
**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 26, 2019**

**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 April 26, 2019, American Airlines Group Inc. (the “Company”) issued a press release reporting financial results for the three months ended March 31, 2019. The press release is furnished as Exhibit 99.1.

ITEM 7.01. REGULATION FD DISCLOSURE.

On April 26, 2019, the Company provided an update for investors presenting information relating to its financial and operational outlook for 2019. 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 April 26, 2019.
99.2	Investor Update, dated April 26, 2019.

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 26, 2019

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 26, 2019

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: Friday, April 26, 2019

**AMERICAN AIRLINES GROUP REPORTS
FIRST-QUARTER 2019 PROFIT**

FORT WORTH, Texas – American Airlines Group Inc. (NASDAQ: AAL) today reported its first-quarter 2019 results, including these highlights:

- **Reported a first-quarter 2019 pre-tax profit of \$245 million, or \$314 million excluding net special items¹, and a first-quarter net profit of \$185 million, or \$237 million excluding net special items¹**
- **First-quarter earnings were \$0.41 per diluted share, or \$0.52 per diluted share excluding net special items¹**
- **Reported record first-quarter revenue of \$10.6 billion. Also reported record first-quarter total revenue per available seat mile (TRASM) - the 10th consecutive quarter of TRASM growth**
- **Returned \$646 million to shareholders in the form of dividends and share repurchases in the first quarter**

“We want to thank our 130,000 team members for the outstanding job they did to take care of our customers, despite the challenges with our fleet during the quarter. Their hard work led American to record revenue performance under difficult operating conditions,” said Chairman and CEO Doug Parker.

“As we progress toward the busy summer travel period, demand for our product remains strong. However, our near-term earnings forecast has been affected by the grounding of our Boeing 737 MAX fleet, which we have removed from scheduled flying through Aug. 19. We presently estimate the grounding of the 737 MAX will impact our 2019 pre-tax earnings by approximately \$350 million. With the recent run-up in oil prices, fuel expenses for the year are also expected to be approximately \$650 million higher than we forecast just three months ago.

“Even with these challenges, we expect our 2019 earnings per diluted share excluding net special items² to grow approximately 10% versus 2018,” Parker continued. “As we look forward to 2020 and beyond, we anticipate that our free cash flow production will increase significantly as our historic fleet replacement program winds down. We are very bullish on our future and focused on creating value for our shareholders.”

First-Quarter Revenue and Expenses

Pre-tax earnings excluding net special items for the first quarter of 2019 were \$314 million, a \$149 million decrease from the first quarter of 2018.

	GAAP		Non-GAAP ¹	
	1Q19	1Q18	1Q19	1Q18
Operating income (\$ mil)	375	396	513	621
Pre-tax income (\$ mil)	245	238	314	463
Pre-tax margin	2.3%	2.3%	3.0%	4.4%
Net income (loss) (\$ mil)	185	159	237	353
Earnings (loss) per diluted share	\$ 0.41	\$ 0.34	\$ 0.52	\$ 0.74

Strong passenger demand drove a 1.8% year-over-year increase in first-quarter 2019 total revenue, to a first-quarter record \$10.6 billion. Driven by a record first-quarter total passenger load factor of 82.2%, passenger revenue per available seat mile (PRASM) grew 0.6% to 14.49 cents. Cargo revenue decreased 4% to \$218 million due in part to a 9.1% decrease in cargo ton miles. Other revenue was up 1.9% to \$708 million due primarily to higher loyalty revenue. First-quarter TRASM increased by 0.5% to a record 15.87 cents on a 1.3% increase in total available seat miles. This marks the 10th consecutive quarter of TRASM growth for American.

Total first-quarter 2019 operating expenses were \$10.2 billion, up 2% year-over-year. Total operating cost per available seat mile (CASM) was 15.31 cents in the first quarter of 2019, up 0.7% from first-quarter 2018. Excluding fuel and special items, first-quarter CASM was 11.88 cents, up 2.7% year-over-year, driven primarily by a higher volume of heavy maintenance checks.

