American Airlines Group Inc.
Form 10-Q
October 23, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended September 30, 2014
¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period From to
Commission file number 1-8400

American Airlines Group Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware<br>(State or other jurisdiction of incorporation or organization) | 75-1825172<br>(I.R.S. Employer Identification No.) |
| 4333 Amon Carter Blvd., Fort Worth, Texas 76155<br>(Address of principal executive offices, including zip code) | (817) 963-1234<br>(Registrant's telephone number, including area code) |

Commission file number 1-2691

American Airlines, Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware<br>(State or other jurisdiction of incorporation or organization) | 13-1502798<br>(I.R.S. Employer Identification No.) |
| 4333 Amon Carter Blvd., Fort Worth, Texas 76155<br>(Address of principal executive offices, including zip code) | (817) 963-1234<br>(Registrant's telephone number, including area code) |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
American Airlines Group Inc. ý Yes ¨ No
American Airlines, Inc. ý Yes ¨ No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
American Airlines Group Inc. ý Yes ¨ No
American Airlines, Inc. ý Yes ¨ No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

American Airlines Group Inc. ý Large Accelerated Filer ¨ Accelerated Filer ¨ Non-accelerated Filer ¨ Smaller Reporting Company

American Airlines, Inc. ¨ Large Accelerated Filer ¨ Accelerated Filer ý Non-accelerated Filer ¨ Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

American Airlines Group Inc. ¨ Yes ý No

American Airlines, Inc. ¨ Yes ý No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

American Airlines Group Inc. ý Yes ¨ No

American Airlines, Inc. ý Yes ¨ No

As of October 17, 2014, there were 717,263,563 shares of American Airlines Group Inc. common stock outstanding.

As of October 17, 2014, there were 1,000 shares of American Airlines, Inc. common stock outstanding, all of which were held by American Airlines Group Inc.

American Airlines Group Inc.
American Airlines, Inc.
Form 10-Q
Quarterly Period Ended September 30, 2014
Table of Contents

This combined Quarterly Report on Form 10-Q is filed by American Airlines Group Inc. (formerly named AMR Corporation) (AAG) and its wholly-owned subsidiary American Airlines, Inc. (American). References in this Quarterly Report on Form 10-Q to "we," "us," "our" and the "Company" refer to AAG and its consolidated subsidiaries. As more fully described below, on December 9, 2013, a subsidiary of AMR Corporation merged with and into US Airways Group, Inc. (US Airways Group), which survived as a wholly-owned subsidiary of AAG (the Merger). Accordingly, unless otherwise indicated, information in this Quarterly Report on Form 10-Q regarding the Company's condensed consolidated results of operations includes the results of American, US Airways Group and US Airways, Inc. (US Airways) for the quarter and nine months ended September 30, 2014. "AMR" refers to the Company during the period of time prior to its emergence from Chapter 11 and its acquisition of US Airways Group. References in this Quarterly Report on Form 10-Q to "mainline" refer to the operations of American and US Airways, as applicable, and exclude regional operations.

Note Concerning Forward-Looking Statements

Certain of the statements contained in this report should be considered 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 the benefits of the Merger, including future financial and operating results, our plans, objectives, expectations and intentions, and other statements that are not historical facts, such as, without limitation, statements that discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. 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 described below under Part II, Item 1A - Risk Factors and the following: significant operating losses in the future; downturns in economic conditions that adversely affect our business; the impact of continued periods of high volatility in fuel costs, increased fuel prices and significant disruptions in the supply of aircraft fuel; competitive practices in the industry, including the impact of low cost carriers, airline alliances and industry consolidation; the challenges and costs of integrating operations and realizing anticipated synergies and other benefits of the Merger; our substantial indebtedness and other obligations and the effect they could have on our business and liquidity; an inability to obtain sufficient financing or other capital to operate successfully and in accordance with our current business plan; increased costs of financing, a reduction in the availability of financing and fluctuations in interest rates; the effect our high level of fixed obligations may have on our ability to fund general corporate requirements, obtain additional financing and respond to competitive developments and adverse economic and industry conditions; our significant pension and other post-employment benefit funding obligations; the impact of any failure to comply with the covenants contained in financing arrangements; provisions in credit card processing and other commercial agreements that may materially reduce our liquidity; the limitations of our historical consolidated financial information, which is not directly comparable to our financial information for prior or future periods; the impact of union disputes, employee strikes and other labor-related disruptions; any inability to maintain labor costs at competitive levels; interruptions or disruptions in service at one or more of our hub airports; any inability to obtain and maintain adequate facilities, infrastructure and slots to operate our flight schedule and expand or change our route network; our reliance on third-party regional operators or third-party service providers that have the ability to affect our revenue and the public’s perception about our services; any inability to effectively manage the costs, rights and functionality of third-party distribution channels on which we rely; extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages; the impact of the heavy taxation to which the airline industry is subject; changes to our business model that may not successfully increase revenues and may cause operational difficulties or decreased demand; the loss of key personnel or inability to attract and retain additional qualified personnel; the impact of conflicts overseas, terrorist attacks and ongoing security concerns; the global scope of our business and any associated economic and political instability or adverse effects of events, circumstances or government actions beyond our control, including the impact of foreign currency exchange rate fluctuations and limitations on the repatriation of cash held in foreign countries; the impact of environmental regulation; our reliance on technology and automated systems and the impact of any failure of these technologies or systems; challenges in integrating our computer, communications and other technology systems; costs of ongoing data security compliance requirements and the impact of any significant data security breach; losses and adverse publicity stemming from any accident involving any of our aircraft or the aircraft of our regional or codeshare operators; delays in scheduled aircraft deliveries, or other loss of anticipated fleet capacity, and failure of new aircraft to perform as expected; our dependence on a limited number of suppliers for aircraft, aircraft engines and parts; the impact of changing economic and other conditions beyond our control, including global events that affect travel behavior such as an outbreak of a contagious disease, and volatility and fluctuations in our results of operations due to seasonality; the effect of a higher than normal number of pilot retirements and a potential shortage of pilots; the impact of possible future increases in insurance costs or reductions in available insurance coverage; the effect of several lawsuits that were filed in connection with the Merger and remain pending; an inability to use net operating losses (NOLs) carried over from prior taxable years (NOL Carryforwards); any impairment in the amount of goodwill we recorded as a result of the application of the acquisition method of accounting and an inability to realize the full value of AAG's and American's respective intangible or long-lived assets and any material impairment charges that would be recorded as a result; price volatility of our common stock; delay or prevention of stockholders' ability to change the composition of our board of directors and the effect this may have on takeover attempts that some of our stockholders might consider beneficial; the effect of provisions of our Restated Certificate of Incorporation (the Certificate of Incorporation) and Amended and Restated Bylaws (the Bylaws) that limit ownership and voting of our equity interests, including our common stock; the effect of limitations in our Certificate of Incorporation on acquisitions and dispositions of our common stock designed to protect our NOL Carryforwards and certain other tax attributes, which may limit the liquidity of our common stock; other economic, business, competitive, and/or regulatory factors affecting our business, including those set forth in this Quarterly Report on Form 10-Q (especially in Part II, Item 1A - Risk Factors and Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations) and in our other filings with the Securities and Exchange Commission (the SEC), and other risks and uncertainties listed from time to time in our filings with the SEC.

All of the forward-looking statements are qualified in their entirety by reference to the factors discussed in Part II, Item 1A - Risk Factors and elsewhere in this report. 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 such statements other than as required by law. Forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q or as of the dates indicated in the statements.

PART I: FINANCIAL INFORMATION

This combined Quarterly Report on Form 10-Q is filed by both AAG and American and includes the condensed consolidated financial statements of each company in Item 1A and Item 1B, respectively.

