COMPANY PROFILE

American Airlines Group Inc.

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COMPANY OVERVIEW

American Airlines Group Inc. (AAG or 'the group') is an airline holding company engaged in offering domestic and long haul flight services, through its subsidiaries. The group serves more than 350 destinations in 50 countries across the US, Latin America, Europe, and Asia Pacific. The group is headquartered in Fort Worth, Texas.

The company reported revenues of (US Dollars) US$40,180 million for the fiscal year ended December 2016 (FY2016), a decrease of 2% over FY2015. In FY2016, the company's operating margin was 13.2%, compared to an operating margin of 15.1% in FY2015. In FY2016, the company recorded a net margin of 6.7%, compared to a net margin of 18.6% in FY2015.

KEY FACTS

Head Office	American Airlines Group Inc. 4333 AMON CARTER Boulevard FORT WORTH Texas FORT WORTH Texas USA
Phone	1 817 9631234
Fax	
Web Address	www.americanairlines.in
Revenue / turnover (USD Mn)	40,180.0
Financial Year End	December
Employees	122,300
NASDAQ Ticker	AAL

BUSINESS DESCRIPTION

American Airlines Group Inc. (AAG or 'the group') operates in the airline industry through its principal subsidiaries, including American Airlines, the US Airways, and Envoy Aviation. Together with its wholly-owned regional airline subsidiaries and third-party regional carriers operating as American Eagle and the US Airways Express, the group's airlines operate an average of nearly 6,700 flights per day to 350 destinations in 50 countries. As of December 2016, the group operated 930 mainline aircrafts, supported by regional airline subsidiaries and third-party regional carriers, which operated an additional 587 regional aircraft. The group primarily operates in the US, Latin America, Europe, and Asia Pacific.

In FY2016, AAG recorded a total of 223,477 million revenue passenger miles (RPMs), and 273,410 million available seat miles (ASMs) with a combined passenger load factor of approximately 81.7%. The group has hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York City, Philadelphia, Phoenix, and Washington, DC.

The group operates as a single business unit that provides air transportation for passengers and cargo through subsidiaries, including American Airlines; US Airways; Envoy; Piedmont Airlines; PSA Airlines; and third-party carriers, American Eagle, and the US Airways Express.

Envoy operates more than the 180 aircraft on approximately 900 daily flights to more than 150 destinations in the US, Canada and Mexico. Piedmont operates 300 daily flights to 51 cities in the eastern US Piedmont employs nearly 6,000 people in its flying and ground handling operations. PSA Airlines operates an all jet fleet consisting of exclusively Bombardier (CRJ) aircraft. PSA Airlines' aircraft operates nearly 500 daily flights to nearly 90 destinations.

The American Eagle is a regional carrier that connect passengers to and from American flights at its hubs and other key cities. As of December 2016, American Airlines has a network of 10 regional carriers that operates 3,400 daily flights to 240 destinations in the US, Canada, the Caribbean, and Mexico.

American Airlines Cargo, a division of AAG, provides more than 100 million pounds of weekly cargo capacity to major cities in the US, Europe, Canada, Mexico, the Caribbean, Latin America, and Asia Pacific.

The group also established marketing relationships with other airlines and rail companies. American Airlines currently has marketing relationships with Air Berlin, Air Tahiti Nui, Alaska Airlines, British Airways, Cape Air, Cathay Pacific, Dragonair, EL AL, Etihad Airways, Fiji Airways, Finnair, Gulf Air, Hainan Airlines, Hawaiian Airlines, Iberia, Interjet, Japan Airlines, Jet Airways, Jetstar Group (includes Jetstar Airways and Jetstar Japan), Korean Air, LATAM (includes LAN Airlines, LAN Argentina, LAN Colombia, LAN Ecuador, LAN Peru, TAM Airlines and TAM Mercosur), Malaysia Airlines, Niki Airlines, Qantas Airways, Qatar Airways, Royal Jordanian, S7 Airlines, Seaborne Airlines, and WestJet.

American Airlines is also a founding member of the oneworld alliance, which serves nearly 1,000 destinations with over 14,250 daily flights to 150 countries.

Geographically, the company classifies its operations into four segments, namely DOT Domestic, DOT

Latin America, DOT Atlantic, and DOT Pacific. In FY2016, the DOT Domestic segment accounted for 71.2% of the group's total revenues, followed by DOT Latin America with 12.4%; DOT Atlantic with 11.9%; and DOT Pacific with 4.5%.

HISTORY

AAG made a $200 million equity investment in China Southern Airlines, creating a foundation for a long-term relationship between both the carriers.

The company agreed to acquire 2.68% stake in China Southern Airlines.

American Airlines collaborated with Cole Haan, 3LAB Skincare, C.O. Bigelow Apothecaries and Clark's Botanicals, to provide customers a new, elevated travel experience.

American Airlines partnered with Uber to create a door-to-door streamlined service to help customers get from home or work to the airport and back.

American Airlines made a proposal to operate scheduled service between the US and Cuba, including 10 daily frequencies to Havana from American's Latin America gateway hub in Miami and additional service to Havana from American's hubs in Charlotte, Dallas/Fort Worth, Los Angeles and Chicago.

American Airlines submitted an application to the US Department of transportation in order to serve the Tokyo'S Haneda Airport from Los Angeles and Dallas/Fort Worth.

American Airlines announced its first routes for Boeing 787-9 Dreamliner which include international flight between Dallas Forth Worth (DFW) and Adolfo Suarez Madrid–Barajas Airport (MAD). The aircraft will also operate between DFW and Sao Paulo–Guarulhos International Airport (GRU).

The group planned to add six new routes throughout Mexico, the Caribbean and Latin America, further strengthening its position in these key markets.

American Airlines announced plans to add new nonstop service between its trans-Pacific gateway hub at Los Angeles International Airport (LAX) and Auckland Airport (AKL) by mid-2016, pending regulatory approvals.

American Airlines took delivery of its first Boeing 787 Dreamliner.

American Airlines and Korean Air signed a code sharing agreement. Under the agreement, Korean Air will place its code on American Airlines flights between Dallas/Fort Worth International Airport and Incheon International Airport in Seoul, South Korea. PSA Airlines was selected by American Airlines to operate 24 new Bombardier CRJ900 NextGen aircraft.

American Airlines planned to launch new daily daytime service from Philadelphia International Airport (PHL) to London Heathrow Airport (LHR).

The group increased capacity between Dallas/Fort Worth and Queretaro, Mexico.

AAG launched its streaming video service on more than 200 additional aircraft in its domestic mainline fleet. American Airlines launched daily nonstop service between Dallas/Fort Worth International Airport

(DFW) and Beijing Capital International Airport (PEK).

American Airlines and Qantas Airways planned expand their joint business by adding new service between the US and Australia.

American Airlines planned to add eight new routes throughout Mexico, the Caribbean and Latin America, to strengthen its position in these key regions and providing customers with increased options when traveling to these destinations.

American Airlines and Cuba Travel Services planned to operate the first charter flights between Los Angeles International Airport (LAX) and Jose Marti International Airport (HAV) in Havana.

Rolls-Royce and American Airlines dissolved Texas Aero Engine Services LLC (TAESL), a 50-50 joint venture between Rolls-Royce and American Airlines Texas, which provides maintenance, repair, and overhaul services on aircraft engines. American Airlines and the Communications Workers of America and International Brotherhood of Teamsters (CWA-IBT) reached a tentative agreement on a new joint collective bargaining agreement.

American Airlines partnered with Crispin Porter + Bogusky (CP+B) and MediaCom to manage its global advertising and media business.

American Airlines made an announcement to launch a nonstop service to Tokyo's Haneda Airport (HND) from its trans-Pacific gateway at Los Angeles International Airport (LAX) beginning in 2016.

American Airlines launched international Premium Economy, a new class of service directly behind Business Class, providing an enhanced product offering compared to the Main Cabin.

American Airlines filed an application with the US Department of Transportation for the right to operate new service from Dallas/Fort Worth International Airport to Beijing Capital International Airport beginning next summer.

American Airlines and Air Tahiti Nui, the international airline of Tahiti, received an approval from the US Department of Transportation on a bilateral codeshare agreement. American Airlines and Iberia Express, a subsidiary of American's joint business partner, Iberia, received approval from the US DOT for a new codeshare agreement.