Fleet Update

On March 7, the company announced the unplanned removal of 14 737-800 aircraft from service for remediation work following the installation of new aircraft interiors. This resulted in the cancellation of approximately 940 flights in the first quarter. Work on these aircraft has been completed and all aircraft have been returned to service.

In addition, on March 13, the Federal Aviation Administration (FAA) grounded all U.S.-registered 737 MAX aircraft. The American fleet currently includes 24 737 MAX 8 aircraft with an additional 76 aircraft on order. As a result, American canceled approximately 1,200 flights in the first quarter.

In aggregate, the company estimates that these grounded aircraft and associated flight cancellations impacted its first quarter pre-tax income by approximately \$80 million.

The company has removed all 737 MAX flying from its flight schedule through Aug. 19, which is approximately 115 flights per day. These flights represent approximately 2% of American's total capacity each day this summer. Although these aircraft represent a small portion of the company's total fleet, its financial impact is disproportionate as most of the revenue from the cancellations is lost while the vast majority of the costs remain in place. In total, the company presently expects the 737 MAX cancellations, which are assumed to extend through Aug. 19, to impact its 2019 pre-tax earnings by approximately \$350 million.

Strategic Objectives

American's success is guided by three strategic objectives: Make culture a competitive advantage, create a world-class customer experience and build American Airlines to thrive forever.

Make Culture a Competitive Advantage

Taking care of team members translates into better customer care. We continue to invest in improved tools, training and support for team members and in the first quarter, American:

- Opened a new 191,000-square-foot hangar in Chicago (ORD), reopened Tulsa Hangar 2 Dock 2D following its modification to accommodate larger aircraft and announced plans to hire 250 new aviation maintenance technicians (AMTs) this summer.
- Hosted more than 5,000 leaders at the airline's Annual Leadership Conference in Dallas. Team members who oversee people spent a full day learning about American's mission to care for people on life's journey.
- Accrued \$20 million for the company's profit-sharing program.
- Honored 100 team members at the company's Annual Chairman's Award celebration in Dallas earlier this month.
- Raised \$1.4 million for the Cystic Fibrosis Foundation.
- Received recognition as a leader among U.S. companies in LGBTQ workplace policies for the 17th year in a row through the airline's highest rating from the Human Rights Campaign in the 2019 Corporate Equality Index.

Create a World-Class Customer Experience

American has invested more than \$28 billion in its people, product and fleet over the past five years - the largest investment of any carrier in commercial aviation history over this period. In the first quarter, American:

- Took delivery of 15 new aircraft, including its first two Airbus A321neos, a fuel-efficient aircraft that has power at every seat, larger overhead bins and free wireless entertainment to each customer's own device, including free live television.
- Partnered with Apple Music to offer complimentary Wi-Fi access for customers to stream from their personal Apple Music accounts. Customers with Apple Music subscriptions can access their playlists for free onboard any domestic flight equipped with ViaSat satellite Wi-Fi.
- Introduced new partnerships with Blade, offering helicopter transfers in Los Angeles (LAX) and New York (JFK), and The Private Suite at LAX, offering off-terminal entrance and private screening service
- Opened a newly renovated Terminal B in Boston (BOS) and a newly renovated Admirals Club in Concourse B in Charlotte (CLT).
- Provided AAdvantage members more ways to earn miles with its enhanced relationship with Hyatt Hotels. Through this relationship, elite members in both the AAdvantage and World of Hyatt loyalty programs will be rewarded with more ways to earn points, miles and status on qualifying American flights and stays at Hyatt Hotels.

Build American Airlines to Thrive Forever

With a nearly 100-year legacy, American is building a company that we expect to be consistently profitable today and in the future. This long-term initiative was furthered during the quarter as American:

- Returned \$646 million to shareholders through the repurchase of 16.7 million shares and the payment of \$46 million in dividends. The company has \$1.1 billion remaining of its existing \$2 billion share repurchase authorization³.
- Expanded the codeshare and began offering reciprocal frequent flyer benefits with China Southern Airlines.
- Submitted an application to the U.S. Department of Transportation (DOT) that proposes additional service to Tokyo Haneda (HND) from LAX, Dallas-Fort Worth (DFW) and Las Vegas (LAS). These slots would provide American's customers better access to downtown Tokyo and to the domestic network of its Pacific Joint Business partner, Japan Airlines.
- Announced a planned co-location with British Airways at Terminal 8 at JFK giving customers a unified experience. American and British Airways will invest \$344 million in Terminal 8 over the next three years to prepare for the co-location expected in 2022.
- Resubmitted an application to the DOT seeking approval of its joint business agreement with LATAM Airlines Group.