ITEM 1A. AMERICAN AIRLINES GROUP INC. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except shares and per share amounts)(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Operating revenues | | | | |
| Mainline passenger | $8,093 | $5,253 | $23,564 | $14,755 |
| Regional passenger | 1,665 | 766 | 4,779 | 2,197 |
| Cargo | 215 | 164 | 643 | 489 |
| Other | 1,166 | 645 | 3,504 | 1,934 |
| Total operating revenues | 11,139 | 6,828 | 32,490 | 19,375 |
| Operating expenses | | | | |
| Aircraft fuel and related taxes | 2,829 | 1,950 | 8,370 | 5,764 |
| Salaries, wages and benefits | 2,137 | 1,380 | 6,419 | 3,931 |
| Regional expenses | 1,668 | 785 | 4,919 | 2,334 |
| Maintenance, materials and repairs | 529 | 289 | 1,528 | 932 |
| Other rent and landing fees | 431 | 279 | 1,297 | 851 |
| Aircraft rent | 306 | 192 | 937 | 538 |
| Selling expenses | 393 | 294 | 1,196 | 857 |
| Depreciation and amortization | 334 | 204 | 960 | 615 |
| Special items, net | 221 | 15 | 335 | 98 |
| Other | 1,031 | 739 | 3,140 | 2,171 |
| Total operating expenses | 9,879 | 6,127 | 29,101 | 18,091 |
| Operating income | 1,260 | 701 | 3,389 | 1,284 |
| Nonoperating income (expense) | | | | |
| Interest income | 7 | 5 | 22 | 14 |
| Interest expense, net of capitalized interest | (210) | (226) | (667) | (642) |
| Other, net | (108) | (40) | (99) | (76) |
| Total nonoperating expense, net | (311) | (261) | (744) | (704) |
| Income before reorganization items, net | 949 | 440 | 2,645 | 580 |
| Reorganization items, net | — | (151) | — | (435) |
| Income before income taxes | 949 | 289 | 2,645 | 145 |
| Income tax provision (benefit) | 7 | — | 360 | (22) |
| Net income | $942 | $289 | $2,285 | $167 |
| | | | | |
| Earnings per share: | | | | |
| Basic | $1.31 | $1.16 | $3.17 | $0.67 |
| Diluted | $1.28 | $1.02 | $3.10 | $0.65 |
| Weighted average shares outstanding (in thousands): | | | | |
| Basic | 719,067 | 249,719 | 721,213 | 249,599 |
| Diluted | 735,196 | 289,036 | 737,100 | 288,339 |

See accompanying notes to condensed consolidated financial statements.

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Net income | $942 | $289 | $2,285 | $167 |
| Other comprehensive loss before tax: | | | | |
| Defined benefit pension plans and retiree medical | (38) | (33) | (142) | (99) |
| Derivative financial instruments: | | | | |
| Change in fair value | — | 22 | (54) | (34) |
| Reclassification into earnings | (7) | 11 | 5 | 23 |
| Net unrealized gain (loss) on investments: | | | | |
| Net change in value | (2) | — | — | — |
| Other comprehensive loss before tax | (47) | — | (191) | (110) |
| Reversal of non-cash tax provision | — | — | 330 | — |
| Comprehensive income | $895 | $289 | $2,424 | $57 |

See accompanying notes to condensed consolidated financial statements.

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except shares and per share amounts)(Unaudited)

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash | $1,178 | $1,140 |
| Short-term investments | 6,721 | 8,111 |
| Restricted cash and short-term investments | 875 | 1,035 |
| Accounts receivable, net | 1,961 | 1,560 |
| Aircraft fuel, spare parts and supplies, net | 1,182 | 1,012 |
| Prepaid expenses and other | 1,533 | 1,465 |
| Total current assets | 13,450 | 14,323 |
| Operating property and equipment | | |
| Flight equipment | 27,212 | 23,730 |
| Ground property and equipment | 5,812 | 5,585 |
| Equipment purchase deposits | 1,172 | 1,077 |
| Total property and equipment, at cost | 34,196 | 30,392 |
| Less accumulated depreciation and amortization | (12,033) | (11,133) |
| Total property and equipment, net | 22,163 | 19,259 |
| Other assets | | |
| Goodwill | 4,089 | 4,086 |
| Intangibles, net of accumulated amortization of $435 and $373, respectively | 2,305 | 2,311 |
| Other assets | 2,166 | 2,299 |
| Total other assets | 8,560 | 8,696 |
| Total assets | $44,173 | $42,278 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities | | |
| Current maturities of long-term debt and capital leases | $1,439 | $1,446 |
| Accounts payable | 1,498 | 1,368 |
| Accrued salaries and wages | 1,054 | 1,143 |
| Air traffic liability | 4,952 | 4,380 |
| Frequent flyer liability | 2,871 | 3,005 |
| Other accrued liabilities | 2,074 | 2,464 |
| Total current liabilities | 13,888 | 13,806 |
| Noncurrent liabilities | | |
| Long-term debt and capital leases, net of current maturities | 15,651 | 15,353 |
| Pension and postretirement benefits | 4,964 | 5,828 |
| Deferred gains and credits, net | 871 | 935 |
| Mandatorily convertible preferred stock and other bankruptcy settlement obligations | 239 | 5,928 |
| Other liabilities | 3,589 | 3,159 |
| Total noncurrent liabilities | 25,314 | 31,203 |
| Commitments and contingencies | | |
| Stockholders' equity (deficit) | | |
| Common stock, $0.01 par value; 1,750,000,000 shares authorized, 717,257,567 shares outstanding as of September 30, 2014; 526,805,522 shares outstanding as of December 31, 2013. | 7 | 5 |

| | | |
|---|---|---|
| Additional paid-in capital | 15,943 | 10,592 |
| Accumulated other comprehensive loss | (1,893) | (2,032) |
| Accumulated deficit | (9,086) | (11,296) |
| Total stockholders' equity (deficit) | 4,971 | (2,731) |
| Total liabilities and stockholders' equity (deficit) | $44,173 | $42,278 |

See accompanying notes to condensed consolidated financial statements.

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)(Unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Net cash provided by operating activities | $2,276 | $1,887 |
| Cash flows from investing activities: | | |
| Capital expenditures and aircraft purchase deposits | (4,006) | (2,400) |
| Decrease (increase) in short-term investments | 1,390 | (2,634) |
| Decrease (increase) in restricted cash and short-term investments | 160 | (85) |
| Net proceeds from slot transaction | 307 | — |
| Proceeds from sale of property and equipment | 24 | 27 |
| Net cash used in investing activities | (2,125) | (5,092) |
| Cash flows from financing activities: | | |
| Payments on long-term debt and capital leases | (2,780) | (2,052) |
| Proceeds from issuance of long-term debt | 2,407 | 4,082 |
| Sale-leaseback transactions | 531 | 1,496 |
| Treasury stock repurchases | (155) | — |
| Dividend payment | (72) | — |
| Premium paid for debt extinguishment | (39) | — |
| Deferred financing costs | (29) | (84) |
| Exercise of stock options | 9 | — |
| Other financing activities | 15 | — |
| Net cash provided by (used in) financing activities | (113) | 3,442 |
| Net increase in cash | 38 | 237 |
| Cash at beginning of period | 1,140 | 480 |
| Cash at end of period | $1,178 | $717 |
| | | |
| Non-cash investing and financing activities: | | |
| Settlement of bankruptcy obligations | $5,469 | $— |
| Capital lease obligations | 479 | — |
| Supplemental information: | | |
| Interest paid, net of amounts capitalized | 640 | 431 |
| Income tax paid | 8 | 10 |

See accompanying notes to condensed consolidated financial statements.

Table of Contents

AMERICAN AIRLINES GROUP INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

## 1. Basis of Presentation

### Basis of Presentation

On December 9, 2013 (the Effective Date), AMR Merger Sub, Inc. (Merger Sub) merged with and into US Airways Group, Inc. (US Airways Group) (the Merger), with US Airways Group surviving as a wholly-owned subsidiary of American Airlines Group Inc., a Delaware corporation (formerly known as AMR Corporation and referred to herein as AAG and, together with its consolidated subsidiaries, the Company), following the Merger. "AMR" refers to the Company during the period of time prior to its emergence from Chapter 11 and the Effective Date of the Merger.

The accompanying unaudited condensed consolidated financial statements of AAG should be read in conjunction with the consolidated financial statements contained in AAG's Annual Report on Form 10-K for the year ended December 31, 2013. The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Principal subsidiaries include American and, effective December 9, 2013, US Airways Group. Because the Merger did not occur until December 2013, the unaudited condensed consolidated financial statements presented do not include the accounts of US Airways Group for the three and nine months ended September 30, 2013. Certain prior period amounts have been reclassified to conform to the current year financial statement presentation as described below. All significant intercompany transactions have been eliminated.

