
**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): **October 25, 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 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 October 25, 2018, American Airlines Group Inc. (the “Company”) issued a press release reporting financial results for the three and nine months ended September 30, 2018. The press release is furnished as Exhibit 99.1.

ITEM 7.01. REGULATION FD DISCLOSURE.

On October 25, 2018, the Company provided an update for investors presenting information relating to its financial and operational outlook for 2018. 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 October 25, 2018. |
| 99.2 | Investor Update, dated October 25, 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: October 25, 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: October 25, 2018

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, October 25, 2018

AMERICAN AIRLINES GROUP REPORTS THIRD-QUARTER 2018 PROFIT

FORT WORTH, Texas – American Airlines Group Inc. (NASDAQ: AAL) today reported its third-quarter results, including these highlights:

- **Reported a third-quarter 2018 pre-tax profit of \$456 million, or \$688 million excluding net special items¹, and a third-quarter net profit of \$341 million, or \$523 million excluding net special items**
- **Third-quarter 2018 earnings were \$0.74 per diluted share, or \$1.13 per diluted share excluding net special items**
- **Returned \$46 million to shareholders in the form of dividends during the third quarter**

“Strong demand for American’s service led to record revenue in the third quarter and our eighth consecutive quarter of unit revenue growth. Our team continues to do an outstanding job of taking care of our customers, including during difficult situations such as Hurricanes Florence and Michael,” said Chairman and CEO Doug Parker. “Unfortunately, higher fuel prices increased our expenses by approximately \$750 million versus the third quarter of 2017, which led to a decline in earnings.

“We have moved quickly to adapt to the higher cost environment with lower planned capacity growth, the cancellation of unprofitable flying, deferral of new aircraft deliveries, and continued aggressive cost management. We have significant revenue growth opportunities through initiatives such as expanded product segmentation, harmonization of aircraft configurations, and high-margin growth prospects in our most profitable hubs. We are confident these actions will return American to both revenue outperformance and earnings growth in 2019 and beyond and we remain very bullish on the future of American Airlines.”

Third-Quarter Revenue and Expenses

Pre-tax earnings excluding net special items for the third quarter of 2018 were \$688 million, a \$485 million decrease from the third quarter of 2017, driven by higher fuel prices. In addition, the company's third-quarter pre-tax earnings were negatively impacted by Hurricane Florence by approximately \$50 million.

| | GAAP | | Non-GAAP ¹ | |
|-----------------------------------|-----------|-----------|-----------------------|-----------|
| | 3Q18 | 3Q17 | 3Q18 | 3Q17 |
| Total operating revenues (\$ mil) | \$ 11,559 | \$ 10,965 | \$ 11,559 | \$ 10,965 |
| Total operating expenses (\$ mil) | 10,910 | 9,709 | 10,693 | 9,602 |
| Operating income (\$ mil) | 649 | 1,256 | 866 | 1,363 |
| Pre-tax income (\$ mil) | 456 | 1,063 | 688 | 1,173 |
| Pre-tax margin | 3.9% | 9.7% | 6.0% | 10.7% |
| Net income (\$ mil) | 341 | 661 | 523 | 729 |
| Earnings per diluted share | \$ 0.74 | \$ 1.36 | \$ 1.13 | \$ 1.50 |

Strong demand for air travel drove a 5.4 percent year-over-year increase in third-quarter 2018 total revenue, to a record \$11.6 billion. Passenger revenue per available seat mile (PRASM) grew 1.8 percent, driven by a 2.2 percent increase in passenger yields. Cargo revenue was up 16.4 percent to \$260 million due to a 12.1 percent increase in yield and a 3.8 percent increase in volume. Other revenue was up 14.5 percent to \$738 million due primarily to higher loyalty revenue. Third-quarter total revenue per available seat mile (TRASM) increased by 2.6 percent compared to the third quarter 2017 on a 2.7 percent increase in total available seat miles.

The improvement in revenue was offset by the significant increase in fuel prices. Total third-quarter 2018 operating expenses were \$10.9 billion, up 12.4 percent year-over-year, driven by a 42.6 percent increase in consolidated fuel expense. Had fuel prices remained unchanged versus the third quarter of 2017, total third-quarter 2018 expenses would have been approximately \$750 million lower. Total third-quarter 2018 cost per available seat mile (CASM) was 14.54 cents, up 9.4 percent from third quarter 2017. Excluding fuel and special items, consolidated third-quarter CASM was 10.60 cents, up 0.8 percent year-over-year.

Strategic Objectives

American is focused on four strategic objectives to ensure a healthy, competitive company for the long-term that includes world-class service, a focus on its team, revenue and cost initiatives, and innovative thinking. The company continued to deliver on these objectives in the third quarter.

Create a World-Class Customer Experience

Delivering a world-class customer experience includes operating reliably, building a strong network, continually raising the bar on product offerings, and making it easy for customers to do business with American. During the third quarter, American:

- **Expanded the world's largest network to even more destinations.** American announced planned service to Berlin (TXL); Bologna, Italy (BLQ); and Dubrovnik, Croatia (DBV). American will be the only airline to serve Bologna and Dubrovnik from North America.

- **Made significant improvements in onboard technology by:**
 - Activating live TV on domestic aircraft, with 12 free channels available in all cabins. Live TV is rolling out throughout the airline's domestic mainline fleet in 2019. American already offers live TV on its long-haul international flights, the only U.S. airline to do so.
 - With 380 aircraft complete, just over half of American's domestic mainline aircraft now offer high-speed Wi-Fi. The entire long-term mainline fleet will be complete by mid-2019.
- **Continued updating food offerings to reflect evolving consumer tastes.** American entered into an exclusive partnership with Zoës Kitchen to offer healthy choices beginning Dec. 1, and added a vegan option on transcontinental flights.
- **Received APEX recognition as a “Five Star Global Airline.”** The Airline Passenger Experience Association, which bases its awards on anonymous passenger feedback on overall flight experience, awarded American its highest rating for in-seat comfort, cabin service, food and beverage, entertainment, and Wi-Fi connectivity.