The group planned to launch new daily service between Miami International Airport and Cap-Haitien, Haiti, adding a new international destination to the airline's growing global network.

American Eagle announced plans to change its name to Envoy.

American Airlines launched daily nonstop service between Dallas/Fort Worth International Airport and Hong Kong International Airport and Shanghai Pudong International Airport.

The group launched new service to Germany with daily flights between Miami International Airport (MIA) and Frankfurt Airport (FRA) with a Boeing 767-300 aircraft.

American Airlines, together with US Airways, announced the addition of eight new domestic routes from its hubs in Charlotte, Chicago, Dallas/Fort Worth, Philadelphia and Phoenix, providing customers increased access to the combined airline's global network.

American Airlines announced new mileage redemption options for American Airlines AAdvantage and US Airways Dividend Miles members, as well as new checked bag policies for customers traveling across the combined network of more than 356 destinations in 56 countries.

American Airlines broke ground on the Robert W. Baker Integrated Operations Center in Fort Worth. The new facility will be located near the group's headquarters and Flight Academy south of Dallas/Fort Worth International Airport.

The group opened a new sales center in Santiago, Chile.

American Airlines added a new destination, Birmingham, the UK to its network.

American Airlines and Jetstar Japan signed a codeshare agreement to provide customers greater access to domestic Japanese destinations.

US Airways launched its codeshare agreement with trans-Atlantic joint business partner and fellow oneworld member British Airways.

American Airlines and Cadillac formed a partnership to offer a broad series of exclusive benefits to travelers, ranging from luxury, on-site airport transfers, to AAdvantage miles earning opportunities, to Cadillac exhibits at major airports.

AAG and JetBlue Airways terminated their interline traffic agreement and reciprocal frequent flyer program accrual agreement, which includes select routes from Boston Logan International Airport (BOS) and New York's John F. Kennedy International Airport (JFK). TAM Airlines and US Airways completed their transition to oneworld airline alliance.

US Airways joined the airlines' trans-Atlantic joint venture which includes American Airlines, British Airways, Iberia and Finnair.

American Airlines and the Association of Professional Flight Attendants reached a tentative agreement on a new joint collective bargaining agreement covering more than 24,000 flight attendants.

US Airways launched its codeshare agreement with fellow oneworld member airberlin, further enhancing its relationship with the Berlin-based carrier. The US Airways launched its codeshare agreement with trans-Atlantic joint business partner Iberia providing customers increased access to major destinations throughout Spain and beyond.

American Airlines' merger partner, US Airways launched its codeshare agreement with trans-Atlantic joint business partner Finnair.

The group signed an agreement with Sabre for the newly combined airline's single reservation system.

American Airlines and US Airways merged their Cargo divisions under a single air waybill. The new entity brings in more than $800 million each year and moves more than one billion pounds of freight and mail annually.

American Airlines planned to offer more domestic service from Miami International Airport, providing more access for customers across the airline's growing global network to places such as Austin, Texas; Kansas City, Missouri; Salt Lake City and San Antonio. Additionally, American Airlines planned to launch nonstop service between Los Angeles International Airport and Hartsfield-Jackson Atlanta International Airport.

American Airlines and US Airways Group applied to list the common stock of the combined company on the NASDAQ Global Select Market. Upon closing of the merger and AMR's emergence from Chapter 11, the combined company was renamed as American Airlines Group and was listed with the ticker symbol AAL.

AMR received clearance from the European Commission under the EC Merger Regulation for their proposed merger of American Airlines and US Airways.

American Airlines launched daily service between DFW and Lima, Peru - providing more access and choices for customers traveling between the two key markets and beyond. American Airlines inaugurated two new routes between Miami International Airport and the Caribbean. Furthermore, American Airlines announced daily nonstop service between Miami International Airport and Malpensa Airport in Milan.

American Airlines launched nonstop service between New York and Dublin.

American Airlines began its new nonstop service between Dallas/Ft. Worth International Airport and Juan Manuel Galvez International Airport in Roatan, Honduras.

The US Bankruptcy Court for the Southern District of New York approved the settlement of the lawsuit reached with the US Department of Justice and certain states relating to the merger of AMR Corporation and US Airways Group, Inc.

American Airlines and Alaska Airlines strengthened their relationship by adding new codeshare routes that will offer customers even more choices and benefits when traveling throughout the US.

American Airlines signed an agreement with Doha, Qatar-based Qatar Airways to codeshare on each other's flights providing new growth opportunities for American in the Middle East and for Qatar in the US. American Airlines signed a 12-year capacity purchase agreement with Republic Airways Holdings to provide large regional jet flying for the first time in the group's history. American Airlines and US Airways made an agreement to merge and create a new company.

American Airlines signed agreements with Bombardier and Embraer to purchase 90 new 76-seat regional jets.

AAG began moving toward operating under the single brand name of "American Airlines" through its mainline operations, American Airlines and US Airways. Until a single operating certificate is issued by the Federal Aviation Administration (FAA) and the operational integration is complete, American Airlines and US Airways will continue to operate as separate airlines.

American Airlines and Farelogix signed a new seven-year agreement where Farelogix will continue providing enhancements and support for American Airlines' direct connect. Amadeus and American Airlines made a new long-term global distribution agreement under which Amadeus subscribers continue to access and book the full range of American Airlines-marketed flights and lays the groundwork for Amadeus to offer American's full suite of additional products and services.

American Airlines launched a new codeshare agreement with St. Croix-based Seaborne Airlines, providing customers access to six destinations in the Caribbean out of San Juan, Puerto Rico. American Airlines launched a new codeshare agreement with Bogota-based LAN Colombia, adding new service to key destinations in Colombia and further strengthening American's relationship with LATAM Airlines Group.

American Airlines launched a new codeshare agreement with Sao Paulo-based TAM Airlines, increasing American's network connectivity in Brazil and further enhancing its relationship with LATAM Airlines Group.

AMR and US Airways completed their merger to officially form American Airlines Group (AAG) and began building the new American Airlines.

AMR's common stock and certain debt securities on the NYSE were suspended and delisted by the Securities and Exchange Commission from the NYSE. AMR's common stock began trading under the symbol 'AAMRQ' on the OTCQB marketplace, operated by OTC Markets Group.

Eagle Ground Handling, American Eagle's ground handling business, was awarded a contract to handle United Express ground handling operations at nine US locations. Additionally, American Airlines filed an application with the US DOT for the right to fly 17 additional US - Brazil weekly frequencies.

American Airlines launched daily service between Miami and Seattle-Tacoma International Airport (SEA) and between Miami and Eduardo Gomes International Airport in Manaus, Brazil (MAO). The group also launched several daily flights to Brazil and to Spain. American Airlines launched new daily nonstop two-class Boeing 757 service between Los Angeles International Airport (LAX) and Ronald Reagan Washington National Airport (DCA). Also, American Airlines launched 17 additional frequencies between the US and Brazil.

American Airlines launched services between Dublin and New York. American Airlines launched service to markets in Asia, Europe and Latin America, delivering on the airline's business plan and network strategy designed offering customers more choices to new destinations. Subsequently, American Airlines launched services between Seoul Incheon International Airport and Dallas/Fort Worth.

American Eagle, the regional affiliate of American Airlines, launched a daily round-trip jet service between Dallas/Fort Worth International Airport and Garden City Regional Airport in Garden City, Kansas.

Sabre and American Airlines settled their disputes and renewed their current distribution agreement for multiple years.

American Airlines signed a codeshare agreement with China-based Hainan Airlines.

American Airlines signed agreements to codeshare with both Sao Paulo-based TAM Airlines and Bogota-based LAN Colombia, representing a solid stepping stone in building a stronger bilateral relationship between American and LATAM Airlines Group.

American Airlines launched service between the US and Tokyo's International Airport at Haneda (Haneda).

American Airlines and Qantas expanded their codeshare agreements and added new routes between major cities across North America and Australia.

American Airlines signed a new codeshare agreement with OpenSkies, a subsidiary of British Airways. The agreement would allow American Airlines to place its code on OpenSkies flights between Newark Liberty International Airport and Paris Orly Airport.