Quarterly Dividend

American declared a dividend of \$0.10 per share to be paid on May 22, to stockholders of record as of May 8.

Guidance and Investor Update

American expects its second-quarter 2019 TRASM to be up 1% to 3% year over year. The company also expects its second-quarter 2019 pre-tax margin excluding net special items to be between 7% and 9%². Based on today's guidance, American now expects its 2019 diluted earnings per share excluding net special items to be between \$4.00 and \$6.00².

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 May 26.

Notes

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.

1. In the first quarter, the company recognized \$69 million in net special items before the effect of income taxes. First-quarter operating special items, consisting of \$138 million in net charges, principally included \$83 million of fleet restructuring expenses and \$37 million of merger integration expenses. The company also recognized nonoperating special items, consisting of \$69 million in net credits, principally related to mark-to-market net unrealized gains associated with certain equity investments.
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.

3. Share repurchases may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. Any such repurchases will be made from time to time subject to market and economic conditions, applicable legal requirements and other relevant factors. The company is not obligated to repurchase any specific number of shares or continue a dividend in any amount or for any fixed period, and either may be suspended or discontinued at any time at the company's discretion and without prior notice.

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](#) 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 March 31, 2019 (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 statement.

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

	3 Months Ended March 31,		Percent Change
	2019	2018 ⁽¹⁾	
Operating revenues:			
Passenger	\$ 9,658	\$ 9,480	1.9
Cargo	218	227	(4.0)
Other	708	694	1.9
Total operating revenues	10,584	10,401	1.8
Operating expenses:			
Aircraft fuel and related taxes	1,726	1,763	(2.1)
Salaries, wages and benefits	3,090	3,017	2.5
Regional expenses:			
Fuel	423	398	6.1
Other	1,340	1,300	3.1
Maintenance, materials and repairs	561	469	19.7
Other rent and landing fees	503	467	7.8
Aircraft rent	327	309	5.4
Selling expenses	370	356	3.9
Depreciation and amortization	480	440	9.1
Special items, net	138	225	(38.8)
Other	1,251	1,261	(0.8)
Total operating expenses	10,209	10,005	2.0
Operating income	375	396	(5.4)
Nonoperating income (expense):			
Interest income	33	25	33.9
Interest expense, net	(271)	(262)	3.2
Other income, net	108	79	37.0
Total nonoperating expense, net	(130)	(158)	(18.4)
Income before income taxes	245	238	3.2
Income tax provision	60	79	(23.6)
Net income	\$ 185	\$ 159	16.4
Earnings per common share:			
Basic	\$ 0.41	\$ 0.34	
Diluted	\$ 0.41	\$ 0.34	
Weighted average shares outstanding (in thousands):			
Basic	451,951	472,297	
Diluted	453,429	474,598	

⁽¹⁾ In the fourth quarter of 2018, the company adopted Accounting Standards Update (ASU) 2016-02: Leases (Topic 842) (the New Lease Standard) as of January 1, 2018. In accordance with the New Lease Standard, the company has recast its 2018 financial information included herein to reflect the effects of adoption. For additional information, see Note 1(b) to AAG's Consolidated Financial Statements in Part II, Item 8A of its 2018 Form 10-K filed on February 25, 2019.

Note: Percent change may not recalculate due to rounding.