Make Culture a Competitive Advantage

Taking care of team members translates into better customer care. American's culture reflects its emphasis on providing the right tools, training, and care for its frontline team members. During the third quarter, American:

- **Fully integrated the best flight attendant team in the business.** With its largest and most complex integration project to-date now complete, flight attendants are now able to fully intermix across the entire fleet. This integration creates improved scheduling options for flight attendants and the airline, and provides greater flexibility and service recovery during irregular operations.
- **Accrued \$43 million in profit sharing** during the third quarter, and \$135 million for the first nine months of 2018.
- **Re-opened the newly re-designed CR Smith Museum to showcase the men and women who make American run** and to encourage young people to aspire to careers in aviation. The museum's interactive displays include an MD-80 cockpit, an Airline Command Center where visitors make operational decisions, and a baggage loader where visitors can try their hand at loading bags in record time.
- **Supported relief partner efforts after recent hurricanes.** The American Red Cross and the North Carolina Community Foundation Disaster Relief Fund received \$300,000 each as American and its customers stepped forward to ease the burdens of Carolinians impacted by Hurricane Florence. In addition, team members in Miami and Chicago have planned large-scale assembly projects that will send 5,000 hygiene comfort kits and 75,000 pounds of food to areas impacted by the recent natural disasters.
- **Celebrated being an inclusive and diverse employer by honoring four team members with the 10th annual Earl G. Graves Award for Leadership in Diversity & Inclusion.** American also awarded Morgan State University in Baltimore a \$10,000 education grant as part of the 10th anniversary commemoration. For the third year in a row, the airline was named among the “2018 DEI Best Places to Work for Disability Inclusion” and received the top score of 100 on the 2018 Disability Equality Index.
- **Supported the Stand Up To Cancer telecast** with 94 team members, all of whom have been personally impacted by cancer. These team members from around the world came together at our Los Angeles maintenance hangar to film a music video that aired during the telecast, which raised \$123.6 million.

Ensure Long-Term Financial Strength

Long-term strength is realized by capturing merger efficiencies, improving unit revenue performance, and increasing margin performance. During the third quarter, American:

- **Returned \$46 million in dividends to shareholders** and declared a dividend of \$0.10 per share on Oct. 25, 2018, to be paid on Nov. 20, 2018, to stockholders of record as of Nov. 6, 2018.
- **Updated the youngest fleet of the network airlines with more aircraft deliveries**, including three new more efficient Boeing 787-9 Dreamliners and four new Boeing 737 MAX 8s.
- **Lowered planned capital expenditures in 2019, 2020, and 2021 by \$1.2 billion**, by deferring delivery of 22 Airbus A321neos.
- **Evolved its segmentation strategy by:**
 - Removing the carry-on bag restriction from domestic and short-haul international Basic Economy fare rules. This action makes the airline's Basic Economy product more competitive and enables the airline to offer it on more flights.
 - Continuing the installation of Premium Economy, now on 92 widebody aircraft with expected completion by mid-2019. Main Cabin customers continue to select this highly-differentiated product and the company expects to drive more value from this product with new revenue management and merchandising initiatives in 2019.

Think Forward, Lead Forward

Along with executing on the day-to-day operation, the airline has a focus on moving new products to market more quickly and embracing technological advancements. In the third quarter, American:

- **Enabled the world's largest mobile and online payment platform**, Alipay, on aa.com in China. Alipay is the preferred method of payment for more than half of consumers in China and has more than 870 million users worldwide.
- **Opened up new ways to earn miles** with its Citi AAdvantage MileUp card, a new no-annual-fee credit card for consumers to turn everyday spending into travel.
- **Enhanced aviation security for team members and customers** by partnering with the Transportation Security Administration to add a state-of-the-art computed tomography scanner at John F. Kennedy International Airport's Terminal 8 security checkpoint.
- **Furthered the airline's commitment to reduce environmental waste** by beginning to replace plastic straws and stir sticks with biodegradable, eco-friendly alternatives.

Guidance and Investor Update

American expects its fourth-quarter 2018 TRASM to increase approximately 1.5 to 3.5 percent year-over-year. The company also expects its fourth-quarter 2018 pre-tax margin excluding special items to be between 4.5 and 6.5 percent.² Based on today's guidance, American continues to expect its 2018 diluted earnings per share excluding net special items to be between \$4.50 and \$5.00.²

For additional financial forecasting detail, please refer to the company's investor update, filed 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 Nov. 25.

Notes

1. In the third quarter, the company recognized \$232 million in net special items before the effect of income taxes. Third-quarter operating special items of \$217 million principally included \$109 million of fleet restructuring expenses and \$68 million of merger integration expenses. The company also recognized nonoperating special items of \$15 million primarily related to mark-to-market net unrealized losses associated with certain of the company's equity investments. 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.
2. 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 and American Eagle offer an average of nearly 6,700 flights per day to nearly 350 destinations in more than 50 countries. American has hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix, and Washington, D.C. American is a founding member of the **oneworld**[®] alliance, whose members serve more than 1,000 destinations with about 14,250 daily flights to over 150 countries. Shares of American Airlines Group Inc. trade on Nasdaq under the ticker symbol AAL. In 2015, its stock joined the S&P 500 index. 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, 2018 (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 statements.