American Airlines entered into a purchase agreement with the Boeing Company to acquire two Boeing 777-300ERs. In addition, American Airlines signed a codeshare agreement with WestJet Airlines.

AMR and certain of its direct and indirect domestic subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the US Bankruptcy Court.

American Airlines and Japan Airlines were granted the final approval by the US DOT for their joint request for antitrust immunity and plans for a joint business between North America and Asia.

American Airlines obtained clearance from the European Commission (EC) and approval by the Department of Transportation (DOT) for antitrust immunity (ATI) for its planned cooperation with British Airways, Iberia, Finnair and Royal Jordanian.

American Airlines received an approval from the US DOT to fly between Los Angeles and Shanghai, China.

American Airlines began a nonstop service from Chicago O'Hare International Airport to Beijing Capital International Airport, with four flights per week, and four nonstop flights per week from Beijing to Chicago.

AMR Eagle launched a nonstop jet service between Port Columbus International Airport (CMH) and New York's John F. Kennedy International Airport (JFK), and Falls Regional Airport (FSD) to Chicago O'Hare International Airport (ORD) and Dallas/Fort Worth International Airport (DFW).

American Airlines launched new service from Chicago to Cozumel, Mexico.

American Airlines and AMR Eagle launched daily nonstop service between New York's John F. Kennedy International Airport (JFK) and five new destinations. American Airlines and JetBlue Airways launched a reciprocal frequent flyer agreement, which allows members of the American Airlines AAdvantage program and JetBlue's TrueBlue customer loyalty program to earn AAdvantage miles or TrueBlue points, respectively.

American Airlines launched codesharing on flights operated by GOL Airlines between Sao Paulo and Salvador, Belem, Brasilia, Curitiba, Fortaleza, Manaus, Natal, Porto Alegre and Recife, as well as between Rio de Janeiro and Porto Alegre.

American Airlines launched its codeshare relationship with airberlin, the second largest carrier in Germany and the fifth largest in Europe.

American Airlines and WestJet Airlines entered into an interline agreement. Under the terms, American Airlines customers traveling to Canada and transferring to a WestJet flight can purchase a single ticket and check bags through to the final destination. In addition, American Airlines and Jetstar, a Qantas Group airline, signed an agreement establishing a codeshare relationship between several destinations in New Zealand.

AMR Eagle launched nonstop jet service between Brownsville South Padre Island International Airport (BRO) and Dallas/Fort Worth International Airport (DFW), also between Montgomery Regional Airport (MGM) and Dallas/Fort Worth International Airport (DFW). In addition, AMR Eagle also launched a nonstop jet service between Louisiana's Lake Charles Regional Airport (LCH) and Dallas/Fort Worth International Airport (DFW), and Santa Fe Municipal Airport (SAF) and Dallas/Fort Worth International Airport (DFW).

American Eagle began a nonstop jet service between Charleston International Airport (CHS) and Miami International Airport (MIA).

American Airlines and NBC Universal reached an agreement for inflight broadcast content.

American Airlines signed a letter of intent with Hewlett-Packard Company to develop a next-generation Passenger Service System.

The group launched a new service between Kingston, Jamaica and Fort Lauderdale.

AMR sold its wholly owned asset-management subsidiary, American Beacon Advisors to Lighthouse Holdings, which is owned by investment funds affiliated with Pharos Capital Group and TPG Capital.

American Airlines entered into a frequent flyer agreement with Jet Airways (India). American Airlines signed a joint business agreement with British Airways and Iberia, on flights between North America and Europe.

AMR Eagle added nonstop service between Chicago O'Hare International Airport and Shreveport Regional Airport. AMR Eagle began nonstop service between Miami International Airport and Cozumel International Airport. Moreover, American Airlines, a subsidiary of AMR, launched a new service between Austin, Texas, and Seattle; and Austin, Texas, and Santa Ana (Orange County), California routes.

American Airlines launched AAdvantage Milestones, web-based e-magazines combining broadcast and social media. The group launched new flights between New York's John F. Kennedy International Airport and London's Stansted Airport. Later in the year, the group launched a new service between Dallas/Fort Worth hub (and San Salvador, El Salvador).

American Airlines started a daily nonstop service between Chicago and Shanghai, China. AMR Eagle, the regional affiliate of American Airlines, started a nonstop service between New York LaGuardia Airport and Halifax International Airport.

AMR Eagle started a daily carrier service between Dallas/Forth Worth International Airport to San Luis Potosi, Mexico and Sao Paulo, Brazil. American Airlines launched nonstop flights on two key routes between the US and the Republic of Ireland, Chicago-Dublin and Boston-Shannon; and also between Dallas/Fort Worth International Airport and the city of Chihuahua, Mexico.

American Airlines received antitrust immunity from the US Department of Transportation (DOT), for a partnership with LAN PERU. The immunity permitted a three-way alliance with American Airlines, LAN PERU and LAN AIRLINES (of Chile); allowing the airlines to coordinate marketing, schedules and other elements of their service.

American Airlines started seasonal service from South Florida to popular destinations in the Caribbean and Latin America; which included Manchester, the UK; St. Lucia, British West Indies; St. Kitts/Nevis in the Leeward Islands; and Montevideo, Uruguay. AMR Eagle started services to Antigua, the Dominican Republic, the Leeward Islands, the Virgin Islands, and the British West Indies.

AMR acquired Trans World Airlines.

The group expanded its Eagle operations through the acquisition of Business Express and Reno Air. In addition, AMR began an expansion of its West Coast service, and AMR Eagle, the regional affiliate of American Airlines, opened a new terminal in Los Angeles and took delivery of its first 37-seat Embraer ERJ-135.

The group's subsidiary American Airlines formed the oneWorld global alliance with British Airways, Canadian Airlines International, Cathay Pacific Airways and Qantas Airways.

AMR Consulting Group was expanded into the AMR Training and Consulting Group.

The group formed a subsidiary, AMR Consulting Group, to provide consulting services in airline-related businesses.

The group expanded its facilities at DFW International Airport; the pilot-training facilities at American's Flight Academy in the headquarters' complex; and a new reservations center in Tucson, Arizona. The group opened a new System Operations Control (SOC) Center and a San Juan reservations center. AMR's premiere international service, International Flagship Service, was introduced and also the group expanded its Latin American service with routes acquired from Eastern Airlines, with Miami.

AMR introduced its first Boeing 757 into service.

AMR acquired the Airbus A300-600ER to serve its Caribbean markets from locations on the mainland.

The group launched AMR Eagle services, providing a network of feeder services.

The company strengthened its services by establishing operating hubs in San Juan and Miami.

The group established a subsidiary, AMR Services, to provide aviation services to other airlines.

American Airlines Group Inc. (AAG or 'the group') which was previously known as AMR Corporation was formed as a holding company as a result of a restructuring plan at American Airlines.

The company invested in its flight services on both the domestic and long haul markets. The group relaunched transatlantic services between Dallas, Fort Worth, and London.

KEY EMPLOYEES

Name	Job Title	Board	Compensation
W. Douglas Parker	Chairman-Chief Executive Officer	Executive Board	11140763 USD
John T. Cahill	Lead Independent Director	Non Executive Board	362988 USD
James F. Albaugh	Director	Non Executive Board	308808 USD
Matthew J. Hart	Director	Non Executive Board	330403 USD
Martin H. Nesbitt	Director	Non Executive Board	395704 USD
Jeffrey D. Benjamin	Director	Non Executive Board	335568 USD
Alberto Ibarguen	Director	Non Executive Board	305296 USD
Denise M. O'Leary	Director	Non Executive Board	341678 USD
Richard C. Kraemer	Director	Non Executive Board	335690 USD
Michael J. Embler	Director	Non Executive Board	299080 USD
Susan D. Kronick	Director	Non Executive Board	366240 USD
Ray M. Robinson	Director	Non Executive Board	306615 USD
Richard P. Schifter	Director	Non Executive Board	317368 USD
Robert D. Isom, Jr.	President	Senior Management	6552114 USD
Derek J. Kerr	Executive Vice President and Chief Financial Officer	Senior Management	4190982 USD
Beverly K. Goulet	Executive Vice President and Chief Integration Officer	Senior Management	
Maya Leibman	Executive Vice President and Chief Information Officer	Senior Management	4251927 USD
Elise R. Eberwein	Executive Vice President, People and Communications	Senior Management	
Stephen L. Johnson	Executive Vice President, Corporate Affairs	Senior Management	4220486 USD

KEY EMPLOYEE BIOGRAPHIES

W. Douglas Parker

Board:Executive Board
Job Title:Chairman-Chief Executive Officer
Since:2014
Age:55

W. Douglas Parker has been the Chairman and Chief Executive Officer at AAG since 2014. Mr. Parker served as the Chief Executive Officer at US Airways Group from 2005 until 2013. He also served as the Chairman of the Boards at US Airways Group and US Airways. Mr. Parker served as the Chairman of the Boards and Chief Executive Officer at America West and AWA from 2001 to 2007 and served as a Director at America West and AWA from 1999 to 2007. He joined AWA as the Senior Vice President and Chief Financial Officer in 1995. From 2007 to 2012, Mr. Parker served on the Board of Directors at Pinnacle West Capital Corporation.

