

**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): July 28, 2017**

**AMERICAN AIRLINES GROUP INC.  
AMERICAN AIRLINES, INC.**

(Exact name of registrant as specified in its charter)

Delaware Delaware	1-8400 1-2691	75-1825172 13-1502798
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
4333 Amon Carter Blvd., Fort Worth, Texas 4333 Amon Carter Blvd., Fort Worth, Texas		76155 76155
(Address of principal executive offices)		(Zip Code)

**Registrant's telephone number, including area code:**

(817) 963-1234

(817) 963-1234

N/A

**(Former name or former address if changed since last report.)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

- Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On July 28, 2017, American Airlines Group Inc. (the “Company”) issued a press release reporting financial results for the three and six months ended June 30, 2017. The press release is furnished as Exhibit 99.1.

**ITEM 7.01. REGULATION FD DISCLOSURE.**

On July 28, 2017, the Company provided an update for investors presenting information relating to its financial and operational outlook for 2017. This investor update is located on the Company’s website at [www.aa.com](http://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.**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release, dated July 28, 2017.
99.2	Investor Update, dated July 28, 2017.

**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: July 28, 2017

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: July 28, 2017

By: /s/ Derek J. Kerr

Derek J. Kerr  
Executive Vice President and  
Chief Financial Officer

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**EXHIBIT INDEX**

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## PRESS RELEASE

Corporate Communications  
817-967-1577  
[mediarelations@aa.com](mailto:mediarelations@aa.com)

FOR RELEASE: Friday, July 28, 2017

### AMERICAN AIRLINES GROUP REPORTS SECOND-QUARTER PROFIT

FORT WORTH, Texas – American Airlines Group Inc. (NASDAQ: AAL) today reported its second-quarter 2017 results, including these highlights:

- **Recorded a second-quarter 2017 pre-tax profit of \$1.3 billion, or \$1.5 billion excluding net special items,<sup>1</sup> and net profit of \$803 million, or \$944 million excluding net special items**
- **Reported second-quarter earnings of \$1.63 per diluted share. Diluted earnings per share excluding net special items were \$1.92, up 8.5 percent versus 2016**
- **Reported a 7.2 percent increase in total revenue, to \$11.1 billion, and a 5.7 percent increase in total revenue per available seat mile (TRASM)**
- **Returned \$500 million to stockholders in the second quarter through the repurchase of 10.0 million shares for \$450 million and dividends of \$50 million**

“We are making important long-term investments in our product and our team at American Airlines. Our strong revenue growth is a credit to our more than 120,000 team members and evidence that these investments are working,” said Doug Parker, Chairman and CEO. “Looking forward, we are enthusiastic about our prospects for the second half of 2017, as well as 2018 and beyond.”

#### Revenue and Expenses

	GAAP		Non-GAAP <sup>1</sup>	
	2Q17	2Q16	2Q17	2Q16
Total operating revenues (\$ mil)	\$ 11,105	\$ 10,363	\$ 11,105	\$ 10,363
Total operating expenses (\$ mil)	9,570	8,612	9,367	8,547
Operating income (\$ mil)	1,535	1,751	1,738	1,816
Pre-tax income (\$ mil)	1,291	1,493	1,496	1,594
Pre-tax margin	11.6%	14.4%	13.5%	15.4%
Net income (\$ mil)	803	950	944	1,001
Earnings per diluted share	\$ 1.63	\$ 1.68	\$ 1.92	\$ 1.77

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Strong passenger demand and improving yields drove a 7.2 percent year-over-year increase in total revenue, to \$11.1 billion. Notable areas of passenger yield strength were in the Domestic, Central American and South American, and Caribbean regions. Cargo revenue was up 13.1 percent to \$196 million due to a 15.1 percent increase in cargo ton miles. Other revenue was up 11.1 percent to \$1.3 billion primarily due to the new co-branded credit card agreements that became effective in the third quarter of 2016. Second-quarter TRASM increased by 5.7 percent, on a 1.4 percent increase in total available seat miles.

Total second-quarter operating expenses were \$9.6 billion, up 11.1 percent year-over-year due primarily to a 15.4 percent increase in consolidated fuel expense and a 12.5 percent increase in salaries and benefits resulting from the company's recent investments in its team members. Total second-quarter cost per available seat mile (CASM) was 13.34 cents, up 9.6 percent. Excluding fuel and special items, total CASM was 10.49 cents, up 6.8 percent.

### Commercial Initiatives

American has now expanded Basic Economy into 78 markets, including into Canada. Early results continue to be in-line with initial expectations, with approximately half of American Airlines customers buying up to Main Cabin when given the option between that and Basic Economy. The company expects to roll out Basic Economy across the rest of its domestic network by the end of September.

With an average premium of more than \$400, customer adoption of the company's new Premium Economy product has been strong. These seats are now being installed on American's Boeing 777-200 aircraft. The company expects to retrofit most of its other widebody aircraft with this highly-differentiated seating choice for international customers by the end of 2018.

As part of its \$200 million investment in the luxury travel experience, American debuted its Flagship First Dining experience and newly-renovated Flagship Lounge at New York John F. Kennedy International Airport. In addition, access to Flagship Lounges has been expanded to include Business Class customers traveling on qualifying international and transcontinental flights. Additional Flagship Lounge renovations and Flagship First Dining locations are planned at other hubs.

American Airlines President Robert Isom said, "Our investments in our product and our team are beginning to pay real dividends as we give customers more reasons to fly on American. When combined with new revenue management tools and sales initiatives targeting high yielding corporate customers, we believe our revenue growth potential is strong.