Management believes that all adjustments necessary for the fair presentation of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented. The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The most significant areas of judgment relate to passenger revenue recognition, impairment of goodwill, impairment of long-lived and intangible assets, the frequent traveler programs, pensions and retiree medical and other benefits and the deferred tax asset valuation allowance.

### Chapter 11 Matters

In accordance with GAAP, the Debtors (as defined in Note 2 below) applied ASC 852 "Reorganizations" (ASC 852) in preparing the condensed consolidated financial statements for periods subsequent to the Chapter 11 Cases (as defined in Note 2 below). ASC 852 requires that the financial statements distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain revenues, expenses (including professional fees), realized gains and losses and provisions for losses that are realized or incurred in the Chapter 11 Cases for the 2013 period are presented in Reorganization items, net on the accompanying condensed consolidated statement of operations.

### Reclassifications

Certain prior period amounts have been reclassified between various financial statement line items to conform to the current year financial statement presentation. These reclassifications do not impact the historic net loss and are comprised principally of the following items:

- Reclassifications between various operating income line items to conform the presentation of Cargo and Other revenues.
- Reclassifications between various operating expense line items to conform the presentation of Regional expenses.
- Reclassifications between Other nonoperating income (expense), net and Operating expenses to conform the presentation of foreign currency gains and losses.

Table of Contents

The following table summarizes the historical and revised financial statement amounts for AAG (in millions):

| | Three Months Ended September 30, 2013 | | Nine Months Ended September 30, 2013 | |
|---|---|---|---|---|
| | As Reclassified | Historical | As Reclassified | Historical |
| Operating revenues: | | | | |
| Mainline passenger | $5,253 | $5,253 | $14,755 | $14,755 |
| Regional passenger | 766 | 766 | 2,197 | 2,197 |
| Cargo | 164 | 163 | 489 | 485 |
| Other | 645 | 646 | 1,934 | 1,938 |
| Total operating revenues | 6,828 | 6,828 | 19,375 | 19,375 |
| Operating expenses: | | | | |
| Aircraft fuel and related taxes | 1,950 | 2,220 | 5,764 | 6,559 |
| Salaries, wages and benefits | 1,380 | 1,546 | 3,931 | 4,480 |
| Regional expenses | 785 | — | 2,334 | — |
| Maintenance, materials and repairs | 289 | 350 | 932 | 1,108 |
| Other rent and landing fees | 279 | 338 | 851 | 1,028 |
| Aircraft rent | 192 | 186 | 538 | 529 |
| Selling expenses | 294 | 280 | 857 | 813 |
| Depreciation and amortization | 204 | 245 | 615 | 739 |
| Special items, net | 15 | 15 | 98 | 56 |
| Other | 739 | 950 | 2,171 | 2,825 |
| Total operating expenses | 6,127 | 6,130 | 18,091 | 18,137 |
| Operating income | 701 | 698 | 1,284 | 1,238 |
| Nonoperating income (expense): | | | | |
| Interest income | 5 | 5 | 14 | 14 |
| Interest expense, net of capitalized interest | (226) | (196) | (642) | (602) |
| Other, net | (40) | (67) | (76) | (70) |
| Total nonoperating expense, net | $(261) | $(258) | $(704) | $(658) |

Additionally, on the condensed consolidated statement of cash flows, the Company reclassified $84 million in deferred financing charges from operating to financing cash flow activities for the nine months ended September 30, 2013 in order to conform to the current year financial statement presentation.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASU 2014-09 completes the joint effort by the FASB and International Accounting Standards Board (IASB) to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards (IFRS). ASU 2014-09 applies to all companies that enter into contracts with customers to transfer goods or services. ASU 2014-09 is effective for public entities for interim and annual reporting periods beginning after December 15, 2016. Early application is not permitted and entities have the choice to apply ASU 2014-09 either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying ASU 2014-09 at the date of initial application and not adjusting comparative information. The Company is currently evaluating the requirements of ASU 2014-09 and has not yet determined its impact on the Company's consolidated financial statements.

Table of Contents

2. Emergence from Chapter 11 and Merger with US Airways Group

Overview

On November 29, 2011 (the Petition Date), AMR, its principal subsidiary, American, and certain of the Company's other direct and indirect domestic subsidiaries (collectively, the Debtors), filed voluntary petitions for relief (the Chapter 11 Cases) under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). On October 21, 2013, the Bankruptcy Court entered an order (the Confirmation Order) approving and confirming the Debtors' fourth amended joint plan of reorganization (as amended, the Plan).

On the Effective Date, the Debtors consummated their reorganization pursuant to the Plan, principally through the transactions contemplated by that certain Agreement and Plan of Merger (as amended, the Merger Agreement), dated as of February 13, 2013, by and among the Company, Merger Sub and US Airways Group, pursuant to which Merger Sub merged with and into US Airways Group, with US Airways Group surviving as a wholly-owned subsidiary of the Company following the Merger. Pursuant to the Merger Agreement, each share of common stock, par value $0.01 per share, of US Airways Group was converted into the right to receive one share of American Airlines Group Inc. common stock, par value $0.01 per share (AAG Common Stock).

From the Petition Date through the Effective Date, pursuant to automatic stay provisions under the Bankruptcy Code and orders granted by the Bankruptcy Court, all actions to enforce or otherwise effect repayment of liabilities preceding the Petition Date as well as all pending litigation against the Debtors generally were stayed. Following the Effective Date, actions to enforce or otherwise effect repayment of liabilities preceding the Petition Date generally have been permanently enjoined. Any unresolved claims will continue to be subject to the claims reconciliation process under the supervision of the Bankruptcy Court. However, certain pending litigation related to pre-petition liabilities may proceed in courts other than the Bankruptcy Court to the extent the parties to such litigation have obtained relief from the permanent injunction.

Plan of Reorganization

The Plan implements the Merger and incorporates a compromise and settlement of certain intercreditor and intercompany claim issues.

Pursuant to the Plan, all shares of AMR common stock outstanding prior to the Effective Date were canceled. AAG's Certificate of Incorporation, which was approved in connection with the Plan, authorizes the issuance of 1.75 billion new shares of AAG Common Stock and 200 million shares of AAG Series A Preferred Stock, par value $0.01 per share (AAG Series A Preferred Stock). Of the authorized AAG Series A Preferred Stock, approximately 168 million were designated "Series A Convertible Preferred Stock," with a stated value $25.00 per share, and issued in accordance with the Plan. AAG Common Stock is listed on the NASDAQ Global Select Market under the symbol "AAL" and began trading on December 9, 2013. AAG Series A Preferred Stock was listed on the NASDAQ Global Select Market under the symbol "AALCP" from December 9, 2013 until its final mandatory conversion on April 8, 2014. In addition, the 2013 Incentive Award Plan (the 2013 IAP) authorizes the grant of awards for the issuance of 40 million shares of AAG Common Stock plus any shares underlying awards granted under the 2013 IAP, or any pre-existing US Airways Group plan, that are forfeited, terminate or are cash settled (in whole or in part) without a payment being made in the form of shares. Any shares that are available for issuance under the US Airways Group 2011 Incentive Award Plan (the 2011 IAP) as of the effective date of the Merger may be used for awards under the 2013 IAP; provided, that awards using such available shares shall not be made after the date awards or grants could have been made under 2011 IAP and shall only be made to individuals who were not providing services to American Airlines Group prior to the Merger.