John T. Cahill

Board:Non Executive Board
Job Title:Lead Independent Director
Since:2013
Age:59

John T. Cahill has been the Lead Independent Director at AAG since 2013. Mr. Cahill serves as a Director at Kraft Heinz since 2015. He also serves as a member of the Board of Directors at Colgate-Palmolive since 2005. Prior to that, Mr. Cahill served as the Industrial Partner at Ripplewood Holdings from 2008 to 2011. He spent nine years at The Pepsi Bottling Group, most recently as the Chairman and Chief Executive Officer from 2003 to 2006 and the Executive Chairman until 2007. Mr. Cahill joined Kraft Foods, Inc. in 2012 as the Executive Chairman of North American Grocery, and served in that capacity until 2012. He also served on the Board of Directors at Frontier Holdings, Inc. from 1984 to 1985.

James F. Albaugh

Board:Non Executive Board
Job Title:Director
Since:2013
Age:66

James F. Albaugh has been a Director at AAG since 2013. Mr. Albaugh served as the President and Chief Executive Officer at The Boeing Company’s (Boeing) Commercial Airplanes business unit from 2009 through 2012. Prior to holding that position, he served as the President and Chief Executive Officer at Boeing’s Integrated Defense Systems business unit from 2002 to 2009. Mr. Albaugh joined Boeing in

1975 and held various other executive positions prior to 2002, including the President and Chief Executive of Space and Communications; and President of Space Transportation. He served as a member at Boeing's Executive Council from 1998 to 2012.

Matthew J. Hart

Board:Non Executive Board
Job Title:Director
Since:2013
Age:65

Matthew J. Hart has been a Director at AAG since 2013. Mr. Hart served on the Board of Directors at B. Riley Financial, Inc. from 2009 to 2015 and Kilroy Realty Corporation from 1997 to 2008. He also served as the President and Chief Operating Officer at Hilton Hotels Corporation (Hilton), from 2004 until the acquisition of Hilton by a private equity firm in 2007. In addition, Mr. Hart served as the Executive Vice President and Chief Financial Officer at Hilton from 1996 to 2004. Before joining Hilton in 1996, he served as the Senior Vice President and Treasurer at The Walt Disney Company, from 1995 to 1996. Officer at Host Marriott Corp.

Martin H. Nesbitt

Board:Non Executive Board
Job Title:Director
Since:2015
Age:54

Martin H. Nesbitt has been a Director at AAG since 2015. Mr. Nesbitt served on the Board of Directors at the Pebblebrook Hotel Trust. He has been the Co-Chief Executive Officer at The Vistria Group, LLC since 2013. From 1996 until 2012, Mr. Nesbitt served as the President and Chief Executive Officer at PRG Parking Management (known as The Parking Spot). He conceptualized and co-founded The Parking Spot and was responsible for all strategic and operating aspects of the business. Prior to that, Mr. Nesbitt served an Officer at Pritzker Realty Group, L.P. and before that he was an Investment Manager at LaSalle Partners.

Jeffrey D. Benjamin

Board:Non Executive Board
Job Title:Director
Since:2013
Age:55

Jeffrey D. Benjamin has been a Director at AAG since 2013. Mr. Benjamin has been a Director at Caesars Entertainment Corp. since 2008 and A-Mark Precious Metals since 2014. He served as a Director at Exco Resources, Spectrum Group International, and Chemtura Corporation. Mr. Benjamin has been a Senior Advisor at Cyrus Capital Partners, L.P since 2008. He also serves as a Consultant at Apollo Management, L.P. (Apollo Management), and from 2002 to 2008, Mr. Benjamin served as a Senior

Advisor at Apollo Management.

Alberto Ibarguen

Board:Non Executive Board
Job Title:Director
Since:2013
Age:73

Alberto Ibarguen has been a Director at AAG since 2013. Mr. Ibarguen served on the AMR Board of Directors from 2008 until the Merger in 2013. He has been the President and Chief Executive Officer at the John S. and James L. Knight Foundation since 2005. Prior to that, Mr. Ibarguen served as the Chairman at Miami Herald Publishing Co., from 1998 to 2005, and as a Publisher at The Miami Herald and at El Nuevo Herald. He previously served as a Director at NCL Corporation Ltd. and AOL, Inc. Mr. Ibarguen is also a former Chairman of the Board of Directors at several major non-profit organizations, including the Public Broadcasting Service (PBS), Newseum in Washington, D.C., and the World Wide Web Foundation.

Denise M. O'Leary

Board:Non Executive Board
Job Title:Director
Since:2013
Age:59

Denise M. O'Leary has been a Director at AAG since 2013. Ms. O'Leary serves as a Director at Medtronic plc, and Calpine Corporation. She has been a Private Investor in early stage companies since 1996. From 1983 until 1996, Ms. O'Leary was employed at Menlo Ventures, first as an Associate and then as a General Partner. She served as a Director at America West and AWA from 1998 to 2005, US Airways Group and US Airways from 2005 until the merger in 2013, the Lucile Packard Children’s Hospital from 1997 to 2012, Stanford Hospital & Clinics from 1994 to 2012, the Denver Foundation from 2013 to 2015 and the University of Colorado Hospital Authority from 2014 to 2015.

Richard C. Kraemer

Board:Non Executive Board
Job Title:Director
Since:2013
Age:73

Richard C. Kraemer has been a Director at AAG since 2013. Mr. Kraemer also serves as a member of the Board of Directors at Knight Transportation, Inc. He served on the Board of Directors at the US Airways Group and US Airways from 2005 until the merger in 2013. Mr. Kraemer served as a Director at America West and AWA from 1992 to 2007.

Michael J. Embler

Board:Non Executive Board
Job Title:Director
Since:2013
Age:53

Michael J. Embler has been a Director at AAG since 2013. Mr. Embler served as the Chief Investment Officer at Franklin Mutual Advisers LLC (Franklin Mutual Advisers), from 2005 to 2009. He joined Franklin Mutual Advisers in 2001 and, prior to becoming Chief Investment Officer, Mr. Embler served as the Head of its Distressed Investment Group. From 1992 until 2001, he worked at Nomura Holding America Inc. (Nomura), in positions of increasing responsibility. Mr. Embler previously served on the Boards of Directors at Abovenet Inc. from 2003 to 2012, Kindred Healthcare Inc. from 2001 to 2008, and Dynegy Inc. from 2011 to 2012.

Susan D. Kronick

Board:Non Executive Board
Job Title:Director
Since:2015
Age:65

Susan D. Kronick has been a Director at AAG since 2015. From 2003 until 2010, Ms. Kronick served as the Vice Chairman AT Macy’s, Inc., the operator of Bloomingdale’s and Macy’s department stores. Prior to that, she served as the Group President of Regional Department Stores at Macy’s, Inc. from 2001 to 2003. Ms. Kronick also served as the Chairman and Chief Executive Officer at Burdines/Macy’s Florida from 1997 to 2001. Her career spanned 37 years at Federated/Macy’s, Inc. Since 2012 Ms. Kronick has been an Operating Partner at Marvin Traub Associates. She served as a member of the Board of Directors at Hyatt Hotels Corporation since 2009.