"We expect third-quarter TRASM to increase approximately 0.5 to 2.5 percent year-over-year, which reflects continued improvement in customer demand for corporate and leisure travel. We expect third-quarter pre-tax margin excluding special items to be between 10.0 and 12.0 percent.<sup>2</sup> We also expect our fourth-quarter TRASM growth to exceed the third quarter's growth rate," Isom said.

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### Capital Investments, Fleet, and Shareholder Returns

American plans to invest \$4.1 billion in new aircraft this year as it continues to renew its fleet. During the quarter, the company invested \$1.1 billion in aircraft as it took delivery of 16 mainline aircraft and 4 regional aircraft. These new deliveries will replace aircraft that are expected to leave the fleet. In addition, the company expects to invest \$1.6 billion in non-aircraft capital expenditures in 2017 focused on integrating the airline, product enhancements, and operational improvements.

Since mid-2014, the company has returned more than \$10.7 billion to stockholders primarily through share repurchases and dividends, and reduced the share count by 35 percent to 487.7 million shares. As of June 30, the company had approximately \$1.0 billion remaining of its \$2.0 billion share repurchase authority.<sup>3</sup>

The company declared a dividend of \$0.10 per share, to be paid on August 28, 2017, to stockholders of record as of August 14, 2017.

### Investor Update

For additional financial forecasting detail, please refer to the company's investor relations update, filed with the Securities and Exchange Commission on Form 8-K. This filing will be available at [aa.com/investorrelations](http://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](http://aa.com/investorrelations). An archive of the webcast will be available on the website through August 28.

### Notes

1. In the second quarter, the company recognized \$205 million in net special items before the effect of income taxes, principally consisting of merger integration expenses, fleet restructuring expenses driven by the merger and certain one-time charges to adjust the vacation accruals as a result of the salary increases for our pilots and flight attendants. 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.
3. Share repurchases under the buyback program 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 program does not obligate the company to repurchase any specific number of shares or continue a dividend for any fixed period, and may be suspended at any time at the company's discretion.

**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**<sup>®</sup> 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 June 30, 2017 (especially in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Part II, Item 1A. Risk Factors), and 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 June 30,		Percent Change	6 Months Ended June 30,		Percent Change
	2017	2016		2017	2016	
<b>Operating revenues:</b>						
Mainline passenger	\$ 7,747	\$ 7,209	7.5	\$ 14,353	\$ 13,773	4.2
Regional passenger	1,835	1,786	2.8	3,384	3,309	2.3
Cargo	196	174	13.1	368	336	9.8
Other	1,327	1,194	11.1	2,624	2,380	10.2
Total operating revenues	<u>11,105</u>	<u>10,363</u>	7.2	<u>20,729</u>	<u>19,798</u>	4.7
<b>Operating expenses:</b>						
Aircraft fuel and related taxes	1,510	1,314	14.9	2,912	2,343	24.2
Salaries, wages and benefits	3,003	2,670	12.5	5,829	5,322	9.5
<b>Regional expenses:</b>						
Fuel	329	279	18.0	648	498	30.0
Other	1,291	1,239	4.3	2,546	2,452	3.8
Maintenance, materials and repairs	495	453	9.4	987	871	13.3
Other rent and landing fees	452	458	(1.2)	892	879	1.5
Aircraft rent	294	302	(2.8)	589	609	(3.3)
Selling expenses	376	334	12.5	694	642	8.0
Depreciation and amortization	418	374	11.5	822	729	12.8
Special items, net	202	62	nm	320	161	99.4
Other	1,200	1,127	6.5	2,354	2,205	6.8
Total operating expenses	<u>9,570</u>	<u>8,612</u>	11.1	<u>18,593</u>	<u>16,711</u>	11.3
Operating income	1,535	1,751	(12.3)	2,136	3,087	(30.8)
<b>Nonoperating income (expense):</b>						
Interest income	24	16	52.7	45	28	57.7
Interest expense, net	(263)	(249)	5.8	(520)	(488)	6.6
Other, net	(5)	(25)	(80.6)	(5)	(17)	(69.2)
Total nonoperating expense, net	<u>(244)</u>	<u>(258)</u>	(5.5)	<u>(480)</u>	<u>(477)</u>	0.8
Income before income taxes	1,291	1,493	(13.5)	1,656	2,610	(36.6)
Income tax provision	488	543	(10.1)	619	960	(35.6)
Net income	<u>\$ 803</u>	<u>\$ 950</u>	(15.5)	<u>\$ 1,037</u>	<u>\$ 1,650</u>	(37.2)
<b>Earnings per common share:</b>						
Basic	<u>\$ 1.64</u>	<u>\$ 1.69</u>		<u>\$ 2.08</u>	<u>\$ 2.82</u>	
Diluted	<u>\$ 1.63</u>	<u>\$ 1.68</u>		<u>\$ 2.07</u>	<u>\$ 2.80</u>	
<b>Weighted average shares outstanding (in thousands):</b>						
Basic	490,818	563,000		497,360	584,622	
Diluted	<u>492,965</u>	<u>566,040</u>		<u>500,381</u>	<u>588,764</u>	