The Plan contains the following provisions relating to the treatment of pre-petition claims against the Debtors and other holders of allowed interests in the Debtors:

- all secured claims against the Debtors have been reinstated;
- allowed administrative claims, priority claims and convenience claims have been or will be paid in full in cash;
- other holders of allowed pre-petition unsecured claims, holders of allowed interests and certain employees of AMR received or will receive 72% of AAG Common Stock (on a fully converted basis) authorized to be issued pursuant to

the Plan and in connection with the Merger under the following provisions:
all creditors holding general unsecured claims against American that are guaranteed by AAG and general unsecured claims against AAG that are guaranteed by American (Double-Dip Unsecured Claims) were treated the same under the Plan. Holders of Double-Dip Unsecured Claims received, at the Effective Date, their recovery in shares

Table of Contents

of AAG Series A Preferred Stock with a stated amount equal to the allowed amount of their claims, including post-petition interest at the non-default rate;

all creditors holding Single-Dip Unsecured Claims were treated the same regardless of whether the claim was asserted against the AAG Debtors, the American Debtors, or other Debtors. As used herein, "Single-Dip Unsecured Claims" means the general unsecured claims against the Debtors that were not guaranteed by any other Debtor, other than the claims of the Debtors' labor unions representing mainline workers. Holders of Single-Dip Unsecured Claims received a portion of their recovery in shares of AAG Series A Preferred Stock at the Effective Date and their remaining recovery in shares of AAG Common Stock during the 120-day period after the Effective Date;

holders of certain labor-related deemed claims and certain non-management, non-union employees as specified in the Plan received, at the Effective Date, the right to receive an allocation of shares of AAG Common Stock representing 23.6% of the total number of shares of AAG Common Stock ultimately distributed to holders of pre-petition general unsecured creditors against the Debtors. On the Effective Date, pursuant to the Plan, an initial allocation of approximately 39 million shares of AAG Common Stock was made related to these labor and employee groups, of which approximately 27 million shares were distributed on the Effective Date and approximately 13 million shares of which were withheld in connection with the Company making a cash payment of approximately $300 million for certain required withholding taxes;

holders of allowed interests in AMR (primarily holders of AMR common stock existing immediately prior to the Effective Date) received, at the Effective Date, a distribution of approximately 26 million shares of AAG Common Stock representing 3.5% of the total number of shares of AAG Common Stock contemplated for issuance pursuant to the Plan and received an additional 267 million shares of AAG Common Stock during the 120-day period after the Effective Date; and

holders of disputed claims at the Effective Date, to the extent such disputed claims become allowed Single-Dip Unsecured Claims after the Effective Date, are eligible to receive shares of AAG Common Stock held in reserve (the Disputed Claims Reserve), beginning 180 days after the Effective Date. Disputed claimholders that subsequently become holders of Single-Dip Unsecured Claims will receive, subject to the availability of sufficient shares in the Disputed Claims Reserve, the number of shares of AAG Common Stock that the disputed claimholder would have received had such claimholder been a holder of Single-Dip Unsecured Claims as of the Effective Date.

The Plan contemplated the distribution of up to 756 million shares of AAG Common Stock, however this amount has been reduced by approximately 20 million shares because certain tax withholdings for employees were paid in cash as permitted under the Plan. In accordance with the Plan, the Company issued the remaining shares of AAG Common Stock over the 120-day distribution period, except for shares held in the Disputed Claims Reserve. In addition, pursuant to the Plan, approximately 197 million shares of AAG Common Stock were distributed to holders of outstanding shares of US Airways Group common stock.

Pursuant to rulings of the Bankruptcy Court, the Plan has established the Disputed Claims Reserve to hold shares of AAG Common Stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed Single-Dip Unsecured Claims. The shares provided for under the Plan were determined based upon a Disputed Claims Reserve amount of claims of approximately $755 million, representing the maximum amount of additional distributions to subsequently allowed Single-Dip Unsecured Claims under the Plan. On July 1, 2014 (the date 180 days after the Effective Date), approximately 2.9 million shares of AAG Common Stock held in the Disputed Claim Reserve were distributed to holders of allowed Single-Dip Unsecured Claims, to holders of certain labor-related deemed claims, and to holders of certain non-management, non-union employee deemed claims as specified in the Plan, and shares were withheld or sold on account of related tax obligations. In addition, on July 1, 2014, the Company repurchased 0.4 million shares of AAG Common Stock for an aggregate of $19 million from the Disputed Claim Reserve at the then prevailing market price in order to fund cash tax obligations resulting from distributions by the Disputed Claim Reserve. As of September 30, 2014, there were approximately 27.5 million shares of AAG Common Stock remaining in the Disputed Claims Reserve. These shares are reserved for distributions to holders of disputed Single-Dip Unsecured Claims (Single-Dip Equity Obligations) whose claims ultimately become allowed as well as to certain AMR labor groups and employees who received a deemed claim amount based upon a fixed percentage of the distributions to be made to general unsecured claimholders. As disputed claims are resolved, the claimants will receive distributions of shares from the Disputed Claims Reserve on the same basis as if such distributions had been made on or about the Effective Date. To the extent that any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to the Company but rather will be distributed to former AMR shareholders as of the Effective Date. The Company is not required to distribute additional shares above the limits contemplated by the Plan described above.

Table of Contents

In addition, from the Effective Date through September 30, 2014, the Company made the following cash disbursements under the Plan:

- $385 million in cash to the pension plans in connection with missed contributions to the pension plans during the Chapter 11 Cases and interest and penalty interest thereon;
- $108 million in cash to holders in partial or full satisfaction of their claims, including to holders of administrative claims, and state and local priority tax claims;
- $196 million in cure payments to holders of secured debt; and
- Approximately $561 million for payroll and other taxes associated with equity distributions to employees.

Several parties have filed appeals seeking reconsideration of the Confirmation Order. Refer to Note 15 for more information.

As noted above, the reconciliation process with respect to the remaining claims will take considerable time post-emergence. The Company's estimate of the amounts of disputed claims that will ultimately become allowed Single-Dip Unsecured Claims are included in Mandatorily convertible preferred stock and other bankruptcy settlement obligations on the Company's condensed consolidated balance sheet as of September 30, 2014. As these claims are resolved, or where better information becomes available and is evaluated, the Company will make adjustments to the liabilities recorded on its condensed consolidated financial statements as appropriate. Any such adjustments could be material to the Company's financial position or results of operations in any given period.

Availability and Utilization of Net Operating Losses

Upon emergence from bankruptcy, the Debtors experienced an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (Section 382), which could potentially limit the ability to utilize certain tax attributes including the Debtors’ substantial net operating losses (NOLs). The general limitation rules for a debtor in a bankruptcy case are liberalized where the ownership change occurs upon emergence from bankruptcy. The Debtors elected to be covered by certain special rules for federal income tax purposes that permit approximately $9.0 billion of the federal NOL Carryforwards to be utilized without regard to the annual limitation generally imposed by Section 382.

Moreover, an ownership change subsequent to the Debtors’ emergence from bankruptcy may further limit or effectively eliminate the ability to utilize the Debtors’ NOL Carryforwards and other tax attributes. To reduce the risk of a potential adverse effect on the Debtors’ ability to utilize the NOL Carryforwards, AAG's Certificate of Incorporation contains transfer restrictions applicable to certain substantial shareholders. Although the purpose of these transfer restrictions is to prevent an ownership change from occurring, there can be no assurance that an ownership change will not occur even with these transfer restrictions. A copy of AAG's Certificate of Incorporation was attached as Exhibit 3.1 to a Current Report on Form 8-K filed by the Company with the SEC on December 9, 2013.

Reorganization Items, Net

Reorganization items refer to revenues, expenses (including professional fees), realized gains and losses and provisions for losses that are realized or incurred in the Chapter 11 Cases. The following table summarizes the components included in reorganization items, net on the condensed consolidated statements of operations for the three and nine months ended September 30, 2013 (in millions):

| | Three Months Ended September 30, 2013 | Nine Months Ended September 30, 2013 |
|---|---|---|
| Aircraft and facility financing renegotiations and rejections [1] | $66 | $285 |
| Professional fees | 48 | 126 |
| Other | 37 | 24 |
| Total reorganization items, net | $151 | $435 |

[1] Amounts include allowed claims (claims approved by the Bankruptcy Court) and estimated allowed claims relating to (i) the rejection or modification of financings related to aircraft and (ii) entry of orders treated as unsecured claims with respect to facility agreements supporting certain issuances of special facility revenue bonds. The Debtors recorded an estimated claim associated with the rejection or modification of a financing or facility agreement when the applicable motion was filed with the Bankruptcy Court to reject or modify such financing and

the Debtors believed that it was probable the motion would be approved, and there was sufficient information to estimate the claim.

