update April 10, 2018

General Overview

- **Accounting Changes** - On January 1, 2018, the company adopted two new Accounting Standard Updates: (ASUs): ASU 2014-09: Revenue from Contracts with Customers (the "New Revenue Standard") and ASU 2017-07: Retirement Benefits (the "New Retirement Standard"). The company has recast certain 2017 financial information previously reported in accordance with GAAP in effect as of December 31, 2017 to reflect the adoption of these standards. This recast financial information is included in Exhibit 99.3 of the Form 8-K issued on January 25, 2018. All 2018 guidance is based off the recast 2017 financial information.
- **Special items** - The company expects its pre-tax net special items in the first quarter will approximate \$195 million. Net special items principally include merger integration and fleet restructuring expenses.
- **Revenue** - The company now expects its first quarter total revenue per available seat mile (TRASM) to be up approximately 3.0 to 4.0 percent year-over-year versus its previous guidance of up approximately 2.0 to 4.0 percent.
- **Fuel** - The company expects to pay an average of between \$2.08 and \$2.13 per gallon of consolidated jet fuel (including taxes) in the first quarter.
- **CASM** - Consistent with previous guidance, consolidated CASM excluding fuel and special items is expected to be up approximately 2.0 percent¹ in 2018. First quarter consolidated CASM excluding fuel and special items is expected to be up approximately 3.0 percent¹ 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, which became effective on April 26, 2017), higher revenue-related expenses, increased rent and landing fees, and higher depreciation and amortization resulting from increased capex.

The company continues to expect its 2019 and 2020 CASM excluding fuel, special items and new labor agreements to be up approximately 1.0 to 2.0 percent in each year.

- **Capacity** - Consistent with previous guidance, 2018 total system capacity is expected to be up 2.5 percent vs. 2017 on a schedule over schedule basis. Actual capacity growth will be slightly higher due to the year-over-year impact of the flight cancellations resulting from two consecutive hurricanes that hit Florida and the Caribbean in September 2017 (assuming no similar events in 2018). Growth is driven by utilization (~2.0 pts), expected completion factor (~0.5 pts) and increased gauge (~0.5 pts). Domestic capacity is expected to be up approximately 3.0 percent year-over-year, with international capacity expected to be up approximately 2.5 percent.
- **Liquidity** - As of March 31, 2018, the company had approximately \$7.8 billion in total available liquidity, comprised of unrestricted cash and investments of \$5.3 billion and \$2.5 billion in undrawn revolver capacity. The company also had a restricted cash position of \$294 million.
- **Capital Expenditures** - The company expects to spend \$3.7 billion in capex in 2018, including \$1.9 billion in aircraft and \$1.8 billion in non-aircraft capex. The company now expects to spend \$2.5 billion in aircraft and \$1.8 billion in non-aircraft capex in 2019 and \$1.7 billion in aircraft and \$1.6 billion in non-aircraft capex in 2020. The company recently adjusted its new aircraft delivery schedule, which reduced aircraft capex from previous guidance for 2019 and 2020 with the assumption of sale-leaseback financing for the additional 787-8 aircraft. Details of the revised aircraft delivery schedule can be found in the following pages.
- **Taxes** - As of December 31, 2017, the company had approximately \$10.0 billion of federal net operating losses (NOLs) and \$3.4 billion of state NOLs, substantially all of which are expected to be available in 2018 to reduce future federal and state taxable income. The company expects to recognize a provision for income taxes in 2018 at an effective rate of approximately 24 percent, which will be substantially non-cash. Additionally, the company expects to record a \$22 million special tax charge to establish a required valuation allowance related to its estimated refund of Alternative Minimum Tax Credits (AMT).