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

	3 Months Ended March 31,		Change
	2019	2018	
Mainline			
Revenue passenger miles (millions)	48,481	47,007	3.1%
Available seat miles (ASM) (millions)	58,323	57,963	0.6%
Passenger load factor (percent)	83.1	81.1	2.0pts
Passenger enplanements (thousands)	36,546	34,840	4.9%
Departures (thousands)	271	263	3.0%
Aircraft at end of period	962	952	1.1%
Block hours (thousands)	835	831	0.6%
Average stage length (miles)	1,178	1,217	(3.2)%
Fuel consumption (gallons in millions)	853	845	0.9%
Average aircraft fuel price including related taxes (dollars per gallon)	2.02	2.09	(3.0)%
Full-time equivalent employees at end of period	103,500	104,400	(0.9)%
Regional (1)			
Revenue passenger miles (millions)	6,321	5,938	6.5%
Available seat miles (millions)	8,351	7,860	6.2%
Passenger load factor (percent)	75.7	75.5	0.2pts
Passenger enplanements (thousands)	13,389	12,786	4.7%
Aircraft at end of period	602	587	2.6%
Fuel consumption (gallons in millions)	200	185	7.7%
Average aircraft fuel price including related taxes (dollars per gallon)	2.12	2.15	(1.4)%
Full-time equivalent employees at end of period (2)	26,300	24,200	8.7%
Total Mainline & Regional			
Revenue passenger miles (millions)	54,802	52,945	3.5%
Available seat miles (millions)	66,674	65,823	1.3%
Passenger load factor (percent)	82.2	80.4	1.8pts
Yield (cents)	17.62	17.90	(1.6)%
Passenger revenue per ASM (cents)	14.49	14.40	0.6%
Total revenue per ASM (cents)	15.87	15.80	0.5%
Cargo ton miles (millions)	624	687	(9.1)%
Cargo yield per ton mile (cents)	34.86	33.03	5.5%
Passenger enplanements (thousands)	49,935	47,626	4.8%
Aircraft at end of period	1,564	1,539	1.6%
Fuel consumption (gallons in millions)	1,053	1,030	2.2%
Average aircraft fuel price including related taxes (dollars per gallon)	2.04	2.10	(2.7)%
Full-time equivalent employees at end of period	129,800	128,600	0.9%
Operating cost per ASM (cents)	15.31	15.20	0.7%
Operating cost per ASM excluding special items (cents)	15.11	14.86	1.7%
Operating cost per ASM excluding special items and fuel (cents)	11.88	11.57	2.7%

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

(2) 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 March 31,		Change
	2019	2018	
Domestic ⁽¹⁾			
Revenue passenger miles (millions)	37,717	36,261	4.0%
Available seat miles (ASM) (millions)	45,282	43,892	3.2%
Passenger load factor (percent)	83.3	82.6	0.7pts
Passenger revenue (dollars in millions)	7,226	6,963	3.8%
Yield (cents)	19.16	19.20	(0.2)%
Passenger revenue per ASM (cents)	15.96	15.86	0.6%
Latin America ⁽²⁾			
Revenue passenger miles (millions)	8,351	8,085	3.3%
Available seat miles (millions)	10,208	10,239	(0.3)%
Passenger load factor (percent)	81.8	79.0	2.8pts
Passenger revenue (dollars in millions)	1,371	1,445	(5.1)%
Yield (cents)	16.42	17.87	(8.1)%
Passenger revenue per ASM (cents)	13.43	14.11	(4.8)%
Atlantic			
Revenue passenger miles (millions)	5,042	4,665	8.1%
Available seat miles (millions)	6,825	6,746	1.2%
Passenger load factor (percent)	73.9	69.2	4.7pts
Passenger revenue (dollars in millions)	673	669	0.6%
Yield (cents)	13.35	14.34	(6.9)%
Passenger revenue per ASM (cents)	9.86	9.92	(0.6)%
Pacific			
Revenue passenger miles (millions)	3,692	3,934	(6.1)%
Available seat miles (millions)	4,359	4,946	(11.9)%
Passenger load factor (percent)	84.7	79.5	5.2pts
Passenger revenue (dollars in millions)	388	403	(3.8)%
Yield (cents)	10.50	10.25	2.5%
Passenger revenue per ASM (cents)	8.90	8.15	9.1%
Total International			
Revenue passenger miles (millions)	17,085	16,684	2.4%
Available seat miles (millions)	21,392	21,931	(2.5)%
Passenger load factor (percent)	79.9	76.1	3.8pts
Passenger revenue (dollars in millions)	2,432	2,517	(3.4)%
Yield (cents)	14.24	15.09	(5.6)%
Passenger revenue per ASM (cents)	11.37	11.48	(0.9)%

⁽¹⁾ Domestic results include Canada, Puerto Rico, and U.S. Virgin Islands.