**Note: Percent change may not recalculate due to rounding.**

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

	3 Months Ended June 30,			6 Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
<b>Mainline</b>						
Revenue passenger miles (millions)	53,177	51,927	2.4%	98,388	98,147	0.2%
Available seat miles (ASM) (millions)	63,520	62,670	1.4%	120,083	120,234	(0.1)%
Passenger load factor (percent)	83.7	82.9	0.8pts	81.9	81.6	0.3pts
Yield (cents)	14.57	13.88	4.9%	14.59	14.03	4.0%
Passenger revenue per ASM (cents)	12.20	11.50	6.0%	11.95	11.46	4.3%
Passenger enplanements (thousands)	37,767	37,699	0.2%	71,522	72,246	(1.0)%
Departures (thousands)	278	283	(1.7)%	541	555	(2.5)%
Aircraft at end of period	956	947	1.0%	956	947	1.0%
Block hours (thousands)	896	901	(0.5)%	1,715	1,746	(1.8)%
Average stage length (miles)	1,254	1,241	1.0%	1,228	1,223	0.4%
Fuel consumption (gallons in millions)	934	931	0.4%	1,766	1,786	(1.1)%
Average aircraft fuel price including related taxes (dollars per gallon)	1.62	1.41	14.5%	1.65	1.31	25.7%
Full-time equivalent employees at end of period	106,100	103,100	2.9%	106,100	103,100	2.9%
Operating cost per ASM (cents)	12.51	11.32	10.6%	12.82	11.45	12.0%
Operating cost per ASM excluding special items (cents)	12.20	11.22	8.7%	12.56	11.31	11.0%
Operating cost per ASM excluding special items and fuel (cents)	9.82	9.12	7.6%	10.13	9.36	8.2%
<b>Regional (A)</b>						
Revenue passenger miles (millions)	6,387	6,409	(0.3)%	12,160	11,959	1.7%
Available seat miles (millions)	8,223	8,081	1.7%	16,000	15,581	2.7%
Passenger load factor (percent)	77.7	79.3	(1.6)pts	76.0	76.8	(0.8)pts
Yield (cents)	28.74	27.87	3.1%	27.83	27.67	0.6%
Passenger revenue per ASM (cents)	22.32	22.10	1.0%	21.15	21.24	(0.4)%
Passenger enplanements (thousands)	14,049	14,252	(1.4)%	26,654	26,620	0.1%
Aircraft at end of period	627	600	4.5%	627	600	4.5%
Fuel consumption (gallons in millions)	195	191	1.8%	377	369	2.2%
Average aircraft fuel price including related taxes (dollars per gallon)	1.69	1.46	15.9%	1.72	1.35	27.2%
Full-time equivalent employees at end of period <b>(B)</b>	22,200	20,400	8.8%	22,200	20,400	8.8%
Operating cost per ASM (cents)	19.71	18.78	4.9%	19.96	18.94	5.4%
Operating cost per ASM excluding special items (cents)	19.69	18.75	5.0%	19.94	18.88	5.6%
Operating cost per ASM excluding special items and fuel (cents)	15.69	15.29	2.6%	15.89	15.68	1.3%
<b>Total Mainline &amp; Regional</b>						
Revenue passenger miles (millions)	59,564	58,336	2.1%	110,548	110,106	0.4%
Available seat miles (millions)	71,743	70,751	1.4%	136,083	135,815	0.2%
Cargo ton miles (millions)	701	610	15.1%	1,321	1,153	14.5%
Passenger load factor (percent)	83.0	82.5	0.5pts	81.2	81.1	0.1pts
Yield (cents)	16.09	15.42	4.3%	16.04	15.51	3.4%
Passenger revenue per ASM (cents)	13.36	12.71	5.0%	13.03	12.58	3.6%
Total revenue per ASM (cents)	15.48	14.65	5.7%	15.23	14.58	4.5%
Cargo yield per ton mile (cents)	27.98	28.48	(1.7)%	27.88	29.09	(4.1)%
Passenger enplanements (thousands)	51,816	51,951	(0.3)%	98,176	98,866	(0.7)%
Aircraft at end of period	1,583	1,547	2.3%	1,583	1,547	2.3%
Fuel consumption (gallons in millions)	1,129	1,122	0.6%	2,143	2,155	(0.6)%
Average aircraft fuel price including related taxes (dollars per gallon)	1.63	1.42	14.7%	1.66	1.32	26.0%
Full-time equivalent employees at end of period <b>(B)</b>	128,300	123,500	3.9%	128,300	123,500	3.9%
Operating cost per ASM (cents)	13.34	12.17	9.6%	13.66	12.30	11.0%
Operating cost per ASM excluding special items (cents)	13.06	12.08	8.1%	13.42	12.18	10.2%
Operating cost per ASM excluding special items and fuel (cents)	10.49	9.83	6.8%	10.81	10.09	7.1%