- **Pre-tax Margin and EPS** - Based on the assumptions outlined above, the company now expects its first quarter pre-tax margin excluding special items to be approximately 4.0 to 5.0 percent¹. In addition, the company continues to expect to report full year 2018 earnings per diluted share excluding special items between \$5.50 and \$6.50¹

Notes:

1. For a reconciliation of special items (including the company's estimates for the first 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

Financial Update April 10, 2018

Financial Comments

- All operating expenses are presented on a consolidated basis.
- First quarter consolidated CASM excluding fuel and special items is expected to be up approximately 3.0 percent in the first quarter. This year-over-year increase is primarily driven by the impact of the company's mid-contract pay increases to its pilots and flight attendants, which became effective on April 26, 2017, higher revenue-related expenses, increased rent and landing fees, and higher depreciation and amortization resulting from increased capex.
- Second quarter consolidated CASM excluding fuel and special items has increased from previous guidance due to lower estimated capacity (0.5 pts) and a timing shift of expenses from the first quarter (0.5 pts).

	1Q18E	2Q18E	3Q18E	4Q18E	FY18E ²
Consolidated Guidance¹					
Available Seat Miles (ASMs) (bil)	~65.8	~73.1	~76.0	~69.1	~284.1
Cargo Revenues (\$ mil) ³	~225	~250	~250	~270	~995
Other Revenues (\$ mil) ³	~695	~660	~690	~685	~2,730
Average Fuel Price (incl. taxes) (\$/gal) (as of 4/6/2018)	2.08 to 2.13	2.06 to 2.11	2.03 to 2.08	2.01 to 2.06	2.04 to 2.09
Fuel Gallons Consumed (mil)	~1,030	~1,151	~1,198	~1,090	~4,469
CASM ex fuel and special items (YOY % change) ⁴	+2% to +4%	+2.5% to +4.5%	+0.5% to +2.5%	+0% to +2%	+1% to +3%
Interest Income (\$ mil)	~(25)	~(26)	~(26)	~(27)	~(104)
Interest Expense (\$ mil)	~265	~273	~267	~264	~1,069
Other Non-Operating (Income)/Expense (\$ mil) ⁵	~(82)	~(76)	~(76)	~(76)	~(310)
CAPEX Guidance (\$ mil) Inflow/(Outflow)					
Non-Aircraft CAPEX	~(390)	~(470)	~(470)	~(470)	~(1,800)
Gross Aircraft CAPEX & net PDPs	~(395)	~(380)	~(659)	~(469)	~(1,904)
Assumed Aircraft Financing	~208	~221	~718	~436	~1,583
Net Aircraft CAPEX & PDPs ²	~(187)	~(160)	~59	~(34)	~(321)

Notes:

1. Includes guidance on certain non-GAAP measures, which exclude special items. The company is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of special items cannot be determined at this time. Please see the GAAP to non-GAAP reconciliation at the end of this document.
2. Numbers may not recalculate due to rounding.
3. Cargo/Other revenue includes cargo revenue, loyalty program revenue, and contract services.
4. CASM ex fuel and special items is a non-GAAP financial measure.
5. 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.

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

Fleet Update April 10, 2018

Fleet Comments

- On April 6, 2018, the company announced that it had agreed with Airbus to terminate its order for 22 A350 aircraft, which were originally scheduled for delivery in 2020 - 2024. In addition, the company announced that it had agreed to acquire an additional 47 Boeing 787 aircraft, with deliveries scheduled to commence in 2020 and continue through 2026. The company also entered into an agreement with Boeing to defer the delivery of 40 B738 MAX aircraft, scheduled for delivery in 2020 - 2022. These aircraft will now be delivered in 2025 and 2026.
- In 2018, the company expects to take delivery of 22 mainline aircraft comprised of 16 B738 MAX aircraft and 6 B789 aircraft. The company also expects to retire 19 MD80 mainline aircraft.
- In 2018, the company expects to reduce the regional fleet count by a net of 4 aircraft, resulting from the addition of 9 CRJ700 aircraft, 6 E175 aircraft and 28 ERJ140 aircraft, as well as the reduction of 33 CRJ200 aircraft, 3 Dash 8-100 aircraft and 11 Dash 8-300 aircraft.