⁽²⁾ Latin America results include the Caribbean.

Note: Amounts may not recalculate due to rounding.

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 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 understand and analyze the company's non-fuel costs and core operating performance.

	3 Months Ended March 31,		Percent Change
	2019	2018	
(in millions, except per share amounts)			
Reconciliation of Pre-Tax Income Excluding Special Items			
Pre-tax income as reported	\$ 245	\$ 238	
Pre-tax special items:			
Special items, net ⁽¹⁾	138	225	
Nonoperating special items, net ⁽²⁾	(69)	—	
Total pre-tax special items	69	225	
Pre-tax income excluding special items	\$ 314	\$ 463	-32%

Calculation of Pre-Tax Margin

Pre-tax income as reported	\$ 245	\$ 238
Total operating revenues as reported	\$ 10,584	\$ 10,401
Pre-tax margin	2.3%	2.3%

Calculation of Pre-Tax Margin Excluding Special Items

Pre-tax income excluding special items	\$ 314	\$ 463
Total operating revenues as reported	\$ 10,584	\$ 10,401
Pre-tax margin excluding special items	3.0%	4.4%

Reconciliation of Net Income Excluding Special Items

Net income as reported	\$ 185	\$ 159
Special items:		
Total pre-tax special items ^{(1), (2)}	69	225
Income tax special items, net ⁽³⁾	—	22
Net tax effect of special items	(17)	(53)
Net income excluding special items	\$ 237	\$ 353

Reconciliation of Basic and Diluted Earnings Per Share Excluding Special Items

Net income excluding special items	\$ 237	\$ 353
Shares used for computation (in thousands):		
Basic	451,951	472,297
Diluted	453,429	474,598
Earnings per share excluding special items:		
Basic	\$ 0.53	\$ 0.75
Diluted	\$ 0.52	\$ 0.74

Reconciliation of Operating Income Excluding Special Items	3 Months Ended March 31,	
	2019	2018
	(in millions)	
Operating income as reported	\$ 375	\$ 396
Special items:		
Special items, net ⁽¹⁾	138	225
Operating income excluding special items	\$ 513	\$ 621
Reconciliation of Total Operating Cost per ASM Excluding Special Items and Fuel		
Total operating expenses as reported	\$ 10,209	\$ 10,005
Special items:		
Special items, net ⁽¹⁾	(138)	(225)
Total operating expenses, excluding special items	10,071	9,780
Fuel:		
Aircraft fuel and related taxes - mainline	(1,726)	(1,763)
Aircraft fuel and related taxes - regional	(423)	(398)
Total operating expenses, excluding special items and fuel	\$ 7,922	\$ 7,619
	(in cents)	
Total operating expenses per ASM as reported	15.31	15.20
Special items per ASM:		
Special items, net ⁽¹⁾	(0.21)	(0.34)
Total operating expenses per ASM, excluding special items	15.11	14.86
Fuel per ASM:		
Aircraft fuel and related taxes - mainline	(2.59)	(2.68)
Aircraft fuel and related taxes - regional	(0.63)	(0.60)
Total operating expenses per ASM, excluding special items and fuel	11.88	11.57

Note: Amounts may not recalculate due to rounding.

FOOTNOTES:

- ⁽¹⁾ The 2019 first quarter mainline operating special items principally included \$83 million of fleet restructuring expenses and \$37 million of merger integration expenses. The 2018 first quarter mainline operating special items principally included \$112 million of fleet restructuring expenses, \$59 million of merger integration expenses and a \$40 million litigation settlement. Fleet restructuring expenses principally included accelerated depreciation and rent expense 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 technical operations, flight attendant, human resources and payroll systems.
- ⁽²⁾ The 2019 first quarter nonoperating special items principally included mark-to-market net unrealized gains associated with certain equity investments.
- ⁽³⁾ The 2018 first quarter income tax special items 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 credits.