Ray M. Robinson

Board:Non Executive Board
Job Title:Director
Since:2013
Age:69

Ray M. Robinson has been a Director at AAG since 2013. Mr. Robinson served as a Director and Non Executive Chairman at Citizens Trust Bank of Atlanta. He has been the Vice Chairman at the East Lake Community Foundation in Atlanta, Georgia since 2003 and has been a member of the Board of Directors at the Georgia Aquarium since 2005. Mr. Robinson previously served as a Director of RailAmerica Inc. from 2009 to 2011. He started his career at AT&T in 1968.

Richard P. Schifter

Board:Non Executive Board
Job Title:Director

Since:2013
Age:64

Richard P. Schifter has been a Director at AAG since 2013. Mr. Schifter has been a Senior Advisor at TPG since 2013. He served as a Partner at TPG from 1994 to 2013. Prior to joining TPG, Mr. Schifter served as a Partner at the law firm at Arnold & Porter LLP in Washington, D.C. He joined Arnold & Porter LLP in 1979 and has been Partner from 1986 through 1994. Mr. Schifter also served on the Boards of Directors at US Airways Group from 2005 to 2006, America West from 1994 to 2005, Ryanair, PLC, from 1996 to 2003, Midwest Airlines, Inc. from 2007 to 2009 and Republic Airways Holdings Inc. from 2009 to 2013.

Robert D. Isom, Jr.

Board:Senior Management
Job Title:President
Since:2016
Age:53

Robert D. Isom, Jr. has been the President at AAG since 2016. Prior to joining US Airways, Mr. Isom served as the Chief Restructuring Officer at GMAC, LLC. Before that, he served as the Senior Vice President of Ground Operations and Airport Customer Service, at Northwest Airlines. Mr. Isom also served as the Vice President of International, and Vice President of Finance, at Northwest Airlines. Between 1995 and 2000, he was at America West and held executive roles in revenue management, operations and finance. Mr. Isom started his career at The Procter & Gamble Company.

Derek J. Kerr

Board:Senior Management
Job Title:Executive Vice President and Chief Financial Officer
Since:2013
Age:52

Derek J. Kerr has been an Executive Vice President and the Chief Financial Officer at AAG since 2013. Mr. Kerr served as the Executive Vice President and Chief Financial Officer at US Airways, a role that he began in 2009. Prior to that, he served as the Senior Vice President and Chief Financial Officer at America West, a role he began in 2002. Mr. Kerr joined America West in 1996 as the Senior Director of Planning, and was promoted to the Vice President of Financial Planning and Analysis, in 1998. In 2002, he was promoted as the Senior Vice President of Finance, adding responsibility for purchasing and fuel administration. Prior to joining America West, Mr. Kerr served in various financial planning and analysis positions at Northwest Airlines.

Beverly K. Goulet

Board:Senior Management
Job Title:Executive Vice President and Chief Integration Officer
Since:2015

Age:62

Beverly K. Goulet has been an Executive Vice President and the Chief Integration Officer at AAG since 2015. Previously from 2013 to 2015, Ms. Goulet served as the Senior Vice President and Chief Integration Officer at the group. From 2011 to 2013, she served as the Chief Restructuring Officer at AMR Corporation. Ms. Goulet joined American Airlines in 1993 as an Associate General Counsel of Corporate Finance. She was appointed as the Managing Director of Corporate Development in 1999 and the Vice President of Corporate Development and Treasurer in 2002, a position she held until 2013.

Maya Leibman

Board:Senior Management
Job Title:Executive Vice President and Chief Information Officer
Since:2015
Age:51

Maya Leibman has been an Executive Vice President and the Chief Information Officer at AAG since 2015. Previously, Ms. Leibman served as the Senior Vice President and Chief Information Officer from 2012 to 2015 at the group. Prior to her role as the Chief Information Officer, Ms. Leibman served as the President at the AAdvantage loyalty program from 2010 to 2012. From 2001 to 2010, she held several positions in the Information Technology department, culminating in the position of the Vice President, Business Operations Systems from 2006 to 2010. Ms. Leibman joined American Airlines in 1994 in the Revenue Management department.

Elise R. Eberwein

Board:Senior Management
Job Title:Executive Vice President, People and Communications
Since:2013
Age:51

Elise R. Eberwein has been the Executive Vice President of People and Communications at AAG since 2013. Ms. Eberwein has also been the Executive Vice President of People, Communications and Public Affairs at US Airways since 2009. She holds 30 years of industry experience and joined America West in 2003 as the Vice President of Corporate Communications, from Denver-based Frontier Airlines. Ms. Eberwein began her career as a flight attendant for TWA and held a variety of positions at TWA in operations, marketing and communications.

Stephen L. Johnson

Board:Senior Management
Job Title:Executive Vice President, Corporate Affairs
Since:2013
Age:60

Stephen L. Johnson has been the Executive Vice President of Corporate Affairs at AAG since 2013. Mr.

Johnson served as the Executive Vice President of Corporate and Government Affairs at US Airways from 2009. Prior to that, from 2003 to 2009, he served as a Partner at Indigo Partners LLC. Between 1995 and 2003, Mr. Johnson held a variety of positions at America West prior to its merger with the US Airways Group, including Executive Vice President of Corporate. Prior to joining America West, he served as the Senior Vice President and General Counsel at GPA Group plc. Mr. Johnson was also an Attorney at Seattle-based law firm Bogle & Gates.

MAJOR PRODUCTS & SERVICES

American Airlines Group Inc. (AAG or 'the group') is an airline holding company engaged in offering domestic and long haul flight services, through its subsidiaries.

The group's key services and brands include the following:

Services:

Passenger Transport
Cargo Transport

Brands:

US Airways
American Eagle
American Airlines
Piedmont Airlines
PSA Airlines
Executive Airlines
Envoy

SWOT ANALYSIS

American Airlines Group Inc. (AAG or 'the group') is an airline holding company engaged in offering domestic and long haul flight services, through its subsidiaries. An extensive operational network allows the group to have access to diverse range of customers and geographical markets thus enhancing its competitive position. However, increased competition in international markets may have a material adverse impact on the group's results of operations, financial condition and liquidity.

Strength	**Weakness**
Robust Frequent Flyer Programs Increase the Customer Loyalty Strong Alliances and Marketing tie-ups Earns a Competitive Edge over Other Players in the Market Extensive Operational Network Allows Access to Diverse Range of Customers and Markets	Dependence on Limited Number of Suppliers for Aircraft, Aircraft Engines and Parts Unfunded Employee Pension Benefits Could Affect the Liquidity Position
Opportunity	**Threat**
Growth in Air Freight Market Enables Steady Revenue Growth Growing Global Tourism Industry Could Help to Increase Market Position	Intense Competition May Impact the Financial Condition and Liquidity Growing Airline Safety Concerns May Impact Passenger Traffic Volume Environmental Laws and Regulations May Have an Adverse Effect on the Results of Operations

Strength

Robust Frequent Flyer Programs Increase the Customer Loyalty

American Airways and US Airways currently run two frequent flyer programs, AAdvantage and Dividend Miles, respectively, which were established to develop passenger loyalty by offering awards to travelers for their continued patronage. AAdvantage and Dividend Miles members earn mileage credits by flying on American Airways, US Airways, American Eagle and US Airways Express carriers, and other participating airlines or by using services of other participants in these programs. Mileage credits can be redeemed for free or upgraded travel on American Airways, US Airways, American Eagle carriers or other participating airlines, or for other awards.

American and US Airways sell mileage credits and related services to other participants in the AAdvantage and Dividend Miles programs. There are more than 1,000 program partners, including credit card issuers such as Citibank and BarclaycardUS, hotels, car rental companies and other products and services companies. Hence, strong flyer programs such as these encourage AAG's customers to go for repetitive purchase of the group's products and services which helps in increasing customer loyalty in the group.

Strong Alliances and Marketing tie-ups Earns a Competitive Edge over Other Players in the Market

The group has a strong alliance with various international airlines. AAG is a founding member of the oneworld alliance, which enables member airlines to offer their customers more services and benefits than any member airline can provide individually. The alliance includes Air Berlin, British Airways, Cathay Pacific Airways, Finnair, Iberia, Japan Airlines, LAN Airlines, Malaysia Airlines, Qantas Airways, Qatar Airways, Royal Jordanian, S7 Airlines, SriLankan Airlines and TAM Airlines. The oneworld alliance links the networks of the member carriers to enhance customer service and smooth connections to the destinations served by the alliance, including linking the carriers' frequent flyer programs and access to the carriers' airport lounge facilities. Together, oneworld members serve more than 1,000 destinations in approximately 150 countries, with about 14,250 daily departures.