Table of Contents

3. Mandatorily Convertible Preferred Stock and Other Bankruptcy Settlement Obligations

The components of Mandatorily convertible preferred stock and other bankruptcy settlement obligations on the condensed consolidated balance sheets are as follows (in millions):

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| AAG Series A Preferred Stock | $— | $3,833 |
| Single-Dip Equity Obligations | 183 | 1,246 |
| Labor-related deemed claim | 56 | 849 |
| Total | $239 | $5,928 |

The AAG Series A Preferred Stock, while outstanding, voted and participated in accordance with the terms of the underlying Certificate of Designation. One quarter of the shares of AAG Series A Preferred Stock initially issued was mandatorily convertible on each of the 30th, 60th, 90th and 120th days after the Effective Date, subject to additional voluntary conversions. The initial stated value of each share of AAG Series A Preferred Stock was $25.00 and accrued dividends at 6.25% per annum, calculated daily, while outstanding. Additionally, AAG Series A Preferred Stock converted to AAG Common Stock based upon the volume weighted average price of the shares of AAG Common Stock on the five trading days immediately preceding the conversion date, at a 3.5% fixed discount, subject to a conversion price floor of $10.875 per share and a conversion price cap of $33.8080 per share, below or above which the conversion rate remains fixed. As of April 8, 2014, all shares of AAG Series A Preferred Stock had been converted into AAG Common Stock.

The Single-Dip Equity Obligations, while outstanding, do not vote or participate in accordance with the terms of the Plan. These equity obligations, representing the amount of total Single-Dip Unsecured Claims not satisfied through the issuance of AAG Series A Preferred Stock at the Effective Date, represented an unconditional obligation to transfer a variable number of shares of AAG Common Stock based predominantly on a fixed monetary amount known at inception, and, as such, were not treated as equity, but rather as liabilities, until the 120th day after emergence, which was April 8, 2014. As of April 8, 2014, the Company has issued shares of AAG Common Stock to satisfy the obligation amount at emergence, plus accrued dividends of 12% per annum, calculated daily, through such date, based on the volume weighted average price of the shares of AAG Common Stock, at a 3.5% discount, as specified in the Plan. The amount of the remaining Single-Dip Equity Obligations at September 30, 2014 is the Company's estimate of its obligation for disputed claims of $183 million and is calculated based on the fair value of the shares expected to be issued, measured as if the obligations were settled using the closing price of AAG Common Stock at September 30, 2014. Additional allowed claims will receive 30.7553 shares, subject to reduction for expenses of the Disputed Claims Reserve, including tax liabilities, for each $1,000 of allowed claims. For accounting purposes, the value of the shares expected to be issued are marked-to-market each period until issued. Accordingly, changes in the value of AAG Common Stock could result in future increases and decreases in this obligation.

In exchange for employees' contributions to the successful reorganization of the Company, including agreeing to reductions in pay and benefits, the Company agreed in the Plan to provide each employee group a deemed claim which was used to provide a distribution of a portion of the equity of the reorganized entity to those employees. Each employee group received a deemed claim amount based upon a fixed percentage of the distributions to be made to general unsecured claimholders. The fair value based on the expected number of shares to be distributed to satisfy this deemed claim, as adjusted, was approximately $1.5 billion. From the Effective Date through September 30, 2014, the Company has made distributions of $981 million in AAG Common Stock and paid approximately $561 million in cash to cover payroll and other taxes related to the equity distributions. As of September 30, 2014, the liability to certain AMR labor groups and employees of $56 million represents the estimated fair value of the remaining shares expected to be issued in satisfaction of such obligation, measured as if the obligation were settled using the closing price of AAG Common Stock at September 30, 2014. For accounting purposes, the value of the remaining shares expected to be issued to satisfy the labor claim are marked-to-market each period until issued. Accordingly, changes in the value of AAG Common Stock could result in future increases and decreases in this obligation.

On July 1, 2014, approximately 2.9 million shares of AAG Common Stock held in the Disputed Claims Reserve were distributed to holders of allowed Single-Dip Unsecured Claims, to holders of certain labor-related deemed claims and to holders of certain non-management, non-union employee deemed claims as specified in the Plan, and shares were withheld or sold on account of related tax obligations. The next planned distribution will be in November 2014 for any disputed Single-Dip Unsecured Claims that become allowed after July 1, 2014.

Table of Contents

4. Slot Divestiture

As a stipulation for the Merger to be approved by the Department of Justice (DOJ), the Company was required to divest certain slots at Ronald Reagan Washington National Airport (DCA). As of December 31, 2013, the DCA slots to be divested were recorded as assets held for sale and included in Prepaid expenses and other on the consolidated balance sheet. In the first quarter of 2014, the Company divested the required DCA slots and received $307 million in cash as well as 24 slots at John F. Kennedy Airport. The Company recognized a gain of $309 million related to the divestiture, which has been included in Special items, net in the condensed consolidated statement of operations.

5. Special Items

Special items, net on the condensed consolidated statements of operations are as follows (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Mainline operating special items, net [a] | $221 | $15 | $335 | $98 |

(a) The 2014 third quarter mainline operating special items totaled a net charge of $221 million, which principally included $166 million of merger integration expenses related to information technology, alignment of labor union contracts, professional fees, severance and retention, share-based compensation expense, re-branding of aircraft and airport facilities, relocation and training, as well as $99 million in other charges, including an $81 million charge to revise prior estimates of certain aircraft residual values, and other asset impairments. These charges were offset in part by a net $40 million credit for bankruptcy related items primarily consisting of fair value adjustments for bankruptcy settlement obligations. The 2014 nine month period mainline operating special items totaled a net charge of $335 million, which principally included $530 million of merger integration expenses as described above, $99 million in other charges, including an $81 million charge to revise prior estimates of certain aircraft residual values, and other asset impairments, as well as $46 million in charges primarily relating to the buyout of certain aircraft leases. These charges were offset in part by a $309 million gain on the sale of slots at DCA and a net $35 million credit for bankruptcy related items as described above.

The 2013 third quarter mainline operating special items primarily consisted of merger related expenses. The 2013 nine month period mainline operating special items totaled a net charge of $98 million, which included $55 million in merger related expenses and a $43 million charge for workers' compensation claims.

The following additional amounts are also included in the condensed consolidated statements of operations as follows (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Regional operating special items, net | $2 | $— | $7 | $3 |
| Nonoperating special items, net [b] | 50 | 75 | 101 | 191 |
| Reorganization items, net [c] | — | 151 | — | 435 |
| Income tax special items, net [d] | 8 | — | 352 | — |

(b) The 2014 third quarter nonoperating special items totaled a net charge of $50 million, which was primarily due to early debt extinguishment costs related to the prepayment of American's 7.50% senior secured notes and other indebtedness. The 2014 nine month period nonoperating special items totaled a net charge of $101 million, which primarily included $54 million of early debt extinguishment costs as described above and $33 million of non-cash interest accretion on the bankruptcy settlement obligations.

The 2013 third quarter nonoperating special items totaled a net charge of $75 million, which principally related to debt extinguishment costs incurred in connection with the repayment of existing high-interest aircraft financings. The 2013 nine month period nonoperating special items totaled a net charge of $191 million, which principally included interest charges of $116 million to recognize post-petition interest expense on unsecured obligations pursuant to the Plan and the $75 million in charges primarily related to debt extinguishment costs as described above.

(c) In the 2013 third quarter and nine month periods, the Company recognized reorganization expenses as a result of the filing of the Chapter 11 Cases. These amounts consisted primarily of estimated allowed claim amounts and professional fees.

(d) During the 2014 third quarter, the Company recorded a special $8 million non-cash deferred income tax provision related to certain indefinite-lived intangible assets. During the 2014 nine month period, the Company sold its portfolio of fuel hedging

16

Table of Contents

contracts that were scheduled to settle on or after June 30, 2014. In connection with this sale, the Company recorded a special non-cash tax provision of $330 million in the statement of operations for the second quarter of 2014 that reversed the non-cash tax provision which was recorded in Other Comprehensive Income (OCI), a subset of stockholders' equity, principally in 2009. This provision represents the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of the Company's fuel hedging contracts. In accordance with GAAP, the Company retained the $330 million tax provision in OCI until the last contract was settled or terminated. In addition, the 2014 nine month period included a special $22 million non-cash deferred income tax provision related to certain indefinite-lived intangible assets.