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

**(B)** 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 June 30,			6 Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
<b>Domestic - Mainline</b>						
Revenue passenger miles (millions)	32,779	33,418	(1.9)%	62,310	63,808	(2.3)%
Available seat miles (ASM) (millions)	38,092	38,701	(1.6)%	73,897	75,244	(1.8)%
Passenger load factor (percent)	86.1	86.3	(0.2)pts	84.3	84.8	(0.5)pts
Yield (cents)	15.55	14.47	7.4%	15.44	14.59	5.8%
Passenger revenue per ASM (cents)	13.38	12.49	7.1%	13.02	12.37	5.2%
<b>Domestic Consolidated - Mainline and Total Regional (A)</b>						
Revenue passenger miles (millions)	39,166	39,826	(1.7)%	74,470	75,767	(1.7)%
Available seat miles (millions)	46,315	46,782	(1.0)%	89,897	90,825	(1.0)%
Passenger load factor (percent)	84.6	85.1	(0.5)pts	82.8	83.4	(0.6)pts
Yield (cents)	17.70	16.63	6.4%	17.46	16.65	4.8%
Passenger revenue per ASM (cents)	14.96	14.15	5.7%	14.46	13.89	4.1%
<b>Latin America</b>						
Revenue passenger miles (millions)	7,592	7,421	2.3%	15,082	15,476	(2.5)%
Available seat miles (millions)	9,739	9,469	2.9%	19,513	19,949	(2.2)%
Passenger load factor (percent)	78.0	78.4	(0.4)pts	77.3	77.6	(0.3)pts
Yield (cents)	14.64	12.65	15.7%	14.76	13.24	11.5%
Passenger revenue per ASM (cents)	11.41	9.91	15.1%	11.41	10.27	11.1%
<b>Atlantic</b>						
Revenue passenger miles (millions)	8,849	7,879	12.3%	13,349	12,680	5.3%
Available seat miles (millions)	10,927	10,677	2.3%	17,342	17,570	(1.3)%
Passenger load factor (percent)	81.0	73.8	7.2pts	77.0	72.2	4.8pts
Yield (cents)	13.04	14.34	(9.1)%	13.20	14.39	(8.3)%
Passenger revenue per ASM (cents)	10.56	10.58	(0.2)%	10.16	10.38	(2.2)%
<b>Pacific</b>						
Revenue passenger miles (millions)	3,957	3,209	23.3%	7,647	6,183	23.7%
Available seat miles (millions)	4,762	3,823	24.6%	9,331	7,471	24.9%
Passenger load factor (percent)	83.1	83.9	(0.8)pts	82.0	82.8	(0.8)pts
Yield (cents)	9.75	9.52	2.4%	9.78	9.60	1.9%
Passenger revenue per ASM (cents)	8.10	7.99	1.3%	8.01	7.94	0.9%
<b>Total International</b>						
Revenue passenger miles (millions)	20,398	18,509	10.2%	36,078	34,339	5.1%
Available seat miles (millions)	25,428	23,969	6.1%	46,186	44,990	2.7%
Passenger load factor (percent)	80.2	77.2	3.0pts	78.1	76.3	1.8pts
Yield (cents)	13.00	12.83	1.3%	13.12	13.01	0.9%
Passenger revenue per ASM (cents)	10.42	9.90	5.3%	10.25	9.93	3.3%

(A) Revenue statistics for all Regional flying are included herein.

**Note: Amounts may not recalculate due to rounding.**

## American Airlines Group Reports Second-Quarter Results

July 28, 2017

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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 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 measure:

- 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 mainline, regional and total operating costs (GAAP measure) to mainline, regional and total operating costs excluding special items and fuel (non-GAAP measure). Management uses mainline, regional and 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.

	3 Months Ended June 30,		Percent Change	6 Months Ended June 30,		Percent Change
	2017	2016		2017	2016	
<b>Reconciliation of Pre-Tax Income Excluding Special Items</b>						
Pre-tax income as reported	\$ 1,291	\$ 1,493		\$ 1,656	\$ 2,610	
Pre-tax special items:						
Special items, net (1)	202	62		320	161	
Regional operating special items, net	1	3		4	8	
Nonoperating special items, net (2)	2	36		7	36	
Total pre-tax special items	205	101		331	205	
Pre-tax income excluding special items	\$ 1,496	\$ 1,594	-6%	\$ 1,987	\$ 2,815	-29%
<b>Calculation of Pre-Tax Margin</b>						
Pre-tax income as reported	\$ 1,291	\$ 1,493		\$ 1,656	\$ 2,610	
Total operating revenues as reported	\$11,105	\$10,363		\$20,729	\$19,798	
Pre-tax margin	11.6%	14.4%		8.0%	13.2%	
<b>Calculation of Pre-Tax Margin Excluding Special Items</b>						
Pre-tax income excluding special items	\$ 1,496	\$ 1,594		\$ 1,987	\$ 2,815	
Total operating revenues as reported	\$11,105	\$10,363		\$20,729	\$19,798	
Pre-tax margin excluding special items	13.5%	15.4%		9.6%	14.2%	
<b>Reconciliation of Net Income Excluding Special Items</b>						
Net income as reported	\$ 803	\$ 950		\$ 1,037	\$ 1,650	
Special items:						
Total pre-tax special items (1) (2)	205	101		331	205	
Net tax effect of special items	(64)	(50)		(116)	(89)	
Net income excluding special items	\$ 944	\$ 1,001	-6%	\$ 1,252	\$ 1,766	-29%