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

| | 3 Months Ended September 30, | | | Percent Change | 9 Months Ended September 30, | | | Percent Change |
|--|---------------------------------|---------------------|---------------|-------------------|---------------------------------|---------------------|---------------|-------------------|
| | 2018 | 2017 ⁽¹⁾ | | | 2018 | 2017 ⁽¹⁾ | | |
| Operating revenues: | | | | | | | | |
| Passenger | \$ 10,561 | \$ 10,096 | 4.6 | \$ 30,714 | \$ 29,447 | | 4.3 | |
| Cargo | 260 | 223 | 16.4 | 748 | 633 | | 18.1 | |
| Other | 738 | 646 | 14.5 | 2,141 | 1,931 | | 10.8 | |
| Total operating revenues | 11,559 | 10,965 | 5.4 | 33,603 | 32,011 | | 5.0 | |
| Operating expenses: | | | | | | | | |
| Aircraft fuel and related taxes | 2,234 | 1,570 | 42.3 | 6,100 | 4,481 | | 36.1 | |
| Salaries, wages and benefits | 3,129 | 3,030 | 3.3 | 9,240 | 8,928 | | 3.5 | |
| Regional expenses: | | | | | | | | |
| Fuel | 506 | 352 | 44.0 | 1,369 | 999 | | 37.0 | |
| Other | 1,327 | 1,302 | 1.9 | 3,954 | 3,849 | | 2.8 | |
| Maintenance, materials and repairs | 526 | 487 | 7.9 | 1,499 | 1,474 | | 1.7 | |
| Other rent and landing fees | 497 | 471 | 5.5 | 1,448 | 1,363 | | 6.2 | |
| Aircraft rent | 312 | 304 | 2.8 | 921 | 892 | | 3.2 | |
| Selling expenses | 395 | 400 | (1.2) | 1,136 | 1,094 | | 3.9 | |
| Depreciation and amortization | 473 | 433 | 9.3 | 1,382 | 1,255 | | 10.1 | |
| Special items, net | 215 | 112 | 91.8 | 563 | 432 | | 30.1 | |
| Other | 1,296 | 1,248 | 3.9 | 3,883 | 3,652 | | 6.4 | |
| Total operating expenses | 10,910 | 9,709 | 12.4 | 31,495 | 28,419 | | 10.8 | |
| Operating income | 649 | 1,256 | (48.4) | 2,108 | 3,592 | | (41.3) | |
| Nonoperating income (expense): | | | | | | | | |
| Interest income | 29 | 25 | 16.8 | 84 | 70 | | 20.6 | |
| Interest expense, net | (265) | (266) | (0.5) | (795) | (787) | | 1.1 | |
| Other income, net | 43 | 48 | (11.0) | 101 | 112 | | (9.1) | |
| Total nonoperating expense, net | (193) | (193) | (0.2) | (610) | (605) | | 0.8 | |
| Income before income taxes | 456 | 1,063 | (57.2) | 1,498 | 2,987 | | (49.9) | |
| Income tax provision | 115 | 402 | (71.6) | 404 | 1,122 | | (64.0) | |
| Net income | \$ 341 | \$ 661 | (48.4) | \$ 1,094 | \$ 1,865 | | (41.3) | |
| Earnings per common share: | | | | | | | | |
| Basic | \$ 0.74 | \$ 1.36 | | \$ 2.35 | \$ 3.78 | | | |
| Diluted | \$ 0.74 | \$ 1.36 | | \$ 2.34 | \$ 3.76 | | | |
| Weighted average shares outstanding (in thousands): | | | | | | | | |
| Basic | 460,526 | 484,772 | | 465,452 | 493,164 | | | |
| Diluted | 461,507 | 486,625 | | 466,908 | 495,796 | | | |

⁽¹⁾ 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: Compensation - Retirement Benefits (the "New Retirement Standard"). In accordance with the transition provisions of these new standards, the Company has recast its 2017 financial information to reflect the effects of adoption. For additional information, see Note 1(b) to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A of its third quarter 2018 Form 10-Q filed on October 25, 2018.

Note: Percent change may not recalculate due to rounding.