6. Earnings Per Share

Pursuant to the Plan and the Merger Agreement, holders of AMR common stock formerly traded under the symbol "AAMRQ" received shares of AAG Common Stock principally over the 120-day distribution period following the Effective Date. In accordance with GAAP, the 2013 third quarter and nine month period weighted average shares and earnings per share (EPS) calculations have been adjusted to retrospectively reflect these distributions which were each made at the rate of approximately 0.7441 shares of AAG Common Stock per share of AAMRQ. Former holders of AAMRQ shares as of the Effective Date may in the future receive additional distributions of AAG Common Stock dependent upon the ultimate distribution of shares of AAG Common Stock to holders of disputed claims. Thus, the shares and related earnings per share calculations prior to the Effective Date may change in the future to reflect additional retrospective adjustments for future AAG Common Stock distributions to former holders of AAMRQ shares.

As of September 30, 2014, all shares pursuant to the Plan have been issued and are outstanding for purposes of the Company's basic and diluted EPS calculation in connection with the conversion of AAG Series A Preferred Stock and satisfaction of other bankruptcy settlement obligations related to allowed unsecured claims, including disputed claims, labor-related deemed claims and former holders of AAMRQ shares.

The following table sets forth the computation of basic and diluted EPS (in millions, except share and per share amounts in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Basic EPS: | | | | |
| Net income | $942 | $289 | $2,285 | $167 |
| Weighted-average common shares outstanding (in thousands) | 719,067 | 249,719 | 721,213 | 249,599 |
| Basic EPS | $1.31 | $1.16 | $3.17 | $0.67 |
| | | | | |
| Diluted EPS: | | | | |
| Net income | $942 | $289 | $2,285 | $167 |
| Interest expense on convertible senior notes | — | 7 | — | 22 |
| Change in fair value of conversion feature on 7.25% convertible senior notes [(a)] | — | — | 3 | — |
| Net income for purposes of computing diluted EPS | $942 | $296 | $2,288 | $189 |
| Share computation for diluted EPS (in thousands): | | | | |
| Weighted-average shares outstanding | 719,067 | 249,719 | 721,213 | 249,599 |
| Dilutive effect of stock awards | 16,129 | 4,736 | 14,610 | 4,159 |
| Assumed conversion of convertible senior notes | — | 34,581 | 1,277 | 34,581 |
| Weighted average common shares outstanding - as adjusted | 735,196 | 289,036 | 737,100 | 288,339 |
| Diluted EPS | $1.28 | $1.02 | $3.10 | $0.65 |
| | | | | |
| The following were excluded from the computation of diluted EPS (in thousands): | | | | |
| | 248 | 6,519 | 288 | 9,715 |

Stock options, SARs and RSUs because inclusion would be antidilutive

17

Table of Contents

(a) In March 2014, the Company notified the holders of US Airways Group's 7.25% convertible senior notes that it had elected to settle all future conversions solely in cash instead of shares of AAG Common Stock in accordance with the related indenture. Thus, the diluted shares include the weighted average impact of the 7.25% convertible senior notes only for the period from January 1, 2014 to March 12, 2014. In addition, under GAAP, the Company must adjust the numerator for purposes of calculating diluted earnings per share by the change in fair value of the conversion feature from March 12, 2014 to May 15, 2014, which increased GAAP net income for purposes of computing diluted earnings per share by $3 million for the nine months ended September 30, 2014.

7. Stock Repurchase Plan and Dividend

On July 23, 2014, as part of a capital deployment program, the Company’s Board of Directors authorized a $1.0 billion share repurchase program to be completed no later than December 31, 2015. Share repurchases under the share repurchase 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. This share repurchase program does not obligate the Company to repurchase any specific number of shares for any fixed period, and may be suspended at any time at management’s discretion. During the three and nine months ended September 30, 2014, the Company repurchased 2.9 million shares of AAG Common Stock for $113 million at a weighted average cost per share of $39.30.

Also on July 23, 2014, as part of the Company's capital deployment program, the Company's Board of Directors declared a $0.10 per share cash dividend for shareholders of record as of August 4, 2014, payable on August 18, 2014. The total cash payment for dividends during the three and nine months ended September 30, 2014 was $72 million. Any future dividends that may be declared and paid from time to time under the Company's capital deployment program will be subject to market and economic conditions, applicable legal requirements and other relevant factors. The Company's capital deployment program does not obligate the Company to continue a dividend for any fixed period, and payment of dividends may be suspended at any time at management’s discretion.

8. Debt

Long-term debt and capital lease obligations included in the condensed consolidated balance sheets consisted of (in millions):

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| Secured | | |
| Senior secured credit facility, variable interest rate of 3.75%, installments through 2019 | $1,876 | $1,891 |
| 2013 Citicorp Credit Facility tranche B-1, variable interest rate of 3.50%, installments through 2019 | 990 | 1,000 |
| 2013 Citicorp Credit Facility tranche B-2, variable interest rate of 3.00%, installments through 2016 | 594 | 600 |
| Aircraft enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.70% to 11.00%, maturing from 2014 to 2026 | 7,199 | 6,031 |
| Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.43% to 8.48%, maturing from 2014 to 2026 | 2,909 | 3,441 |
| Special facility revenue bonds, fixed interest rates ranging from 5.50% to 8.50%, maturing from 2016 to 2035 | 1,111 | 1,466 |
| 7.50% senior secured notes | — | 1,000 |
| AAdvantage Miles advance purchase, effective rate of 8.30%, installments through 2017 | 479 | 611 |
| Other secured obligations, fixed interest rates ranging from 4.19% to 12.24%, maturing from 2014 to 2028 | 742 | 303 |
| | 15,900 | 16,343 |
| Unsecured | | |
| 5.50% senior notes, interest only payments until due in 2019 | 750 | — |
| 6.125% senior notes, interest only payments until due in 2018 | 500 | 500 |
| 7.25% convertible senior notes | — | 22 |
| Industrial development bonds | — | 29 |
| | 1,250 | 551 |
| Total long-term debt and capital lease obligations | 17,150 | 16,894 |
| Less: Total unamortized debt discount | 60 | 95 |
| Less: Current maturities | 1,439 | 1,446 |
| Long-term debt and capital lease obligations, net of current maturities | $15,651 | $15,353 |

2014-1 EETCs

In September 2014, American created two pass-through trusts which issued approximately $957 million aggregate face amount of Series 2014-1 Class A and Class B EETCs in connection with the financing of 17 aircraft recently delivered to, and owned by, American (the 2014 EETC Aircraft).

As of September 30, 2014, the full $957 million of the escrowed proceeds from the 2014-1 EETCs have been used to purchase equipment notes issued by American in two series: Series A equipment notes in the amount of $742 million bearing interest at 3.70% per annum and Series B equipment notes in the amount of $215 million bearing interest at 4.375% per annum. Interest and principal payments on the equipment notes are scheduled to be made in April and October of each year, beginning in April 2015. The final payments on the Series A and Series B equipment notes will be due in October 2026 and October 2022, respectively. The equipment notes are secured by liens on the 2014 EETC Aircraft.

2013-1 EETCs

In the first nine months of 2014, US Airways issued $559 million of equipment notes in two series under its 2013-1 EETCs completed in April 2013: Series A equipment notes in the amount of $423 million bearing interest at 3.95% per annum and Series B equipment notes in the amount of $136 million bearing interest at 5.375% per annum. As of

September 30, 2014, the full $820 million of the escrowed proceeds from US Airways' 2013-1 EETCs have been used to purchase Series A and Series B equipment notes issued by US Airways. The equipment notes are secured by liens on aircraft.

Other Aircraft Financing Transactions

In May 2014, the Company prepaid $113 million principal amount of outstanding debt secured by certain aircraft. During the second and third quarters of 2014, American entered into loan agreements to borrow $141 million in connection with financing certain aircraft deliveries. The notes mature in 2026 and bear interest at a rate of LIBOR plus an applicable margin.

Senior Secured Notes

In March 2014, American prepaid $100 million of its 7.50% senior secured notes at a redemption price of 103% of their principal amount plus accrued and unpaid interest. In July 2014, American prepaid the remaining outstanding principal balance of $900 million at a redemption price of 103.75% of outstanding principal amount plus accrued and unpaid interest. In connection with the prepayment of the outstanding 7.50% senior secured notes, during the nine months ended September 30, 2014, American paid $37 million of cash premiums and recorded a $5 million non-cash write off of unamortized deferred issuance costs.