In addition to oneworld alliance, AAG has also established marketing tie-ups with other regional and international airlines. American Airlines currently has marketing relationships with Air Berlin, Air Tahiti Nui, Alaska Airlines, British Airways, Cape Air, Cathay Pacific, Dragonair, EL AL, Etihad Airways, Fiji Airways, Finnair, Gulf Air, Hainan Airlines, Hawaiian Airlines, Iberia, Interjet, Japan Airlines, Jet Airways, Jetstar Group (includes Jetstar Airways and Jetstar Japan), Korean Air, LATAM (includes LAN Airlines, LAN Argentina, LAN Colombia, LAN Ecuador, LAN Peru, TAM Airlines and TAM Mercosur), Malaysia Airlines, Niki Airlines, Qantas Airways, Qatar Airways, Royal Jordanian, S7 Airlines, Seaborne Airlines and WestJet. Such alliances and marketing tie-ups enable AAG to offer increased flight frequencies and provide new standards of convenience and customer service thereby earning it a competitive advantage over other players in the market.

Extensive Operational Network Allows Access to Diverse Range of Customers and Markets

AAG has an extensive operational network. American Airlines, the group's principal subsidiary, is one of the largest scheduled passenger airlines in the world as measured by revenue passenger miles (RPMs) and available seat miles (ASMs). American Airlines and US Airways, together with American Eagle and US Airways Express, operate an average of nearly 6,700 flights per day to more than 350 destinations in 50 countries. The group has hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York City, Philadelphia, Phoenix and Washington, DC. In FY2016, approximately 199 million passengers boarded its mainline and regional flights, respectively.

Furthermore, the group's cargo division is one of the largest air cargo operations in the world, providing a wide range of freight and mail services, with facilities and interlines connections available across the globe. Such an extensive operational network allows the group to have access to diverse range of customers and geographical markets thus enhancing its competitive position.

Weakness

Dependence on Limited Number of Suppliers for Aircraft, Aircraft Engines and Parts

AAG is dependent on a limited number of suppliers for aircraft, aircraft engines and many aircraft and engine parts. For instance, the group is largely dependent on Airbus and Boeing for majority of its aircraft. As a result, AAG is vulnerable to any problem associated with the supply of these aircraft, engines and parts, including insufficient supply, design defects, mechanical problems, and inadequate performance by suppliers, or adverse perception by the public on the group could result in customer avoidance or in actions by the FAA resulting in an inability to operate its aircraft.

Thus large dependence on few aircraft suppliers could result in customer avoidance of the group's services as they may not be happy with the aircraft. This may adversely impact on the group's overall topline growth.

Unfunded Employee Pension Benefits Could Affect the Liquidity Position

AAG is required to make minimum contributions to its defined benefit pension plans under the minimum funding requirements of Employee Retirement Income Security Act of 1974 (ERISA), the Pension Funding Equity Act of 2004, the Pension Protection Act of 2006, the Pension Relief Act of 2010 and the Moving Ahead for Progress in the 21st Century Act of 2012. The group currently has substantial pension funding obligations. Moreover, the amount of these obligations will depend on the performance of investments held in trust by the pension plans, interest rates for determining liabilities and actuarial experience. Currently, AAG's minimum funding obligation for its pension plans is subject to temporary favorable rules that are scheduled to expire at the end of 2017. Upon the expiration of those rules, AAG's funding obligations are likely to increase materially. AAG provides retirement benefits for most of its employees. In FY2016, the group's pension obligations stood at $17,238 million as compared to the planned assets of $10,017 million, resulting in an unfunded status of $7,221 million.

Unfunded pension obligations will force the group to make regular cash contributions to bridge the gap between pension assets and liabilities, pressurizing its liquidity position.

Opportunity

Growth in Air Freight Market Enables Steady Revenue Growth

The outlook for global air freight sector is positive. According to MarketLine, the global air freight sector generated total revenues of $101,273.3 million in 2016, representing a compound annual growth rate (CAGR) of 1% between 2012 and 2016. Furthermore, performance of the sector is forecast to accelerate, with an anticipated CAGR of 4% for the period 2016–21, which is expected to drive the sector to a value of $118,723.9 million by the end of 2021. The performance of the North American air cargo sector is forecast to follow a similar pattern with an anticipated CAGR of 5.7% for the 2016–21 period, which is expected to drive the sector to a value of $19,777.9 million by the end of 2021. Comparatively, the European and Asia-Pacific sectors will grow with CAGRs of 1.7% and 2.9% respectively, over the same period, to reach respective values of $28,564.4 million and $50,515.7 million in 2021.

American Airlines Cargo, a division of AAG is one of the largest air cargo operations in the world, providing a wide range of freight and mail services, with facilities and interline connections available across the globe. The business provides more than 100 million pounds of weekly cargo capacity to major cities in the US, Europe, Canada, Mexico, the Caribbean, Latin America and Asia Pacific. American

Airlines Cargo facilitates the shipping of many product types, including fresh flowers, fruit, vegetables, seafood and pharmaceuticals. Thus, the strong outlook for the global air freight market would provide incremental growth opportunities to enhance its revenues and market share.

Growing Global Tourism Industry Could Help to Increase Market Position

The global tourism industry is booming which could boost the demand for the group's services. According to the World Tourism Organization (UNWTO), the international tourist arrivals grew by 3.9% to reach a total of 1,235 million in 2016. More than 46 million tourists travelled to international destinations around the world in 2016, as compared to 2015. Moreover, the UNWTO forecasts international tourism to grow by 3% to 4% in 2017. In terms of region, growth is expected to be stronger in Asia and the Pacific (+8%) and the Americas (+4%), followed by Europe (+2%). The projections for Africa (+8%) and the Middle East (+4%) are positive, though with a larger degree of uncertainty and volatility.

American Airlines and US Airways, together with American Eagle and US Airways Express, operate an average of nearly 6,700 flights per day to more than 350 destinations in 50 countries. Thus, a growing end market auger well for the group as it is well positioned to capitalize on the growing global tourism industry.

Threat

Intense Competition May Impact the Financial Condition and Liquidity

The US airline industry is characterized by intense price competition, especially in domestic markets. The group faces increasing competition from major national, regional, all-cargo and charter carriers, foreign air carriers, low-cost carriers and particularly on shorter segments, ground and rail transportation. The group also faces increasing and significant competition from marketing/operational alliances formed by its competitors. AAG currently face competing service from at least one, and sometimes more than one, domestic airline, including: Alaska Airlines, Allegiant Air, Delta Air Lines, JetBlue Airways, Southwest Airlines, United Airlines, Frontier Airlines, Hawaiian Airlines, Spirit Airlines, and Virgin America, among others.

In recent years, the domestic market share held by low-cost carriers has increased significantly and is expected to continue to increase, which is dramatically changing the airline industry. The increased market presence of low-cost carriers, which engage in substantial price discounting, has diminished the ability of the network carriers to maintain sufficient pricing structures in domestic markets to achieve profitability. Furthermore, the competition in the international airline industry is increasing rapidly due to fast-growing carriers from the Middle East, such as Emirates, Qatar Airways and Etihad Airways, as well as Turkish Airlines in South East Europe, which has further aggravated the challenges for the group.

Moreover, there have been numerous mergers and acquisitions within the airline industry and numerous changes in industry alliances. The increased competition in these international markets, particularly due to consolidation in the airline industry, may have a material adverse impact on AAG's results of operations, financial condition and liquidity.

Growing Airline Safety Concerns May Impact Passenger Traffic Volume

The growing security concerns in the wake of major airline accidents in the recent past may impact passenger traffic volumes. Airlines are frequently faced with the threat of accidents and turbulences during long-haul journeys. These accidents in several situations may be life threatening and in many cases cause serious injuries. According to IATA airline safety performance data, in 2016, there were 10 fatal accidents with 268 fatalities compared with an average of 13.4 fatal accidents and 371 fatalities per year in the previous five-year period (2011-2015). Moreover, the disappearance of the Malaysia Airlines flight MH370 has further enhanced safety concerns. The industry is reassessing the technology currently being used to track aircrafts and provide passenger safety.