Active Mainline Year Ending Fleet Count

	2017A	2018E	2019E	2020E
A319	125	125	125	125
A320	48	48	48	48
A321	219	219	219	219
A321neo	—	—	22	47
A332	15	15	15	15
A333	9	9	9	9
B738	304	304	304	284
B738 MAX	4	20	40	50
B757	34	34	34	24
B763	24	24	18	5
B772	47	47	47	47
B773	20	20	20	20
B788	20	20	20	32
B789	14	20	22	22
E190	20	20	—	—
MD80	45	26	—	—
	948	951	943	947

Active Regional Year Ending Fleet Count¹

	2017A	2018E	2019E	2020E
CRJ200	68	35	35	35
CRJ700	110	119	111	111
CRJ900	118	118	118	118
DASH 8-100	3	—	—	—
DASH 8-300	11	—	—	—
E175	148	154	159	159
ERJ140	21	49	49	49
ERJ145	118	118	118	118
	597	593	590	590

Notes:

- At the end of the first quarter, the company had 23 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 April 10, 2018

Shares Outstanding Comments

- The estimated weighted average shares outstanding for 2018 are listed below.
- On January 25, 2017, the company's Board authorized a \$2.0 billion share repurchase program to expire by the end of 2018, which was completed in the first quarter. The total amount of shares repurchased since the merger is \$11.0 billion.
- In the first quarter of 2018, the company repurchased 8.4 million shares at a cost of \$450 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 38 percent from 756.1 million shares at merger close to 467.4 million shares outstanding on March 31, 2018.

2018 Shares Outstanding (shares mil)¹

	Shares	
	Basic	Diluted
For Q1		
Earnings	472	475
Net loss	472	472

	Shares	
	Basic	Diluted
For Q2-Q4 Average		
Earnings	468	470
Net loss	468	468

	Shares	
	Basic	Diluted
For FY 2018 Average		
Earnings	469	471
Net loss	469	469

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 April 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)

	1Q18 Range		2Q18 Range		3Q18 Range		4Q18 Range		FY18 Range	
	Low	High	Low	High	Low	High	Low	High	Low	High
Consolidated¹										
Consolidated operating expenses	\$ 9,888	\$ 10,088	\$ 10,291	\$ 10,503	\$ 10,459	\$ 10,679	\$ 10,027	\$ 10,238	\$ 40,608	\$ 41,451
Less fuel expense	2,142	2,194	2,371	2,429	2,432	2,492	2,191	2,245	9,136	9,360
Less special items	195	195	—	—	—	—	—	—	195	195
Consolidated operating expense excluding fuel and special items	7,551	7,699	7,920	8,074	8,028	8,187	7,836	7,993	31,277	31,896
Consolidated CASM (cts)	15.03	15.33	14.08	14.37	13.76	14.05	14.51	14.82	14.29	14.59
Consolidated CASM excluding fuel and special items (Non-GAAP) (cts)	11.48	11.70	10.83	11.05	10.56	10.77	11.34	11.57	11.01	11.23
YOY (%)	2.0%	4.0%	2.5%	4.5%	0.5%	2.5%	0.0%	2.0%	1.0%	3.0%
Consolidated ASMs (bil)	65.8	65.8	73.1	73.1	76.0	76.0	69.1	69.1	284.1	284.1
Other non-operating (income)/expense¹										
Other non-operating (income)/expense	\$ (82)	\$ (82)	\$ (76)	\$ (76)	\$ (76)	\$ (76)	\$ (76)	\$ (76)	\$ (310)	\$ (310)
Less special items	—	—	—	—	—	—	—	—	—	—
Other non-operating (income)/expense excluding special items	(82)	(82)	(76)	(76)	(76)	(76)	(76)	(76)	(310)	(310)

Notes: Amounts may not recalculate due to rounding.

- Includes the company's estimate for special items for the first quarter. Net special items principally include merger integration and fleet restructuring expenses.

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

Forward Looking Statements April 10, 2018

Cautionary Statement Regarding Forward-Looking Statements

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 the company's 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 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 Annual 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 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