Obligations Associated with Special Facility Revenue Bonds

In the first nine months of 2014, the Company prepaid $312 million of obligations, of which $135 million was reflected as debt on its balance sheet, associated with special facility revenue bonds issued by municipalities to build or improve certain airport and maintenance facilities. The off-balance sheet portion of these obligations was accounted for as an operating lease.

In addition, in August 2014, American elected to exercise its option to reset the interest rate on approximately $220 million aggregate principal amount of special facility revenue bonds reflected as debt on its balance sheet, related to the Los Angeles International Airport, resulting in the repurchase of these bonds by American in September 2014. American has the option to remarket these bonds in the future. In connection with the repurchase of these bonds, American paid $2 million in cash premiums and recorded a $5 million non-cash write off of unamortized debt discount and issuance costs.

5.50% Senior Notes

In September 2014, the Company issued $750 million aggregate principal amount of 5.50% Senior Notes due 2019 (the 5.50% senior notes), the net proceeds of which will be used for general corporate purposes. These notes bear interest at a rate of 5.50% per annum, which is payable semi-annually in arrears on each April 1 and October 1, beginning April 1, 2015. The 5.50% senior notes mature on October 1, 2019 and are fully and unconditionally guaranteed by American, US Airways Group and US Airways. The 5.50% senior notes are senior unsecured obligations of the Company. In addition, if the Company experiences specific kinds of changes of control, the Company must offer to repurchase the 5.50% senior notes at a price of 101% of the principal amount plus accrued and unpaid interest, if any, to the repurchase date. The indenture for the 5.50% senior notes contains covenants and events of default generally customary for similar financings. Upon the occurrence of certain events of default, the 5.50% senior notes may be accelerated and become due and payable.

7.25% Convertible Notes

In March 2014, the Company notified the holders of US Airways Group's 7.25% convertible notes that it had elected to settle solely in cash instead of shares of AAG Common Stock all conversions during the period beginning on March 15, 2014 and ending on, and including, the second scheduled trading day immediately preceding the maturity date of May 15, 2014. In May 2014, the Company settled all outstanding 7.25% convertible notes in cash for approximately $175 million.

Guarantees

In March 2014, AAG, US Airways Group and US Airways entered into amended and restated guarantees of the payment obligations of US Airways under the equipment notes relating to each of its Series 2010-1, 2011-1, 2012-1, 2012-2 and 2013-1 Pass Through Certificates, the result of which was to add AAG as a guarantor of such equipment notes on a joint and several basis with US Airways Group. Refer to Note 16 for further information.

Table of Contents

9. Income Taxes

As a result of the Merger, US Airways Group and its subsidiaries are included in the AAG consolidated federal and state income tax returns for the three and nine months ended September 30, 2014. The Merger resulted in a statutory "ownership change" on December 9, 2013, as defined in Section 382, which limits the Company's future ability to utilize NOLs generated before the ownership change and certain subsequently recognized "built-in" losses and deductions, if any, existing as of the date of the ownership change. The general limitation rules for a debtor in a bankruptcy case are liberalized where an ownership change occurs upon emergence from bankruptcy. The Company's ability to utilize any new NOLs arising after the ownership change is not affected.

At December 31, 2013, the Company had approximately $10.6 billion of gross NOLs to reduce future federal taxable income, the majority of which are expected to be available for use in 2014, subject to the Section 382 limitation described above. The federal NOLs will expire beginning in 2022 if unused. These NOLs include an unrealized tax benefit of $762 million related to the implementation of share-based compensation accounting guidance that will be recorded in equity when realized. The Company also had approximately $4.7 billion of gross NOLs to reduce future state taxable income at December 31, 2013, which will expire in years 2014 through 2033 if unused. At December 31, 2013, the Company had an Alternative Minimum Tax (AMT) credit carryforward of approximately $370 million available for federal income tax purposes, which is available for an indefinite period. The Company's net deferred tax assets, which include the NOLs, are subject to a full valuation allowance. At December 31, 2013, the federal and state valuation allowances were $4.6 billion and $415 million, respectively. In accordance with GAAP, utilization of the NOLs after December 9, 2013 will result in a corresponding decrease in the valuation allowance and offset the Company's tax provision dollar for dollar.

The Company provides a valuation allowance for deferred tax assets when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income (primarily reversals of deferred tax liabilities) during the periods in which those temporary differences will become deductible. The Company considers many factors in evaluating the realizability of its deferred tax assets including risks associated with merger integration as well as other factors, which continue to be affected by conditions beyond the Company's control, such as the condition of the economy, the level and volatility of fuel prices and travel demand.

For the three and nine months ended September 30, 2014, the Company recorded a special $8 million and $22 million, respectively, non-cash deferred income tax provision related to certain indefinite-lived intangible assets. In addition, for the 2014 nine month period, the Company recorded a special $330 million non-cash tax provision related to the settlement of fuel hedges discussed below and $8 million of tax expense principally related to certain states and countries where NOLs were limited or unavailable to be used.

During the second quarter of 2014, the Company sold its portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. In connection with this sale, the Company recorded a special non-cash tax provision of $330 million in the statement of operations for the nine months ended September 30, 2014 that reverses the non-cash tax provision which was recorded in OCI, a subset of stockholders’ equity, principally in 2009. This provision represents the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of the Company’s fuel hedging contracts. In accordance with GAAP, the Company retained the $330 million tax provision in OCI until the last contract was settled or terminated.

The Company did not record an income tax provision in the 2013 third quarter. For the nine months ended September 30, 2013, the Company recorded an income tax benefit of approximately $22 million as a result of the American Taxpayer Relief Act of 2012.

Table of Contents

10. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company's short-term investments classified as Level 2 primarily utilize broker quotes in a non-active market for valuation of these securities. No changes in valuation techniques or inputs occurred during the nine months ended September 30, 2014.

Assets and liabilities measured at fair value on a recurring basis are summarized below (in millions):

| | Fair Value Measurements as of September 30, 2014 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Short-term investments [1], [2] | | | | |
| Money market funds | $518 | $518 | $— | $— |
| Government agency investments | 101 | — | 101 | — |
| Repurchase agreements | 230 | — | 230 | — |
| Corporate obligations | 4,254 | — | 4,254 | — |
| Bank notes / Certificates of deposit / Time deposits | 1,618 | — | 1,618 | — |
| | 6,721 | 518 | 6,203 | — |
| Restricted cash and short-term investments [1] | 875 | 875 | — | — |
| Total | $7,596 | $1,393 | $6,203 | $— |

(1) Unrealized gains or losses on short-term investments and restricted cash and short-term investments are recorded in Accumulated other comprehensive loss at each measurement date.

(2) The Company's short-term investments mature in one year or less except for $1.1 billion of corporate obligations and $775 million of bank notes.

There were no Level 1 to Level 2 transfers during the nine months ended September 30, 2014. The Company's policy regarding the recording of transfers between levels is to reflect any such transfers at the end of the reporting period.

All of the Company's short-term investments are classified as available-for-sale and stated at fair value. Unrealized gains and losses are reflected as a component of Accumulated other comprehensive loss.

Venezuela Cash and Short-term Investments

As of September 30, 2014, $721 million of the Company's unrestricted cash balance was held in Venezuelan bolivars, valued at the weighted average applicable exchange rate of 6.41 bolivars to the dollar. The Company's cash balance held in Venezuelan bolivars decreased $70 million from the June 30, 2014 balance of $791 million, due primarily to $48 million in repatriations in the third quarter of 2014 ($31 million valued at 6.3 bolivars to the dollar and $17 million valued at 10.6 bolivars to the dollar). This balance also reflects the Company's significant reduction in capacity in this market, pending further repatriation of funds and due to a decrease in demand for air travel resulting from the effective devaluation of the bolivar. The Company's September 30, 2014 cash balance includes approximately $94 million valued at 4.3 bolivars, approximately $580 million valued at 6.3 bolivars, and approximately $47 million valued at 12.0 bolivars, with the rate depending on the date the Company submitted its repatriation request to the Venezuelan government. The Company is continuing to work with Venezuelan authorities regarding the timing and exchange rate applicable to the repatriation of funds held in local currency. The Company is monitoring this situation closely and continues to evaluate its holdings of Venezuelan bolivars for potential impairment. See Part II, Item 1A - Risk Factors "We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our control" for additional discussion of these and other currency risks.