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

| | 3 Months Ended September 30, | | | 9 Months Ended September 30, | | |
|--|---------------------------------|---------------------|----------|---------------------------------|---------------------|--------|
| | 2018 | 2017 ⁽¹⁾ | Change | 2018 | 2017 ⁽¹⁾ | Change |
| Mainline | | | | | | |
| Revenue passenger miles (millions) | 55,182 | 54,012 | 2.2% | 156,307 | 152,400 | 2.6% |
| Available seat miles (ASM) (millions) | 66,295 | 64,582 | 2.7% | 188,711 | 184,665 | 2.2% |
| Passenger load factor (percent) | 83.2 | 83.6 | (0.4)pts | 82.8 | 82.5 | 0.3pts |
| Passenger enplanements (thousands) | 38,233 | 37,365 | 2.3% | 111,647 | 108,886 | 2.5% |
| Departures (thousands) | 282 | 275 | 2.6% | 825 | 816 | 1.1% |
| Aircraft at end of period | 949 | 947 | 0.2% | 949 | 947 | 0.2% |
| Block hours (thousands) | 916 | 893 | 2.6% | 2,647 | 2,608 | 1.5% |
| Average stage length (miles) | 1,272 | 1,278 | (0.5)% | 1,248 | 1,245 | 0.3% |
| Fuel consumption (gallons in millions) | 978 | 947 | 3.3% | 2,767 | 2,713 | 2.0% |
| Average aircraft fuel price including related taxes (dollars per gallon) | 2.28 | 1.66 | 37.8% | 2.20 | 1.65 | 33.5% |
| Full-time equivalent employees at end of period | 105,100 | 105,000 | 0.1% | 105,100 | 105,000 | 0.1% |
| Regional ⁽²⁾ | | | | | | |
| Revenue passenger miles (millions) | 6,683 | 6,459 | 3.5% | 19,282 | 18,619 | 3.6% |
| Available seat miles (millions) | 8,744 | 8,471 | 3.2% | 25,045 | 24,471 | 2.3% |
| Passenger load factor (percent) | 76.4 | 76.3 | 0.1pts | 77.0 | 76.1 | 0.9pts |
| Passenger enplanements (thousands) | 14,342 | 14,073 | 1.9% | 41,614 | 40,727 | 2.2% |
| Aircraft at end of period | 592 | 611 | (3.1)% | 592 | 611 | (3.1)% |
| Fuel consumption (gallons in millions) | 212 | 201 | 5.4% | 600 | 578 | 3.8% |
| Average aircraft fuel price including related taxes (dollars per gallon) | 2.39 | 1.75 | 36.6% | 2.28 | 1.73 | 32.0% |
| Full-time equivalent employees at end of period ⁽³⁾ | 25,400 | 22,600 | 12.4% | 25,400 | 22,600 | 12.4% |
| Total Mainline & Regional | | | | | | |
| Revenue passenger miles (millions) | 61,865 | 60,471 | 2.3% | 175,589 | 171,019 | 2.7% |
| Available seat miles (millions) | 75,039 | 73,053 | 2.7% | 213,756 | 209,136 | 2.2% |
| Passenger load factor (percent) | 82.4 | 82.8 | (0.4)pts | 82.1 | 81.8 | 0.3pts |
| Yield (cents) | 17.07 | 16.70 | 2.2% | 17.49 | 17.22 | 1.6% |
| Passenger revenue per ASM (cents) | 14.07 | 13.82 | 1.8% | 14.37 | 14.08 | 2.1% |
| Total revenue per ASM (cents) | 15.40 | 15.01 | 2.6% | 15.72 | 15.31 | 2.7% |
| Cargo ton miles (millions) | 743 | 716 | 3.8% | 2,199 | 2,036 | 8.0% |
| Cargo yield per ton mile (cents) | 34.98 | 31.21 | 12.1% | 34.03 | 31.09 | 9.4% |
| Passenger enplanements (thousands) | 52,575 | 51,438 | 2.2% | 153,261 | 149,613 | 2.4% |
| Aircraft at end of period | 1,541 | 1,558 | (1.1)% | 1,541 | 1,558 | (1.1)% |
| Fuel consumption (gallons in millions) | 1,190 | 1,148 | 3.6% | 3,367 | 3,291 | 2.3% |
| Average aircraft fuel price including related taxes (dollars per gallon) | 2.30 | 1.67 | 37.6% | 2.22 | 1.67 | 33.2% |
| Full-time equivalent employees at end of period | 130,500 | 127,600 | 2.3% | 130,500 | 127,600 | 2.3% |
| Operating cost per ASM (cents) | 14.54 | 13.29 | 9.4% | 14.73 | 13.59 | 8.4% |
| Operating cost per ASM excluding special items (cents) | 14.25 | 13.14 | 8.4% | 14.47 | 13.38 | 8.1% |
| Operating cost per ASM excluding special items and fuel (cents) | 10.60 | 10.51 | 0.8% | 10.98 | 10.76 | 2.0% |

(1) As previously discussed, on January 1, 2018, the Company adopted the New Revenue Standard and the New Retirement Standard. For additional information, see Note 1(b) to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A of its third quarter 2018 Form 10-Q filed on October 25, 2018.

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

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

Note: Amounts may not recalculate due to rounding.