**American Airlines Group Reports Second-Quarter Results**

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	3 Months Ended June 30,		6 Months Ended June 30,	
	2017	2016	2017	2016
<b>Reconciliation of Basic and Diluted Earnings Per Share Excluding Special Items</b>				
	(in millions, except per share amounts)		(in millions, except per share amounts)	
Net income excluding special items	\$ 944	\$ 1,001	\$ 1,252	\$ 1,766
Shares used for computation (in thousands):				
Basic	490,818	563,000	497,360	584,622
Diluted	492,965	566,040	500,381	588,764
Earnings per share excluding special items:				
Basic	\$ 1.92	\$ 1.78	\$ 2.52	\$ 3.02
Diluted	\$ 1.92	\$ 1.77	\$ 2.50	\$ 3.00
<b>Reconciliation of Operating Income Excluding Special Items</b>				
Operating income as reported	\$ 1,535	\$ 1,751	\$ 2,136	\$ 3,087
Special items:				
Special items, net (1)	202	62	320	161
Regional operating special items, net	1	3	4	8
Operating income excluding special items	\$ 1,738	\$ 1,816	\$ 2,460	\$ 3,256
<b>Reconciliation of Operating Cost per ASM Excluding Special Items and Fuel - Mainline only</b>				
	(in millions)		(in millions)	
Total operating expenses as reported	\$ 9,570	\$ 8,612	\$ 18,593	\$ 16,711
Less regional expenses as reported:				
Fuel	(329)	(279)	(648)	(498)
Other	(1,291)	(1,239)	(2,546)	(2,452)
Total mainline operating expenses as reported	7,950	7,094	15,399	13,761
Special items, net (1)	(202)	(62)	(320)	(161)
Mainline operating expenses, excluding special items	7,748	7,032	15,079	13,600
Aircraft fuel and related taxes	(1,510)	(1,314)	(2,912)	(2,343)
Mainline operating expenses, excluding special items and fuel	\$ 6,238	\$ 5,718	\$ 12,167	\$ 11,257
	(in cents)		(in cents)	
Mainline operating expenses per ASM as reported	12.51	11.32	12.82	11.45
Special items, net per ASM (1)	(0.32)	(0.10)	(0.27)	(0.13)
Mainline operating expenses per ASM, excluding special items	12.20	11.22	12.56	11.31
Aircraft fuel and related taxes per ASM	(2.38)	(2.10)	(2.42)	(1.95)
Mainline operating expenses per ASM, excluding special items and fuel	9.82	9.12	10.13	9.36

**Note: Amounts may not recalculate due to rounding.**

# American Airlines Group Reports Second-Quarter Results

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<u>Reconciliation of Operating Cost per ASM Excluding Special Items and Fuel - Regional only</u>	3 Months Ended June 30,		6 Months Ended June 30,	
	2017 (in millions)	2016 (in millions)	2017 (in millions)	2016 (in millions)
Total regional operating expenses as reported	\$ 1,620	\$ 1,518	\$ 3,194	\$ 2,950
Regional operating special items, net	(1)	(3)	(4)	(8)
Regional operating expenses, excluding special items	1,619	1,515	3,190	2,942
Aircraft fuel and related taxes	(329)	(279)	(648)	(498)
Regional operating expenses, excluding special items and fuel	\$ 1,290	\$ 1,236	\$ 2,542	\$ 2,444
Regional operating expenses per ASM as reported	(in cents) 19.71	(in cents) 18.78	(in cents) 19.96	(in cents) 18.94
Regional operating special items, net per ASM	(0.02)	(0.03)	(0.03)	(0.05)
Regional operating expenses per ASM, excluding special items	19.69	18.75	19.94	18.88
Aircraft fuel and related taxes per ASM	(4.01)	(3.46)	(4.05)	(3.20)
Regional operating expenses per ASM, excluding special items and fuel	15.69	15.29	15.89	15.68

**Note: Amounts may not recalculate due to rounding.**

<u>Reconciliation of Operating Cost per ASM Excluding Special Items and Fuel - Total Mainline and Regional</u>	3 Months Ended June 30,		6 Months Ended June 30,	
	2017 (in millions)	2016 (in millions)	2017 (in millions)	2016 (in millions)
Total operating expenses as reported	\$ 9,570	\$ 8,612	\$18,593	\$16,711
Special items:				
Special items, net (1)	(202)	(62)	(320)	(161)
Regional operating special items, net	(1)	(3)	(4)	(8)
Total operating expenses, excluding special items	9,367	8,547	18,269	16,542
Fuel:				
Aircraft fuel and related taxes - mainline	(1,510)	(1,314)	(2,912)	(2,343)
Aircraft fuel and related taxes - regional	(329)	(279)	(648)	(498)
Total operating expenses, excluding special items and fuel	\$ 7,528	\$ 6,954	\$14,709	\$13,701
Total operating expenses per ASM as reported	(in cents) 13.34	(in cents) 12.17	(in cents) 13.66	(in cents) 12.30
Special items per ASM:				
Special items, net (1)	(0.28)	(0.09)	(0.24)	(0.12)
Regional operating special items, net	—	—	—	(0.01)
Total operating expenses per ASM, excluding special items	13.06	12.08	13.42	12.18
Fuel per ASM:				
Aircraft fuel and related taxes - mainline	(2.10)	(1.86)	(2.14)	(1.73)
Aircraft fuel and related taxes - regional	(0.46)	(0.39)	(0.48)	(0.37)
Total operating expenses per ASM, excluding special items and fuel	10.49	9.83	10.81	10.09

**Note: Amounts may not recalculate due to rounding.**

## **FOOTNOTES:**

(1) The 2017 second quarter mainline operating special items totaled a net charge of \$202 million, which principally included \$68 million of merger integration expenses, \$48 million of fleet restructuring expenses, \$45 million of labor contract expenses principally due to one-time charges to adjust the vacation accruals for pilots and flight attendants as a result of the mid-contract pay rate adjustments and a \$38 million net charge resulting from fair value adjustments to bankruptcy obligations. The 2017 six month period mainline operating special items totaled a net charge of \$320 million, which principally included \$130 million of merger integration expenses, \$111 million of fleet restructuring expenses, \$45 million for the labor contract expenses described above and a \$20 million net charge resulting from fair value adjustments to bankruptcy obligations.