Although the group was not involved in any major accidents in the distant past, the growing safety concerns on air travel may impact the overall passenger traffic volume, which could affect its financial position and future growth prospects.

Environmental Laws and Regulations May Have an Adverse Effect on the Results of Operations

The group is subject to various laws and government regulations concerning environmental matters and employee safety and health in the US and other countries. The US federal laws that have a particular impact on the group include the Airport Noise and Capacity Act of 1990, the Clean Air Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA Act). Certain operations of the group concerning employee safety and health matters are also subject to the oversight of the Occupational Safety and Health Administration (OSHA). The US Environmental Protection Agency (EPA), OSHA, and other federal agencies have been authorized to promulgate regulations that have an impact on the group's operations.

In addition to these federal activities, various states have been delegated certain authorities under the above mentioned federal statutes. Many state and local governments adopted environmental and employee safety and health laws and regulations, some of which are similar to or stricter than federal requirements. For instance, the ANCA recognizes the rights of airport operators with noise problems to implement local noise abatement programs so long as they do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. The ANCA requires FAA approval of local noise restrictions on aircraft. While the group has had sufficient scheduling flexibility to accommodate local noise restrictions imposed to date, AAG's operations could be adversely affected if locally-imposed regulations become more restrictive or widespread. Thus, if the group fails to comply with laws and regulations of the government it affects the results of the operations.

TOP COMPETITORS

The following companies are the major competitors of American Airlines Group Inc.

Alaska Airlines Inc
Allegiant Air LLC
Delta Air Lines, Inc.
Etihad Airways P.J.S.C.
Frontier Airlines
Hawaiian Airlines Inc
JetBlue Airways Corporation
Qatar Airways
Southwest Airlines Co.
Spirit Airlines, Inc.
The Emirates Group
Turkish Airlines
United AirLines
Virgin America Inc.

COMPANY VIEW

An excerpt from the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' section is given below. The statement has been taken from the group's 10-K filing for FY2016.

Operational Highlights

During 2016, we made significant investments related to our integration and to continue to improve our product offerings and operational performance.

Integration Accomplishments

Integrated all mainline pilots and our mainline fleet into a single scheduling system, allowing us to schedule pilots and aircraft seamlessly across the network regardless of which pre-Merger airline they came from

Reached interim agreements with the TWU-IAM that allows our mainline mechanics and ramp personnel to be able to work together and be cross-utilized. Additionally, we ratified five-year JCBAs for dispatchers, flight crew training instructors, simulator pilot instructors and flight simulator engineers

Completed the painting of all US Airways mainline aircraft in the American livery. Repainting of former US Airways Express regional jets is expected to be finished in mid-2017

Investments in Our Product and Operations

Invested approximately $4.4 billion in new aircraft, including 55 new mainline and 42 new regional aircraft. As a result of our ongoing fleet renewal program, we have the youngest fleet of the major U.S. network carriers

Hired additional personnel and invested in new equipment and technology to support our operations. In the fourth quarter of 2016, we achieved our best monthly completion factor, on-time performance, and baggage handling performance since the Merger

Redesigned our AAdvantage loyalty program to award mileage credits based on the price of tickets purchased, enabling elite members to earn even more miles based on their status level. During 2016, the AAdvantage program was named Best Elite Program in the Americas by the Freddie Awards

Introduced Premium Economy, a new class of service on international flights with more legroom, wider seats, and enhanced meal service and amenity kits

Made several other customer experience improvements including the reintroduction of free snacks in the main cabin, the launch of complimentary in-flight entertainment and the redesign and upgrade of many Admirals Club lounges.

Investments in our People

Instituted a profit sharing program across all of our workgroups that pays 5% of our pre-tax profit excluding special items ($314 million was accrued in 2016)

Announced industry-leading pay packages for pilots at our wholly-owned regional airlines Envoy, PSA and Piedmont in order to attract and retain the best pilots

Financial Overview

The U.S. Airline Industry

In 2016, the U.S. airline industry benefited from lower fuel prices. However, the reductions in fuel costs were offset by year-over-year declines in revenue. Both domestic and international markets were impacted by competitive capacity growth. International markets were also impacted by macroeconomic softness and foreign currency weakness.

Jet fuel prices closely follow the price of Brent crude oil. On average, the price of Brent crude oil per barrel was approximately 17% lower in 2016 as compared to 2015. The average daily spot price for Brent crude oil during 2016 was $44 per barrel as compared to an average daily spot price of $52 per barrel during 2015. On a daily basis, Brent crude oil prices fluctuated during 2016 between a high of $55 per barrel to a low of $26 per barrel, and closed the year on December 31, 2016 at $55 per barrel.

While jet fuel prices have declined year-over-year as described above, uncertainty exists regarding the economic conditions driving these declines. See Part I, Item 1A. Risk Factors – “Downturns in economic conditions could adversely affect our business” and “Our business is very dependent on the price and availability of aircraft fuel. Continued periods of high volatility in fuel costs, increased fuel prices or significant disruptions in the supply of aircraft fuel could have a significant negative impact on our operating results and liquidity.”

Net Income and Pre-Tax Income

We realized net income of $2.7 billion in 2016. This compares to $7.6 billion of net income in 2015, which included a special $3.0 billion non-cash tax benefit, as we reversed the valuation allowance on our deferred tax assets, which include our federal and state NOLs. As a result of the reversal of the valuation allowance, we recorded a $1.6 billion provision for income taxes in 2016, which is substantially non-cash due to the utilization of NOLs. Accordingly, amounts reported in 2016 for income tax provision and net income are not comparable to 2015. Therefore, pre-tax income and pre-tax income excluding special items provides a more meaningful year-over-year comparison. The exclusion of special items provides investors the ability to measure financial performance in a way that is more indicative of our ongoing performance and is more comparable to financial measures presented by other major airlines. Management uses pre-tax income excluding special items to evaluate our financial performance.

We realized pre-tax income of $4.3 billion and $4.6 billion in 2016 and 2015, respectively. Excluding the effects of pre-tax special items, pre-tax income was $5.1 billion and $6.3 billion in 2016 and 2015, respectively. Our 2016 pre-tax results on both a GAAP basis and excluding pre-tax net special items were impacted by a decline in revenues due to lower yields. Salaries, wages and benefits costs were higher in 2016, driven by our new labor contracts and the addition of an employee profit sharing program; however, these increases were substantially offset by a year-over-year decline in fuel costs.

Revenue

In 2016, we reported operating revenues of $40.2 billion, a decrease of $810 million, or 2.0%, as compared to 2015. Mainline and regional passenger revenues were $34.6 billion, a decrease of $933 million, or 2.6%, as compared to 2015. The decline in mainline and regional passenger revenues was due to lower yields driven by competitive capacity growth, macroeconomic softness outside of the United States and foreign currency weakness. This decline was offset in part by an increase in other operating revenues primarily due to our new co-branded credit card agreements which became effective in the third quarter of 2016. Our mainline and regional total revenue per available seat mile (TRASM) was 14.70 cents in 2016, a 3.7% decrease as compared to 15.25 cents in 2015.

Fuel

Our mainline and regional fuel expense totaled $6.2 billion in 2016, which was $1.3 billion, or 17.1%, lower as compared to 2015. This decrease was driven by a 17.6% decrease in the average price per gallon of fuel to $1.42 in 2016 from $1.72 in 2015.

As of December 31, 2016, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors.

Other Costs

We remain committed to actively managing our cost structure, which we believe is necessary in an industry whose economic prospects are heavily dependent upon two variables we cannot control: the health of the economy and the price of fuel.

Our 2016 mainline CASM was 11.94 cents, a decrease of 0.8%, from 12.03 cents in 2015. The decrease was primarily driven by lower fuel costs, offset in part by higher salaries, wages and benefits associated with new labor contracts and the addition of an employee profit sharing program.

Our 2016 mainline CASM excluding special items and fuel was 9.54 cents, an increase of 6.1%, from 8.99 cents in 2015, which was primarily driven by higher salaries, wages and benefits as described above.