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

| | 3 Months Ended September 30, | | | 9 Months Ended September 30, | | |
|---|---------------------------------|----------|----------|---------------------------------|----------|----------|
| | 2018 | 2017 (1) | Change | 2018 | 2017 (1) | Change |
| Domestic (2) | | | | | | |
| Revenue passenger miles (millions) | 40,321 | 39,491 | 2.1% | 116,649 | 113,960 | 2.4% |
| Available seat miles (ASM) (millions) | 48,260 | 47,221 | 2.2% | 138,970 | 137,118 | 1.4% |
| Passenger load factor (percent) | 83.6 | 83.6 | —pts | 83.9 | 83.1 | 0.8pts |
| Passenger revenue (dollars in millions) | 7,424 | 7,162 | 3.6% | 22,071 | 21,522 | 2.6% |
| Yield (cents) | 18.41 | 18.14 | 1.5% | 18.92 | 18.88 | 0.2% |
| Passenger revenue per ASM (cents) | 15.38 | 15.17 | 1.4% | 15.88 | 15.70 | 1.2% |
| Latin America (3) | | | | | | |
| Revenue passenger miles (millions) | 7,411 | 7,362 | 0.7% | 23,398 | 22,445 | 4.2% |
| Available seat miles (millions) | 9,274 | 8,919 | 4.0% | 29,407 | 28,432 | 3.4% |
| Passenger load factor (percent) | 79.9 | 82.5 | (2.6)pts | 79.6 | 78.9 | 0.7pts |
| Passenger revenue (dollars in millions) | 1,210 | 1,183 | 2.3% | 3,939 | 3,622 | 8.7% |
| Yield (cents) | 16.33 | 16.06 | 1.6% | 16.83 | 16.14 | 4.3% |
| Passenger revenue per ASM (cents) | 13.05 | 13.26 | (1.6)% | 13.39 | 12.74 | 5.1% |
| Atlantic | | | | | | |
| Revenue passenger miles (millions) | 10,110 | 9,728 | 3.9% | 23,631 | 23,077 | 2.4% |
| Available seat miles (millions) | 12,503 | 12,212 | 2.4% | 30,554 | 29,554 | 3.4% |
| Passenger load factor (percent) | 80.9 | 79.7 | 1.2pts | 77.3 | 78.1 | (0.8)pts |
| Passenger revenue (dollars in millions) | 1,504 | 1,363 | 10.3% | 3,471 | 3,170 | 9.5% |
| Yield (cents) | 14.88 | 14.02 | 6.1% | 14.69 | 13.73 | 7.0% |
| Passenger revenue per ASM (cents) | 12.03 | 11.17 | 7.7% | 11.36 | 10.72 | 5.9% |
| Pacific | | | | | | |
| Revenue passenger miles (millions) | 4,023 | 3,890 | 3.4% | 11,911 | 11,537 | 3.2% |
| Available seat miles (millions) | 5,002 | 4,701 | 6.4% | 14,825 | 14,032 | 5.7% |
| Passenger load factor (percent) | 80.4 | 82.7 | (2.3)pts | 80.3 | 82.2 | (1.9)pts |
| Passenger revenue (dollars in millions) | 423 | 388 | 9.0% | 1,233 | 1,133 | 8.8% |
| Yield (cents) | 10.51 | 9.98 | 5.4% | 10.35 | 9.82 | 5.4% |
| Passenger revenue per ASM (cents) | 8.46 | 8.25 | 2.4% | 8.32 | 8.08 | 3.0% |
| Total International | | | | | | |
| Revenue passenger miles (millions) | 21,544 | 20,980 | 2.7% | 58,940 | 57,059 | 3.3% |
| Available seat miles (millions) | 26,779 | 25,832 | 3.7% | 74,786 | 72,018 | 3.8% |
| Passenger load factor (percent) | 80.4 | 81.2 | (0.8)pts | 78.8 | 79.2 | (0.4)pts |
| Passenger revenue (dollars in millions) | 3,137 | 2,934 | 6.9% | 8,643 | 7,925 | 9.1% |
| Yield (cents) | 14.56 | 13.99 | 4.1% | 14.66 | 13.89 | 5.6% |
| Passenger revenue per ASM (cents) | 11.71 | 11.36 | 3.1% | 11.56 | 11.00 | 5.0% |

(1) As previously discussed, on January 1, 2018, the Company adopted the New Revenue Standard. For additional information, see Note 1(b) to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A of its third quarter 2018 Form 10-Q filed on October 25, 2018.

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

(3) Latin America results include the Caribbean.

Note: Amounts may not recalculate due to rounding.

American Airlines Group Reports Third-Quarter 2018 Profit

October 25, 2018

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

Additionally, the tables below present the reconciliations of total operating costs (GAAP measure) to total operating costs excluding special items and fuel (non-GAAP measure). Management uses total 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. The adjustment to exclude aircraft fuel and special items allows management an additional tool to better understand and analyze the Company's non-fuel costs and core operating performance.

| Reconciliation of Pre-Tax Income Excluding Special Items | 3 Months Ended September 30, | | Percent Change | 9 Months Ended September 30, | | Percent Change |
|--|---|---------------------|-------------------|---|---------------------|-------------------|
| | 2018 | 2017 ⁽¹⁾ | | 2018 | 2017 ⁽¹⁾ | |
| | (in millions, except per share amounts) | | | (in millions, except per share amounts) | | |
| Pre-tax income as reported | \$ 456 | \$ 1,063 | | \$ 1,498 | \$ 2,987 | |
| Pre-tax special items: | | | | | | |
| Special items, net ⁽²⁾ | 215 | 112 | | 563 | 432 | |
| Regional operating special items, net | 2 | (5) | | 1 | (1) | |
| Nonoperating special items, net ⁽³⁾ | 15 | 3 | | 95 | 12 | |
| Total pre-tax special items | 232 | 110 | | 659 | 443 | |
| Pre-tax income excluding special items | \$ 688 | \$ 1,173 | -41% | \$ 2,157 | \$ 3,430 | -37% |

Calculation of Pre-Tax Margin

| | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|
| Pre-tax income as reported | \$ 456 | \$ 1,063 | \$ 1,498 | \$ 2,987 |
| Total operating revenues as reported | \$ 11,559 | \$ 10,965 | \$ 33,603 | \$ 32,011 |
| Pre-tax margin | 3.9% | 9.7% | 4.5% | 9.3% |

Calculation of Pre-Tax Margin Excluding Special Items

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Pre-tax income excluding special items | \$ 688 | \$ 1,173 | \$ 2,157 | \$ 3,430 |
| Total operating revenues as reported | \$ 11,559 | \$ 10,965 | \$ 33,603 | \$ 32,011 |
| Pre-tax margin excluding special items | 6.0% | 10.7% | 6.4% | 10.7% |

Reconciliation of Net Income Excluding Special Items

| | | | | |
|---|--------|--------|----------|----------|
| Net income as reported | \$ 341 | \$ 661 | \$ 1,094 | \$ 1,865 |
| Special items: | | | | |
| Total pre-tax special items ^{(2), (3)} | 232 | 110 | 659 | 443 |
| Income tax special items ⁽⁴⁾ | — | — | 40 | — |
| Net tax effect of special items | (50) | (42) | (156) | (160) |
| Net income excluding special items | \$ 523 | \$ 729 | \$ 1,637 | \$ 2,148 |