The 2016 second quarter mainline operating special items totaled a net charge of \$62 million, which principally included \$97 million of merger integration expenses and \$15 million of fleet restructuring expenses, offset in part by a \$56 million net credit resulting from fair value adjustments to bankruptcy obligations. The 2016 six month period mainline operating special items totaled a net charge of \$161 million, which principally included \$201 million of merger integration expenses and \$41 million of fleet restructuring expenses, offset in part by a \$61 million net credit resulting from fair value adjustments to bankruptcy obligations.

Merger integration expenses included costs related to information technology, professional fees, re-branding of aircraft and airport facilities and training. Additionally, the 2016 period also included merger integration expenses related to alignment of labor union contracts, re-branded uniforms, relocation and severance. Fleet restructuring expenses driven by the merger principally included the acceleration of aircraft depreciation and impairments for aircraft grounded or expected to be grounded earlier than planned.

(2) Nonoperating special charges in the 2017 periods primarily consisted of debt issuance and extinguishment costs associated with term loan refinancings. Additionally, the 2016 periods included costs associated with a bond refinancing.

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

	June 30, 2017 (unaudited)	December 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 386	\$ 322
Short-term investments	6,500	6,037
Restricted cash and short-term investments	554	638
Accounts receivable, net	1,543	1,594
Aircraft fuel, spare parts and supplies, net	1,206	1,094
Prepaid expenses and other	827	639
<b>Total current assets</b>	<b>11,016</b>	<b>10,324</b>
<b>Operating property and equipment</b>		
Flight equipment	39,329	37,028
Ground property and equipment	7,580	7,116
Equipment purchase deposits	1,212	1,209
<b>Total property and equipment, at cost</b>	<b>48,121</b>	<b>45,353</b>
Less accumulated depreciation and amortization	(15,128)	(14,194)
<b>Total property and equipment, net</b>	<b>32,993</b>	<b>31,159</b>
<b>Other assets</b>		
Goodwill	4,091	4,091
Intangibles, net	2,224	2,173
Deferred tax asset	905	1,498
Other assets	2,107	2,029
<b>Total other assets</b>	<b>9,327</b>	<b>9,791</b>
<b>Total assets</b>	<b>\$ 53,336</b>	<b>\$ 51,274</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt and capital leases	\$ 2,334	\$ 1,855
Accounts payable	1,924	1,592
Accrued salaries and wages	1,295	1,516
Air traffic liability	5,222	3,912
Loyalty program liability	3,014	2,789
Other accrued liabilities	2,323	2,208
<b>Total current liabilities</b>	<b>16,112</b>	<b>13,872</b>
<b>Noncurrent liabilities</b>		
Long-term debt and capital leases, net of current maturities	22,525	22,489
Pension and postretirement benefits	7,500	7,842
Other liabilities	3,484	3,286
<b>Total noncurrent liabilities</b>	<b>33,509</b>	<b>33,617</b>
<b>Stockholders' equity</b>		
Common stock	5	5
Additional paid-in capital	6,245	7,223
Accumulated other comprehensive loss	(5,112)	(5,083)
Retained earnings	2,577	1,640
<b>Total stockholders' equity</b>	<b>3,715</b>	<b>3,785</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 53,336</b>	<b>\$ 51,274</b>



**Investor Relations Update**  
**July 28, 2017**

**General Overview**

- **TRASM and Pre-tax Margin**—The company expects its third quarter total revenue per available seat mile (TRASM) to be up approximately 0.5 to 2.5 percent year-over-year. In addition, the company expects its third quarter pre-tax margin excluding special items to be approximately 10 to 12 percent.<sup>1</sup>
- **CASM**—Consolidated CASM excluding fuel and special items<sup>1</sup> is expected to be up approximately 5 percent in 2017. Third quarter consolidated CASM excluding fuel and special items<sup>1</sup> is expected to be up approximately 5 percent year-over-year due primarily to salary and benefit increases provided to our team members (including the salary increases given to our pilots and flight attendants, as well as rate increases for our maintenance and fleet service team members), higher revenue-related expenses, higher depreciation and amortization resulting from increased capex, and maintenance timing.
- **Capacity**—2017 total system capacity is expected to be up approximately 1.5 percent vs. 2016. Full year domestic capacity is expected to be approximately flat year-over-year, while international capacity is expected to be up approximately 4 percent vs. 2016.
- **Liquidity**—As of June 30, 2017, the company had approximately \$9.3 billion in total available liquidity, comprised of unrestricted cash and investments of \$6.9 billion and \$2.4 billion in undrawn revolver capacity. The company also had a restricted cash position of \$554 million.
- **Fuel**—Based on the July 24, 2017 forward curve, the company expects to pay an average of between \$1.55 and \$1.60 per gallon of mainline jet fuel (including taxes) in the third quarter. Forecasted volume and fuel prices are provided in the following pages.
- **Cargo / Other Revenue**—Includes cargo revenue, loyalty program revenue, ticket change fees, excess/overweight baggage fees, first and second bag fees, contract services, airport clubs and inflight service revenues.
- **Taxes**—As of December 31, 2016, the company had approximately \$10.5 billion of federal net operating losses (NOLs) and \$3.7 billion of state NOLs, substantially all of which are expected to be available in 2017 to reduce future federal and state taxable income. The company expects to recognize a provision for income taxes in 2017 at an effective rate of approximately 38 percent, which will be substantially non-cash.