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

	March 31, 2019	December 31, 2018 ⁽¹⁾
	(unaudited)	
Assets		
Current assets		
Cash	\$ 337	\$ 275
Short-term investments	4,012	4,485
Restricted cash and short-term investments	156	154
Accounts receivable, net	1,876	1,706
Aircraft fuel, spare parts and supplies, net	1,666	1,522
Prepaid expenses and other	607	495
Total current assets	8,654	8,637
Operating property and equipment		
Flight equipment	42,013	41,499
Ground property and equipment	8,932	8,764
Equipment purchase deposits	1,211	1,278
Total property and equipment, at cost	52,156	51,541
Less accumulated depreciation and amortization	(17,746)	(17,443)
Total property and equipment, net	34,410	34,098
Operating lease right-of-use assets	9,124	9,151
Other assets		
Goodwill	4,091	4,091
Intangibles, net	2,115	2,137
Deferred tax asset	1,007	1,145
Other assets	1,386	1,321
Total other assets	8,599	8,694
Total assets	\$ 60,787	\$ 60,580
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Current maturities of long-term debt and finance leases	\$ 3,370	\$ 3,294
Accounts payable	2,139	1,773
Accrued salaries and wages	1,217	1,427
Air traffic liability	5,930	4,339
Loyalty program liability	3,354	3,267
Operating lease liabilities	1,629	1,654
Other accrued liabilities	2,210	2,342
Total current liabilities	19,849	18,096
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	20,660	21,179
Pension and postretirement benefits	6,519	6,907
Loyalty program liability	5,214	5,272
Operating lease liabilities	7,785	7,902
Other liabilities	1,396	1,393
Total noncurrent liabilities	41,574	42,653
Stockholders' equity (deficit)		
Common stock	5	5
Additional paid-in capital	4,371	4,964
Accumulated other comprehensive loss	(5,909)	(5,896)
Retained earnings	897	758
Total stockholders' deficit	(636)	(169)
Total liabilities and stockholders' equity (deficit)	\$ 60,787	\$ 60,580

⁽¹⁾ On January 1, 2019, the company adopted ASU 2018-02: Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. In accordance with the transition provisions of this new standard, the company has recast its 2018 balance sheet 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 first quarter 2019 Form 10-Q filed on April 26, 2019.

Investor Relations Update April 26, 2019

General Overview

- **Fleet** - On March 13, 2019, the Federal Aviation Administration (FAA) grounded all U.S.-registered Boeing 737 MAX aircraft. The American fleet currently includes 24 Boeing 737 MAX 8 aircraft with an additional 76 aircraft on order.

The company has removed all 737 MAX flying from its flight schedule, resulting in the cancellation of approximately 115 flights per day. These flights represent approximately 2% of the company's daily summer capacity. In total, the company presently expects the 737 MAX cancellations, which are assumed to extend through August 19, to impact its 2019 pre-tax earnings by approximately \$350 million.

- **Capacity** - The company now expects its 2019 full year capacity to be up approximately 2.5 percent (gauge up approximately 1.0 percent, departures up approximately 3.5 percent and stage length down approximately 2.0 percent) year-over-year. This reduction from previous guidance is due to the reduction in flying as a result of the grounding of the company's 737 MAX 8 aircraft. For the second quarter, the company expects system capacity to be up approximately 0.7 percent year-over-year.
- **Revenue** - The company expects its second quarter total revenue per available seat mile (TRASM) to be up approximately 1.0 to 3.0 percent year-over-year.
- **CASM** - The company now expects its 2019 full year consolidated CASM excluding fuel, special items and new labor agreements to be between 2.0 and 3.0 percent year-over-year. The increase from previous guidance is due to the capacity reduction associated with the grounding of the company's 737 MAX fleet. Consolidated CASM in the second quarter¹ is expected to be up approximately 4.5 percent year-over-year driven by the reduction in ASMs referenced above. CASM growth is expected to decelerate to approximately 3.0 percent in the third quarter and further decline to approximately 0.5 percent in the fourth quarter of 2019.