Reconciliation of Basic and Diluted Earnings Per Share Excluding Special Items

| | | | | |
|---|---------|---------|----------|----------|
| Net income excluding special items | \$ 523 | \$ 729 | \$ 1,637 | \$ 2,148 |
| Shares used for computation (in thousands): | | | | |
| Basic | 460,526 | 484,772 | 465,452 | 493,164 |
| Diluted | 461,507 | 486,625 | 466,908 | 495,796 |
| Earnings per share excluding special items: | | | | |
| Basic | \$ 1.14 | \$ 1.50 | \$ 3.52 | \$ 4.36 |
| Diluted | \$ 1.13 | \$ 1.50 | \$ 3.51 | \$ 4.33 |

| Reconciliation of Operating Income Excluding Special Items | 3 Months Ended September 30, | | 9 Months Ended September 30, | |
|---|---------------------------------|---------------------|---------------------------------|---------------------|
| | 2018 | 2017 ⁽¹⁾ | 2018 | 2017 ⁽¹⁾ |
| | (in millions) | | (in millions) | |
| Operating income as reported | \$ 649 | \$ 1,256 | \$ 2,108 | \$ 3,592 |
| Special items: | | | | |
| Special items, net ⁽²⁾ | 215 | 112 | 563 | 432 |
| Regional operating special items, net | 2 | (5) | 1 | (1) |
| Operating income excluding special items | \$ 866 | \$ 1,363 | \$ 2,672 | \$ 4,023 |
| | | | | |
| Reconciliation of Total Operating Cost per ASM Excluding Special Items and Fuel | 3 Months Ended September 30, | | 9 Months Ended September 30, | |
| | 2018 | 2017 ⁽¹⁾ | 2018 | 2017 ⁽¹⁾ |
| | (in millions) | | (in millions) | |
| Total operating expenses as reported | \$ 10,910 | \$ 9,709 | \$ 31,495 | \$ 28,419 |
| Special items: | | | | |
| Special items, net ⁽²⁾ | (215) | (112) | (563) | (432) |
| Regional operating special items, net | (2) | 5 | (1) | 1 |
| Total operating expenses, excluding special items | 10,693 | 9,602 | 30,931 | 27,988 |
| Fuel: | | | | |
| Aircraft fuel and related taxes - mainline | (2,234) | (1,570) | (6,100) | (4,481) |
| Aircraft fuel and related taxes - regional | (506) | (352) | (1,369) | (999) |
| Total operating expenses, excluding special items and fuel | \$ 7,953 | \$ 7,680 | \$ 23,462 | \$ 22,508 |
| | (in cents) | | (in cents) | |
| Total operating expenses per ASM as reported | 14.54 | 13.29 | 14.73 | 13.59 |
| Special items per ASM: | | | | |
| Special items, net ⁽²⁾ | (0.29) | (0.15) | (0.26) | (0.21) |
| Regional operating special items, net | — | 0.01 | — | — |
| Total operating expenses per ASM, excluding special items | 14.25 | 13.14 | 14.47 | 13.38 |
| Fuel per ASM: | | | | |
| Aircraft fuel and related taxes - mainline | (2.98) | (2.15) | (2.85) | (2.14) |
| Aircraft fuel and related taxes - regional | (0.67) | (0.48) | (0.64) | (0.48) |
| Total operating expenses per ASM, excluding special items and fuel | 10.60 | 10.51 | 10.98 | 10.76 |

Note: Amounts may not recalculate due to rounding.

FOOTNOTES:

⁽¹⁾ As previously discussed, on January 1, 2018, the Company adopted the New Revenue Standard and the New Retirement Standard. For additional information, see Note 1(b) to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A of its third quarter 2018 Form 10-Q filed on October 25, 2018.

⁽²⁾ The 2018 third quarter mainline operating special items totaled a net charge of \$215 million, which principally included \$109 million of fleet restructuring expenses and \$68 million of merger integration expenses. The 2018 nine month period mainline operating special items totaled a net charge of \$563 million, which principally included \$275 million of fleet restructuring expenses, \$188 million of merger integration expenses, a \$45 million litigation settlement and 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.

The 2017 third quarter mainline operating special items totaled a net charge of \$112 million, which principally included \$62 million of fleet restructuring expenses and \$62 million of merger integration expenses. The 2017 nine month period mainline operating special items totaled a net charge of \$432 million, which principally included \$192 million of merger integration expenses, \$174 million of fleet restructuring expenses and \$45 million for labor contract expenses.

Fleet restructuring expenses principally included accelerated depreciation and remaining lease payments 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 flight attendant, human resources and payroll, and technical operations integrations.

⁽³⁾ The 2018 third quarter and nine month period nonoperating special items included \$15 million and \$82 million, respectively, of mark-to-market net unrealized losses associated with certain of the Company's equity investments. The 2018 nine month period nonoperating special items also included \$13 million of costs associated with debt refinancings and extinguishments.

Nonoperating special charges in the 2017 periods primarily consisted of costs associated with debt refinancings and extinguishments.

⁽⁴⁾ Income tax special items for the 2018 nine month period included a \$22 million charge to income tax expense to establish a required valuation allowance related to the Company's estimated refund for Alternative Minimum Tax (AMT) credits and an \$18 million charge related to an international income tax matter.