**Notes:**

1. *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**



## Mainline Update July 28, 2017

### Mainline Comments

- All operating expenses are for mainline operated flights only. Please refer to the following page for information pertaining to regional data.
- The year-over-year increase in mainline CASM excluding fuel and special items is primarily driven by investments in new labor agreements (including the recently announced flight attendant and pilot pay adjustments), investments in the operation, and higher depreciation expense from the purchase of new aircraft.

	<u>1Q17A</u>	<u>2Q17A</u>	<u>3Q17E</u>	<u>4Q17E</u>	<u>FY17E2</u>
<b><u>Mainline Guidance:</u></b>					
Available Seat Miles (ASMs) (bil)	56.6	63.5	~65.4	~59.4	~244.8
CASM ex fuel and special items (YOY % change) <sup>3</sup>	10.48	9.82	+4% to +6%	+3% to +5%	+5% to +7%
Cargo Revenues (\$ mil)	172	196	~185	~195	~748
Other Revenues (\$ mil)	1,297	1,327	~1,310	~1,320	~5,254
Average Fuel Price (incl. taxes) (\$/gal) (as of 7/24/2017)	1.69	1.62	1.55 to 1.60	1.55 to 1.60	1.59 to 1.64
Fuel Gallons Consumed (mil)	831	934	~965	~874	~3,604
Interest Income (\$ mil)	(21)	(24)	~(23)	~(22)	~(90)
Interest Expense (\$ mil)	257	263	~268	~269	~1,057
Other Non-Operating (Income)/Expense (\$ mil) <sup>4</sup>	(5)	3	~(4)	~(1)	~(8)
<b><u>CAPEX Guidance (\$ mil) Inflow/(Outflow)</u></b>					
Non-Aircraft CAPEX	(439)	(404)	~(403)	~(354)	~(1,600)
Gross Aircraft CAPEX & net PDPs	(1,206)	(1,080)	~(920)	~(880)	~(4,086)
Assumed Aircraft Financing	899	993	~803	~605	~3,301
Net Aircraft CAPEX & PDPs <sup>2</sup>	(307)	(87)	~(117)	~(275)	~(786)

### **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. CASM ex fuel and special items is a non-GAAP financial measure.
4. Other Non-Operating (Income)/Expense primarily includes gains and losses from foreign currency and income from the company's approximate 25% ownership interest in Republic Airways Holdings Inc.

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



**Regional Update**  
July 28, 2017

**Regional Comments**

- The company receives feed from 10 regional airlines, including wholly owned subsidiaries Envoy, PSA Airlines and Piedmont Airlines.

<b><u>Regional Guidance</u></b> <sup>1</sup>	<b><u>1Q17A</u></b>	<b><u>2Q17A</u></b>	<b><u>3Q17E</u></b>	<b><u>4Q17E</u></b>	<b><u>FY17E2</u></b>
Available Seat Miles (ASMs) (bil)	7.78	8.22	~8.49	~8.18	~32.67
CASM ex fuel and special items (YOY % change) <sup>3</sup>	16.10	15.69	+1% to +3%	-1% to +1%	+0% to +2%
Average Fuel Price (incl. taxes) (\$/gal) (as of 7/24/2017)	1.75	1.69	1.64 to 1.69	1.63 to 1.68	1.67 to 1.72
Fuel Gallons Consumed (mil)	182	195	~203	~196	~776

**Regional Airlines**

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

**Notes:**

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

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

## Fleet Update July 28, 2017

### Fleet Comments

- In 2017, the company expects to take delivery of 57 mainline aircraft comprised of 20 A321 aircraft, 20 B738 aircraft, 4 B738 Max aircraft, 3 B788 aircraft, and 10 B789 aircraft. The company also expects to retire 42 mainline aircraft, including 3 A320 aircraft, 17 B757 aircraft, 7 B763 aircraft and 15 MD80 aircraft.
- In 2017, the company expects to reduce the regional fleet count by a net of 8 aircraft, resulting from the addition of 31 CRJ700 aircraft, 24 E175 aircraft and 8 ERJ140 aircraft, as well as the reduction of 52 CRJ200 aircraft and 19 Dash 8-100 aircraft.

	Active Mainline Ending Fleet Count						Active Regional Ending Fleet Count <sup>1</sup>				
	2016A	1Q17A	2Q17A	3Q17E	4Q17E		2016A	1Q17A	2Q17A	3Q17E	4Q17E
A319	125	125	125	125	125	CRJ200	120	123	122	95	68
A320	51	49	48	48	48	CRJ700	79	93	105	110	110
A321	199	207	214	219	219	CRJ900	118	118	118	118	118
A332	15	15	15	15	15	DASH 8-100	23	17	12	8	4
A333	9	9	9	9	9	DASH 8-300	11	11	11	11	11
B738	284	289	294	299	304	E175	124	137	141	144	148
B738 Max	—	—	—	1	4	ERJ140	13	6	—	8	21
B757	51	51	51	40	34	ERJ145	118	118	118	118	118
B763	31	31	31	27	24		<b>606</b>	<b>623</b>	<b>627</b>	<b>612</b>	<b>598</b>
B772	47	47	47	47	47						
B773	20	20	20	20	20						
B788	17	19	20	20	20						
B789	4	6	9	11	14						
E190	20	20	20	20	20						
MD80	57	56	53	43	42						
	<b>930</b>	<b>944</b>	<b>956</b>	<b>944</b>	<b>945</b>						