Liquidity and Stockholder Returns

As of December 31, 2016, we had approximately $8.8 billion in total available liquidity, consisting of $6.4 billion in unrestricted cash and investments and $2.4 billion in undrawn revolving credit facilities. We also had approximately $638 million in restricted cash.

During 2016, we returned $4.6 billion to our stockholders, including quarterly dividend payments of $224 million and the repurchase of $4.4 billion of common stock, or 119.8 million shares. Since our capital return program commenced in mid-2014, we have returned more than $9.6 billion to stockholders including $646 million in quarterly dividends and $9.0 billion in share repurchases, or 228.4 million shares. In January 2017, our Board of Directors approved a new $2.0 billion share repurchase authorization that will expire December 31, 2018 and declared a dividend of $0.10 per share to be paid to stockholders of record as of February 13, 2017.

We have taken advantage of historically low interest rates to finance our fleet renewal program. During 2016 to finance new aircraft deliveries, we issued an aggregate principal amount of $2.8 billion in Enhanced Equipment Trust Certificate (EETC) equipment notes at an average fixed interest rate of 3.63%, as well as $1.8 billion in other equipment notes, which bear interest at fixed and variable rates of LIBOR plus margin, averaging 2.96% at December 31, 2016. Additionally, we refinanced certain higher cost debt. See Note 5 to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on our debt obligations.

As a result of the foregoing factors, we currently have a higher debt level and fewer unencumbered assets than our peers. Accordingly, we believe it is important to retain liquidity levels higher than our network peers given our overall leverage as well as to protect against an adverse economic shock. Our current plan is to maintain minimum total available liquidity of $7.0 billion. We were well above that minimum level at December 31, 2016.

Results of Operations – 2016 Compared to 2015

We realized net income of $2.7 billion in 2016. This compares to $7.6 billion of net income in 2015, which included a special $3.0 billion non-cash tax benefit as we reversed the valuation allowance on our deferred tax assets, which include our federal and state NOLs. As a result of the reversal of the valuation allowance, we recorded a $1.6 billion provision for income taxes in 2016, which is substantially non-cash due to the utilization of NOLs. Accordingly, amounts reported in 2016 for income tax provision and net income are not comparable to 2015.

We realized pre-tax income of $4.3 billion and $4.6 billion in 2016 and 2015, respectively. Excluding the effects of pre-tax net special items, pre-tax income was $5.1 billion and $6.3 billion in 2016 and 2015, respectively. For reconciliation of pre-tax and net income excluding special items to their comparable measures on a GAAP basis, see Part II, Item 6. Selected Consolidated Financial Data –"Reconciliation of GAAP to Non-GAAP Financial Measures."

Our 2016 pre-tax results on both a GAAP basis and excluding pre-tax net special items were impacted by a decline in revenues due to lower yields. Salaries, wages and benefits costs were higher in 2016, driven by our new labor contracts and the addition of an employee profit sharing program; however, these increases were substantially offset by a year-over-year decline in fuel costs.

Operating Revenues

Total operating revenues in 2016 decreased $810 million, or 2.0%, from 2015 driven by lower passenger revenues offset in part by higher other revenue. Our mainline and regional TRASM was 14.70 cents in 2016, a 3.7% decrease as compared to 15.25 cents in 2015.

Total passenger revenues declined $933 million, or 2.6%, in 2016 from 2015 driven by a 2.8% decrease in yield due to competitive capacity growth, macroeconomic softness outside of the United States and foreign currency weakness.

Cargo revenue decreased $60 million, or 7.9%, in 2016 from 2015 driven primarily by a decrease in domestic and international freight yields.

Other revenue primarily includes revenue associated with our loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services. Other revenue increased $183 million, or 3.9%, in 2016 from 2015 driven by an increase in loyalty program revenue. In 2016 and 2015, other revenues associated with our loyalty program were $2.1 billion and $1.9 billion, respectively, of which $1.9 billion and $1.7 billion, respectively, related to the marketing component of mileage sales and other marketing related payments. This year-over-year increase was due to our new co-branded credit card agreements which became effective in the third quarter of 2016. See Note 1(i) to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on the loyalty program.

Operating Expenses

Total operating expenses were $34.9 billion in 2016, an increase of $110 million, or 0.3%, from 2015. The increase in operating expenses was due to higher salaries, wages and benefits driven by new labor contracts and the addition of an employee profit sharing program; however, these costs were substantially offset by a year-over-year decline in fuel costs. See detailed explanations below relating to changes in mainline operating costs per ASM.

Mainline Operating Costs per ASM

We believe that the presentation of mainline CASM excluding fuel is useful to investors because both the cost and availability of fuel are subject to many economic and political factors beyond our control, and the exclusion of special items provides investors the ability to measure financial performance in a way that is more indicative of our ongoing performance and that is more comparable to measures reported by other major airlines. Management uses mainline CASM excluding special items and fuel to evaluate our operating performance. Amounts may not recalculate due to rounding.

Significant changes in the components of mainline operating cost per ASM are as follows:

• Aircraft fuel and related taxes per ASM decreased 19.3% primarily due to an 18.2% decrease in the average price per gallon of fuel to $1.41 in 2016 from an average price per gallon of $1.72 in 2015.

• Salaries, wages and benefits per ASM increased 13.2% primarily due to increased costs associated with new labor contracts and the addition of an employee profit sharing program.

• Selling expenses per ASM decreased 6.0% primarily due to lower credit card and booking fees.

• Depreciation and amortization per ASM increased 10.7% primarily due to the effect of purchased aircraft deliveries in connection with our fleet renewal program.

Operating Special Items, Net

Merger integration costs included charges related to information technology, re-branding of aircraft, airport facilities and uniforms, alignment of labor union contracts, professional fees, relocation, training and severance, and in 2015, also included share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015.

Fleet restructuring costs included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

Regional operating special items, net are included within other regional operating expenses and principally related to Merger integration costs.

Regional Operating Expenses

Total regional expenses increased $61 million, or 1.0%, in 2016 as compared to 2015. The year-over-year increase was primarily due to a $182 million, or 3.8%, increase in other regional operating expenses driven by increased capacity. This was offset in part by a $121 million, or 9.8%, decrease in fuel costs. The decrease in fuel costs was driven primarily by a 14.5% decline in the average price per gallon of fuel to $1.48 in 2016 from $1.73 in 2015, offset in part by a 5.5% increase in gallons of fuel consumed. See Note 1 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information on regional expenses.

Nonoperating Results

Our short-term investments in each period consisted of highly liquid investments that provided nominal returns. Interest income increased $24 million, or 60.9%, principally due to a 50 basis point increase in average yields in 2016 as compared to 2015.

Interest expense, net of capitalized interest increased in 2016 primarily due to issuances of aircraft-related financings associated with our fleet renewal program.

In 2016, other nonoperating expense, net primarily included $49 million of net special charges consisting of debt issuance and extinguishment costs associated with bond and term loan refinancings. Net foreign currency gains were nominal in 2016.

In 2015, other nonoperating expense, net primarily included a $592 million special charge to write off all of the value of Venezuelan bolivars held by us due to continued lack of repatriations and deterioration of economic conditions in Venezuela. We also incurred $159 million of net foreign currency losses. The foreign currency losses in 2015 were driven primarily by the strengthening of the U.S. dollar relative to other currencies, principally in Latin American and European markets.

Income Taxes

In 2016, we recorded a $1.6 billion provision for income taxes at an effective rate of approximately 38%, which was substantially non-cash as we utilized our NOLs. Substantially all of our income before income taxes is attributable to the United States. At December 31, 2016, we had approximately $10.5 billion of gross NOLs to reduce future federal taxable income, substantially all of which are expected to be available for use in 2017.

In 2015, we reversed $3.0 billion of the valuation allowance on our deferred tax assets, which resulted in a special non-cash tax benefit recorded in our consolidated statement of operations.

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American Airlines de Mexico, S.A. MEX	American Airlines Inc Md 5675 4333 Amon Carter Boulevard Fort Worth Texas Fort Worth Texas USA Phone:1 817 9631234 www.aa.com
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Americas Ground Services, Inc. USA	Avion Assurance Ltd BMU
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