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

| | September 30, 2018 (unaudited) | December 31, 2017 ⁽¹⁾ |
|--|-----------------------------------|----------------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 303 | \$ 295 |
| Short-term investments | 4,552 | 4,771 |
| Restricted cash and short-term investments | 154 | 318 |
| Accounts receivable, net | 2,170 | 1,752 |
| Aircraft fuel, spare parts and supplies, net | 1,576 | 1,359 |
| Prepaid expenses and other | 743 | 651 |
| Total current assets | 9,498 | 9,146 |
| Operating property and equipment | | |
| Flight equipment | 40,983 | 40,318 |
| Ground property and equipment | 9,187 | 8,267 |
| Equipment purchase deposits | 1,330 | 1,217 |
| Total property and equipment, at cost | 51,500 | 49,802 |
| Less accumulated depreciation and amortization | (17,277) | (15,646) |
| Total property and equipment, net | 34,223 | 34,156 |
| Other assets | | |
| Goodwill | 4,091 | 4,091 |
| Intangibles, net | 2,147 | 2,203 |
| Deferred tax asset | 1,293 | 1,816 |
| Other assets | 1,383 | 1,373 |
| Total other assets | 8,914 | 9,483 |
| Total assets | \$ 52,635 | \$ 52,785 |
| Liabilities and Stockholders' Equity (Deficit) | | |
| Current liabilities | | |
| Current maturities of long-term debt and capital leases | \$ 2,493 | \$ 2,554 |
| Accounts payable | 1,886 | 1,688 |
| Accrued salaries and wages | 1,386 | 1,672 |
| Air traffic liability | 5,040 | 4,042 |
| Loyalty program liability | 3,242 | 3,121 |
| Other accrued liabilities | 2,301 | 2,281 |
| Total current liabilities | 16,348 | 15,358 |
| Noncurrent liabilities | | |
| Long-term debt and capital leases, net of current maturities | 22,274 | 22,511 |
| Pension and postretirement benefits | 6,898 | 7,497 |
| Loyalty program liability | 5,317 | 5,701 |
| Other liabilities | 2,366 | 2,498 |
| Total noncurrent liabilities | 36,855 | 38,207 |
| Stockholders' equity (deficit) | | |
| Common stock | 5 | 5 |
| Additional paid-in capital | 4,946 | 5,714 |
| Accumulated other comprehensive loss | (5,203) | (5,154) |
| Accumulated deficit | (316) | (1,345) |
| Total stockholders' deficit | (568) | (780) |
| Total liabilities and stockholders' equity (deficit) | \$ 52,635 | \$ 52,785 |

⁽¹⁾ As previously discussed, on January 1, 2018, the Company adopted the New Revenue Standard. For additional information, see Note 1(b) to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A of its third quarter 2018 Form 10-Q filed on October 25, 2018.

Investor Relations Update October 25, 2018

General Overview

- **Revenue** - The company expects its fourth quarter total revenue per available seat mile (TRASM) to be up approximately 1.5 to 3.5 percent year-over-year.
- **Fuel** - Based on the October 24, 2018 forward curve, the company expects to pay an average of between \$2.30 and \$2.35 per gallon of consolidated jet fuel (including taxes) in the fourth quarter. Forecasted volume and fuel prices are provided on the following page.
- **CASM** - The company continues to expect consolidated CASM excluding fuel and special items to be up approximately 1.5 percent¹ in 2018. Fourth quarter consolidated CASM excluding fuel and special items is expected to be flat¹ year-over-year, in line with previous guidance.

The company will provide an update on its 2019 CASM expectations following the conclusion of its annual planning process. However, based on preliminary estimates, the company continues to expect its 2019 and 2020 CASM excluding fuel, special items and new labor agreements each to be up between 1.0 percent and 2.0 percent year-over-year.

- **Capacity** - The company expects its fourth quarter system capacity to be up approximately 1.6 percent year-over-year, which is in line with previous guidance.
 - **Liquidity** - As of September 30, 2018, the company had approximately \$7.4 billion in total available liquidity, comprised of unrestricted cash and investments of \$4.9 billion and \$2.5 billion in undrawn revolver capacity. The company also had a restricted cash position of \$154 million.
 - **Capital Expenditures** - The company continues to expect \$3.7 billion in capex in 2018, including \$1.9 billion in aircraft and \$1.8 billion in non-aircraft capex. The company also continues to expect aircraft capex spend of \$2.9 billion in 2019 and \$1.2 billion in 2020. The company now expects non-aircraft capex spend of \$1.7 billion in 2019 and 2020, versus its previous guidance of \$1.8 billion for 2019 and \$1.6 billion for 2020.
 - **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.
- **Pre-tax Margin and EPS** - Based on the assumptions outlined above, the company presently expects its fourth quarter pre-tax margin excluding special items to be approximately 4.5 to 6.5 percent¹ and the company continues to expect to report full year 2018 earnings per diluted share excluding special items of between \$4.50 and \$5.00¹.

Notes:

1. *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 refer to the footnotes and the forward looking statements page of this document for additional information

Financial Comments

- All operating expenses are presented on a consolidated basis.

| | 1Q18A | 2Q18A | 3Q18A | 4Q18E | FY18E ² |
|--|-------|-------|-------|--------------|--------------------|
| Consolidated Guidance¹ | | | | | |
| Available Seat Miles (ASMs) (bil) | 65.8 | 72.9 | 75.0 | ~68.4 | ~282.2 |
| Cargo Revenues (\$ mil) ³ | 227 | 261 | 260 | ~270 | ~1,018 |
| Other Revenues (\$ mil) ³ | 694 | 708 | 738 | ~695 | ~2,835 |
| Average Fuel Price (incl. taxes) (\$/gal) (as of 10/24/2018) | 2.10 | 2.24 | 2.30 | 2.30 to 2.35 | 2.22 to 2.27 |
| Fuel Gallons Consumed (mil) | 1,030 | 1,147 | 1,190 | ~1,082 | ~4,449 |
| CASM ex fuel and special items (YOY % change) ⁴ | 11.57 | 10.83 | 10.60 | -1% to +1% | +0.5% to +2.5% |
| Interest Income (\$ mil) | (25) | (30) | (29) | ~(29) | ~(113) |
| Interest Expense (\$ mil) | 265 | 266 | 265 | ~270 | ~1,066 |
| Other Non-Operating (Income)/Expense (\$ mil) ⁵ | (82) | (57) | (58) | ~(75) | ~(271) |
| CAPEX Guidance (\$ mil) Inflow/(Outflow) | | | | | |
| Non-Aircraft CAPEX | (386) | (417) | (470) | ~(526) | ~(1,800) |
| Gross Aircraft CAPEX & net PDPs | (393) | (535) | (535) | ~(477) | ~(1,940) |
| Assumed Aircraft Financing | 210 | 301 | 588 | ~486 | ~1,585 |
| Net Aircraft CAPEX & PDPs ² | (183) | (233) | 53 | ~8 | ~(355) |