### Notes:

1. At the end of the second quarter, the company had 59 ERJ140 regional aircraft in temporary storage 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 July 28, 2017

### Shares Outstanding Comments

- The estimated weighted average shares outstanding for 2017 are listed below.
- On January 25, 2017, the company's Board authorized a new \$2.0 billion share repurchase program to expire by the end of 2018. This brings the total amount authorized for share repurchase programs to \$11.0 billion since the merger. All prior repurchase programs had been fully expended as of December 31, 2016.
- In the second quarter of 2017, the company repurchased 10.0 million shares at a cost of \$450 million. Including share repurchases, shares withheld to cover taxes associated with employee equity awards and share distributions, and the cash extinguishment of convertible debt, the company's share count has dropped 35 percent from 756.1 million shares at merger close to 487.7 million shares outstanding on June 30, 2017.

### 2017 Shares Outstanding (shares mil)<sup>1</sup>

	Shares	
	Basic	Diluted
<b>For Q3</b>		
Earnings	488	490
Net loss	488	488

	Shares	
	Basic	Diluted
<b>For Q4</b>		
Earnings	488	490
Net loss	488	488

	Shares	
	Basic	Diluted
<b>For FY 2017 Average</b>		
Earnings	493	495
Net loss	493	493

### **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**  
July 28, 2017

The company sometimes uses financial measures that are derived from the consolidated financial statements but that are not presented in accordance with GAAP to understand and evaluate its current operating performance and to allow for period-to-period comparisons. The company believes these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. The company is providing a reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis. The table below presents the reconciliations of mainline and regional operating costs (GAAP measure) to mainline and regional operating costs excluding special items and fuel (non-GAAP measure). Management uses mainline and regional operating costs excluding special items and fuel to evaluate the company's current operating performance and for period-to-period comparisons. The price of fuel, over which the company has no control, impacts the comparability of period-to-period financial performance. Additionally, special items may vary from period-to-period in nature and amount. These adjustments to exclude aircraft fuel and special items allow management an additional tool to better understand and analyze the company's non-fuel costs and core operating performance. Additionally, the table below presents the reconciliation of other non-operating expense (GAAP measure) to other non-operating expense excluding special items (non-GAAP measure). Management uses this non-GAAP financial measure to evaluate the company's current performance and to allow for period-to-period comparisons. As special items may vary from period-to-period in nature and amount, the adjustment to exclude special items allows management an additional tool to better understand the company's core performance.

	American Airlines Group Inc GAAP to Non-GAAP Reconciliation (\$ mil except ASM and CASM data)							
	1Q17	2Q17	3Q17 Range		4Q17 Range		FY17 Range	
	Actual	Actual	Low	High	Low	High	Low	High
<b>Mainline<sup>1</sup></b>								
Mainline operating expenses	\$7,450	\$7,950	\$7,835	\$8,005	\$7,577	\$7,741	\$30,604	\$31,163
Less mainline fuel expense	1,402	1,510	1,496	1,544	1,355	1,398	5,762	5,854
Less special items	119	202	—	—	—	—	320	320
Mainline operating expense excluding fuel and special items	5,929	6,238	6,339	6,461	6,222	6,343	24,522	24,989
Mainline CASM (cts)	13.17	12.51	11.98	12.24	12.76	13.03	12.50	12.73
Mainline CASM excluding fuel and special items (Non-GAAP) (cts)	10.48	9.82	9.69	9.88	10.48	10.68	10.02	10.21
<b>Mainline ASMs (bil)</b>	56.6	63.5	65.4	65.4	59.4	59.4	244.8	244.8
<b>Regional<sup>1</sup></b>								
Regional operating expenses	\$1,573	\$1,620	\$1,626	\$1,662	\$1,591	\$1,626	\$ 6,377	\$ 6,498
Less regional fuel expense	318	329	333	343	319	329	1,299	1,319
Less special items	2	1	—	—	—	—	4	4
Regional operating expenses excluding fuel and special items	1,253	1,290	1,293	1,319	1,271	1,297	5,074	5,175
Regional CASM (cts)	20.23	19.71	19.15	19.57	19.45	19.88	19.52	19.89
Regional CASM excluding fuel and special items (Non-GAAP) (cts)	16.10	15.69	15.23	15.53	15.54	15.86	15.53	15.84
<b>Regional ASMs (bil)</b>	7.78	8.22	8.49	8.49	8.18	8.18	32.67	32.67
<b>Other non-operating (income)/expense<sup>1</sup></b>								
Other non-operating (income)/expense	\$ 0	\$ 5	\$ (4)	\$ (4)	\$ (1)	\$ (1)	\$ 0	\$ 0
Less special items	5	2	—	—	—	—	7	7
Other non-operating (income)/expense excluding special items	(5)	3	(4)	(4)	(1)	(1)	(8)	(8)

Notes: Amounts may not recalculate due to rounding.

(1) 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 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**  
**July 28, 2017**

**Cautionary Statement Regarding Forward-Looking Statements**

This document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “could,” “should,” “would,” “continue,” “seek,” “target,” “guidance,” “outlook,” “if current trends continue,” “optimistic,” “forecast” and other similar words. Such statements include, but are not limited to, statements about future financial and operating results, the company’s plans, objectives, estimates, expectations and intentions, and other statements that are not historical facts. These forward-looking statements are based on the company’s current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth in the company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (especially in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Part II, Item 1A. Risk Factors) and 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**