The company continues to expect its 2020 CASM excluding fuel, special items and new labor agreements to be up between 1.0 and 2.0 percent year-over-year.

- **Fuel** - Based on the April 18, 2019 forward curve, the company expects to pay an average of between \$2.14 and \$2.19 per gallon of consolidated jet fuel (including taxes) in the second quarter. Forecasted volume and fuel prices for the remainder of the year are provided on the following page.
- **Liquidity** - As of March 31, 2019, the company had approximately \$7.2 billion in total available liquidity, comprised of unrestricted cash and investments of \$4.4 billion and \$2.8 billion in undrawn revolver capacity. The company also had a restricted cash position of \$156 million.
- **Capital Expenditures** - Due to the late delivery of five A321neo aircraft that will now be received in 2020, the company now expects \$4.4 billion in capex in 2019, including \$2.7 billion in aircraft and \$1.7 billion in non-aircraft capex. In 2020, the company expects total capex to decline by \$800 million year-over-year with aircraft capex spend of \$1.9 billion and non-aircraft capex spend of \$1.7 billion. For 2021, total capex is expected to fall by a further \$1.4 billion year-over-year. Aircraft capex spend is expected to be \$1.0 billion and non-aircraft capex is expected to be \$1.2 billion.
- **Taxes** - As of December 31, 2018, the company had approximately \$10.2 billion of federal net operating losses (NOLs) and \$3.2 billion of state NOLs, substantially all of which are expected to be available in 2019 to reduce future federal and state taxable income. The company expects to recognize a provision for income taxes in 2019 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 second quarter pre-tax margin excluding special items to be approximately 7.0 to 9.0 percent¹. Due to the impact of the grounding of the company's 737 MAX fleet and the increase in fuel expense from previous guidance, the company now expects to report full year 2019 earnings per diluted share excluding special items of between \$4.00 and \$6.00¹ down from its previous guidance of \$5.50 to \$7.50.

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 Update April 26, 2019

Financial Comments

	1Q19	2Q19E	3Q19E	4Q19E	FY19E ²
Consolidated Guidance¹					
Available Seat Miles (ASMs) (bil)	66.7	~73.4	~76.7	~72.1	~288.9
Cargo Revenues (\$ mil) ³	218	~255	~270	~270	~1,013
Other Revenues (\$ mil) ³	708	~730	~715	~700	~2,853
Average Fuel Price (incl. taxes) (\$/gal) (as of 4/18/2019)	2.04	2.14 to 2.19	2.19 to 2.24	2.17 to 2.22	2.13 to 2.18
Fuel Gallons Consumed (mil)	1,053	~1,154	~1,209	~1,124	~4,539
CASM ex fuel and special items (guidance is YOY % change) ⁴	11.88	+3.5% to +5.5%	+2% to +4%	-0.5% to +1.5%	+2% to +3%
Interest Income (\$ mil)	(33)	~(38)	~(36)	~(32)	~(139)
Interest Expense (\$ mil)	271	~270	~269	~253	~1,063
Other Non-Operating (Income)/Expense (\$ mil) ⁵	(39)	~(46)	~(45)	~(44)	~(174)
CAPEX Guidance (\$ mil) Inflow/(Outflow)					
Non-Aircraft CAPEX	(528)	~(391)	~(391)	~(391)	~(1,700)
Gross Aircraft CAPEX & net PDPs	(777)	~(769)	~(567)	~(620)	~(2,734)
Assumed Aircraft Financing	752	~734	~564	~515	~2,565
Net Aircraft CAPEX & PDPs ²	(26)	~(35)	~(4)	~(105)	~(169)

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 26, 2019

Fleet Comments

- In 2019, the company expects to take delivery of 41 mainline aircraft comprised of 12 A321neo aircraft, 20 B738 MAX aircraft, 2 B789 aircraft and 7 used A319 aircraft. The company also expects to retire 55 mainline aircraft, including 10 B757 aircraft, 9 B763 aircraft, 6 E190 aircraft and 30 MD80 aircraft.
- In 2019, the company expects to increase the regional fleet count by a net of 12 aircraft, resulting from the addition of 2 CRJ700 aircraft, 11 CRJ900 aircraft and 20 E175 aircraft, as well as the reduction of 14 CRJ200, 2 CRJ900 aircraft and 5 ERJ140 aircraft.