Notes:

- 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.
- Numbers may not recalculate due to rounding.
- Cargo/Other revenue includes cargo revenue, loyalty program revenue, and contract services.
- CASM ex fuel and special items is a non-GAAP financial measure.
- 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 October 25, 2018

Fleet Comments

- In 2018, the company expects to take delivery of 24 mainline aircraft comprised of 16 B738 MAX aircraft, 6 B789 aircraft and 2 used A319 aircraft. The company also expects to retire 15 MD80 mainline aircraft.
- In 2018, the company expects to reduce the regional fleet count by a net of 2 aircraft, resulting from the addition of 9 CRJ700 aircraft and 6 E175 aircraft and the activation of 30 ERJ140 aircraft from temporary storage, 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 | 127 | 133 | 133 |
| A320 | 48 | 48 | 48 | 48 |
| A321 | 219 | 219 | 219 | 219 |
| A321neo | — | — | 17 | 32 |
| A332 | 15 | 15 | 15 | 15 |
| A333 | 9 | 9 | 9 | 9 |
| B738 | 304 | 304 | 304 | 299 |
| B738 MAX | 4 | 20 | 40 | 50 |
| B757 | 34 | 34 | 24 | 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 | 14 | — |
| MD80 | 45 | 30 | — | — |
| | 948 | 957 | 950 | 955 |

Active Regional Year Ending Fleet Count¹

| | 2017A | 2018E | 2019E | 2020E |
|------------|------------|------------|------------|------------|
| CRJ200 | 68 | 35 | 21 | 21 |
| CRJ700 | 110 | 119 | 113 | 113 |
| CRJ900 | 118 | 118 | 132 | 133 |
| DASH 8-100 | 3 | — | — | — |
| DASH 8-300 | 11 | — | — | — |
| E175 | 148 | 154 | 174 | 174 |
| ERJ140 | 21 | 51 | 49 | 49 |
| ERJ145 | 118 | 118 | 118 | 118 |
| | 597 | 595 | 607 | 608 |

Notes:

- At the end of the third quarter, the company had 8 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 October 25, 2018

Shares Outstanding Comments

- The estimated weighted average shares outstanding for 2018 are listed below.
- On April 25, 2018, the company's Board authorized a new \$2.0 billion share repurchase program to expire by the end of 2020. This brings the total amount authorized for share repurchase programs to \$13.0 billion since the merger. All previous repurchase programs had been fully expended as of March 31, 2018.

2018 Shares Outstanding (shares mil)¹

| | Shares | |
|----------------------------|--------|---------|
| | Basic | Diluted |
| For Q4 | | |
| Earnings | 461 | 462 |
| Net loss | 461 | 461 |
| | | |
| For FY 2018 Average | Shares | |
| | Basic | Diluted |
| Earnings | 464 | 466 |
| Net loss | 464 | 464 |

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 October 25, 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 reconciliation of total operating costs (GAAP measure) to total operating costs excluding special items and fuel (non-GAAP measure). Management uses total 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 operating performance.

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

| | 1Q18 | 2Q18 | 3Q18 | 4Q18 Range | | FY18 Range | |
|---|----------|-----------|-----------|------------|-----------|------------|-----------|
| | Actual | Actual | Actual | Low | High | Low | High |
| Consolidated¹ | | | | | | | |
| Consolidated operating expenses | \$ 9,970 | \$ 10,615 | \$ 10,910 | \$ 10,168 | \$ 10,377 | \$ 41,435 | \$ 42,104 |
| Less fuel expense | 2,161 | 2,568 | 2,740 | 2,489 | 2,543 | 9,958 | 10,012 |
| Less special items | 195 | 152 | 217 | — | — | 564 | 564 |
| Consolidated operating expense excluding fuel and special items | 7,614 | 7,895 | 7,953 | 7,679 | 7,834 | 30,914 | 31,529 |
| Consolidated CASM (cts) | 15.15 | 14.56 | 14.54 | 14.86 | 15.17 | 14.68 | 14.92 |
| Consolidated CASM excluding fuel and special items (Non-GAAP) (cts) | 11.57 | 10.83 | 10.60 | 11.23 | 11.45 | 10.95 | 11.17 |
| YOY (%) | 2.8% | 2.4% | 0.8% | -1.0% | 1.0% | 0.5% | 2.5% |
| Consolidated ASMs (bil) | 65.8 | 72.9 | 75.0 | 68.4 | 68.4 | 282.2 | 282.2 |
| Other non-operating (income)/expense¹ | | | | | | | |
| Other non-operating (income)/expense | \$ (82) | \$ 23 | \$ (43) | \$ (75) | \$ (75) | \$ (177) | \$ (177) |
| Less special items | — | 80 | 15 | — | — | 95 | 95 |
| Other non-operating (income)/expense excluding special items | (82) | (57) | (58) | (75) | (75) | (272) | (272) |

Notes: Amounts may not recalculate due to rounding.

- Certain of the guidance provided excludes 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 the special items cannot be determined at this time. Special items for this period may include, among others, merger integration expenses and fleet restructuring expenses.

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

Forward Looking Statements October 25, 2018

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, 2018 (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