	Active Mainline Year Ending Fleet Count			
	2018A	2019E	2020E	2021E
A319	126	133	133	133
A320	48	48	48	44
A321	219	219	219	219
A321neo	—	12	32	50
A332	15	15	15	15
A333	9	9	9	9
B738	304	304	299	276
B738 MAX	20	40	50	60
B757	34	24	24	24
B763	24	15	6	—
B772	47	47	47	47
B773	20	20	20	20
B788	20	20	32	42
B789	20	22	22	22
E190	20	14	—	—
MD80	30	—	—	—
	956	942	956	961

	Active Regional Year Ending Fleet Count ¹			
	2018A	2019E	2020E	2021E
CRJ200	35	21	21	21
CRJ700	119	121	121	121
CRJ900	118	127	131	131
E175	154	174	189	189
ERJ140	51	46	34	34
ERJ145	118	118	118	118
	595	607	614	614

Notes:

- At the end of the first quarter of 2019, 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 April 26, 2019

Shares Outstanding Comments

- The estimated weighted average shares outstanding for 2019 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, of which \$1.1 billion remained available for use as of March 31, 2019. 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.
- In the first quarter of 2019, the company repurchased 16.7 million shares at a cost of \$600 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 41 percent from 756.1 million shares at merger close to 444 million shares outstanding on March 31, 2019.

2019 Shares Outstanding (shares mil)¹

	Shares	
	Basic	Diluted
For Q2		
Earnings	445	446
Net loss	445	445
For Q3-Q4 Average	Shares	
	Basic	Diluted
Earnings	445	446
Net loss	445	445
For FY 2019 Average	Shares	
	Basic	Diluted
Earnings	447	448
Net loss	447	447

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 26, 2019

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 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 understand the company's core operating performance.

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

	1Q19	2Q19 Range		3Q19 Range		4Q19 Range		FY19 Range	
	Actual	Low	High	Low	High	Low	High	Low	High
Consolidated¹									
Consolidated operating expenses	\$ 10,209	\$ 10,697	\$ 10,914	\$ 10,941	\$ 11,164	\$ 10,560	\$ 10,779	\$ 42,435	\$ 42,929
Less fuel expense	2,149	2,470	2,527	2,648	2,708	2,439	2,495	9,705	9,880
Less special items	138	—	—	—	—	—	—	138	138
Consolidated operating expense excluding fuel and special items	7,922	8,227	8,386	8,293	8,455	8,121	8,284	32,591	32,911
Consolidated CASM (cts)	15.31	14.57	14.87	14.26	14.55	14.65	14.95	14.69	14.86
Consolidated CASM excluding fuel and special items (Non-GAAP) (cts)	11.88	11.21	11.43	10.81	11.02	11.26	11.49	11.28	11.39
YOY (%)	2.7%	3.5%	5.5%	2.0%	4.0%	-0.5%	1.5%	2.0%	3.0%
Consolidated ASMs (bil)	66.7	73.4	73.4	76.7	76.7	72.1	72.1	288.9	288.9
Other non-operating (income)/expense¹									
Other non-operating (income)/expense	\$ (108)	\$ (46)	\$ (46)	\$ (45)	\$ (45)	\$ (44)	\$ (44)	\$ (243)	\$ (243)
Less special items	(69)	—	—	—	—	—	—	(69)	(69)
Other non-operating (income)/expense excluding special items	(39)	(46)	(46)	(45)	(45)	(44)	(44)	(174)	(174)

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 April 26, 2019

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 March 31, 2019 (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