Table of Contents

Fair Value of Debt

The fair value of the Company’s long-term debt was estimated using quoted market prices or discounted cash flow analyses, based on the Company’s current estimated incremental borrowing rates for similar types of borrowing arrangements. If the Company’s long-term debt was measured at fair value, it would have been classified as Level 2 in the fair value hierarchy.

In connection with the Merger, US Airways Group's long-term debt was recorded at fair value as of December 9, 2013 using the acquisition method of accounting in accordance with ASC 805, "Business Combinations" and was determined by discounting the future contractual principal and interest payments using a market interest rate.

The carrying value and estimated fair value of the Company’s long-term debt, including current maturities, were as follows (in millions):

| | September 30, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Long-term debt, including current maturities | $17,090 | $17,787 | $16,799 | $17,035 |

Table of Contents

11. Retirement Benefits

The following tables provide the components of net periodic benefit cost (in millions):

| | Pension Benefits | | Retiree Medical and Other Benefits | |
|---|---|---|---|---|
| Three Months Ended September 30, | 2014 | 2013 | 2014 | 2013 |
| Service cost | $1 | $1 | $— | $— |
| Interest cost | 186 | 164 | 15 | 13 |
| Expected return on assets | (197) | (180) | (5) | (4) |
| Settlements | 1 | — | — | — |
| Amortization of: | | | | |
| Prior service cost (benefit) | 7 | 7 | (55) | (61) |
| Unrecognized net loss (gain) | 12 | 23 | (2) | (2) |
| Net periodic benefit cost | $10 | $15 | $(47) | $(54) |

| | Pension Benefits | | Retiree Medical and Other Benefits | |
|---|---|---|---|---|
| Nine Months Ended September 30, | 2014 | 2013 | 2014 | 2013 |
| Service cost | $3 | $3 | $1 | $— |
| Interest cost | 557 | 490 | 46 | 39 |
| Expected return on assets | (589) | (540) | (15) | (12) |
| Settlements | 4 | — | — | — |
| Amortization of: | | | | |
| Prior service cost (benefit) | 21 | 21 | (175) | (183) |
| Unrecognized net loss (gain) | 35 | 69 | (6) | (6) |
| Net periodic benefit cost | $31 | $43 | $(149) | $(162) |

Effective November 1, 2012, the Company's defined benefit pension plans were frozen.

The Company is required to make minimum contributions to its defined benefit pension plans under the minimum funding requirements of the 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. In the first nine months of 2014, the Company has made its aggregate minimum required contributions for 2014 of $168 million, and has made $613 million in supplemental contributions to its pension plans, above and beyond the $168 million of minimum required contributions.

Table of Contents

12. Financial Instruments

Fuel Hedging Contracts

The Company has not entered into any fuel hedges since December 9, 2013. As of September 30, 2014, the Company does not have any fuel hedging contracts outstanding. During the second quarter of 2014, the Company sold its portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. The cash proceeds on these sales totaled $71 million which exceeded the current value of the portfolio. Approximately $25 million of the resulting gain was credited to OCI and will be recognized as a credit to fuel expense in the period the hedged fuel is scheduled to be consumed (the third quarter of 2014 through the second quarter of 2015). For the three months ended September 30, 2014 and 2013, the Company recognized a net gain of $7 million and $25 million, respectively, and for the nine months ended September 30, 2014 and 2013, the Company recognized a net gain of $7 million and $2 million, respectively, as a component of aircraft fuel expense on the accompanying condensed consolidated statements of operations related to its fuel hedging agreements, including the ineffective portion of the hedges.

The impact of aircraft fuel derivative instruments on the Company’s condensed consolidated statements of operations is depicted below (in millions):

| | Location in condensed consolidated statements of operations | Three Months Ended September 30, 2014 | Three Months Ended September 30, 2013 | Nine Months Ended September 30, 2014 | Nine Months Ended September 30, 2013 |
|---|---|---|---|---|---|
| Amount of gain (loss) reclassified from accumulated OCI into income [1] | Aircraft fuel and related taxes | $7 | $(11) | $(5) | $(23) |
| Amount of gain recognized in income on derivative [2] | Aircraft fuel and related taxes | — | 36 | 12 | 25 |
| Amount of gain recognized in condensed consolidated statements of operations [3] | Aircraft fuel and related taxes | $7 | $25 | $7 | $2 |

(1) Includes the effective portion of hedge gain (loss)

(2) Includes the ineffective portion of hedge gain (loss)

(3) Includes the effective and ineffective portion of hedge gain (loss)

The impact of aircraft fuel derivative instruments on the Company’s condensed consolidated statements of comprehensive income (loss) is depicted below (in millions):

| | Location | Three Months Ended September 30, 2014 | Three Months Ended September 30, 2013 | Nine Months Ended September 30, 2014 | Nine Months Ended September 30, 2013 |
|---|---|---|---|---|---|
| Amount of (gain) loss reclassified from accumulated OCI into income [1] | Reclassification into earnings | $(7) | $11 | $5 | $23 |
| Amount of gain (loss) recognized in OCI on derivative [1] | Change in fair value | — | 23 | (34) | (47) |
| Amount of gain (loss) recognized in condensed consolidated statements of comprehensive income | | $(7) | $34 | $(29) | $(24) |

(1) Includes the effective portion of hedge gain (loss)

While certain of the Company's fuel derivatives were subject to enforceable master netting agreements with its counterparties, the Company did not offset its fuel derivative assets and liabilities in its condensed consolidated balance sheets. The Company had a gross asset of $109 million as of December 31, 2013 for its aircraft fuel derivative instruments, which was reflected in Prepaid expenses and other on the accompanying condensed consolidated balance sheet. The Company had no cash collateral posted or received as of December 31, 2013.

Table of Contents

13. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) are as follows (in millions):

| | Pension and retiree medical liability | Net unrealized change on investments | Derivative financial instruments | Income tax benefit (expense) | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2013 | $(887) | $(2) | $67 | $(1,210) | $(2,032) |
| Other comprehensive loss before reclassifications | (17) | — | (54) | — | (71) |
| Amounts reclassified from accumulated other comprehensive income (loss) | (125) | — | 5 | 330 | 210 |
| Net current period other comprehensive income (loss) | (142) | — | (49) | 330 | 139 |
| Balance at September 30, 2014 | $(1,029) | $(2) | $18 | $(880) | $(1,893) |

Reclassifications out of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2014 and 2013 are as follows (in millions):

| Details about accumulated other comprehensive income (loss) components | Amount reclassified from accumulated other comprehensive income (loss) | | | | Affected line item in the statement where net income (loss) is presented |
|---|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | | |
| | 2014 | 2013 | 2014 | 2013 | |
| Amortization of pension and retiree medical liability: | | | | | |
| Prior service cost | $(48) | $(54) | $(154) | $(162) | Salaries, wages and benefits |
| Actuarial loss | 10 | 21 | 29 | 63 | Salaries, wages and benefits |
| Derivative financial instruments: | | | | | |
| Cash flow hedges | (7) | 11 | 5 | 23 | Aircraft fuel and related taxes |
| Net unrealized change on investments: | | | | | |
| Net change in value | (2) | — | — | — | Other, net |
| Income tax benefit (expense): | | | | | |
| Reversal of non-cash tax provision | — | — | 330 | — | Income tax provision (benefit) |
| Total reclassifications for the period | $(47) | $(22) | $210 | $(76) | |

During the 2014 nine month period, the Company sold its portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. In connection with this sale, the Company recorded a special non-cash tax provision of $330 million in the statement of operations for the second quarter of 2014 that reverses the non-cash tax provision which was recorded in OCI, a subset of stockholders’ equity, principally in 2009. This provision represents the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of the Company’s fuel hedging contracts. In accordance with GAAP, the Company retained the $330 million tax provision in OCI until the last contract was settled or terminated.

Table of Contents

14. Regional Expenses

Expenses associated with the Company's wholly-owned regional airlines and third-party regional carriers operating under the brand names American Eagle and US Airways Express are classified as Regional expenses on the condensed consolidated statements of operations. Regional expenses consist of the following (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Aircraft fuel and related taxes | $538 | $270 | $1,573 | $795 |
| Salaries, wages and benefits | 267 | 165 | 803 | 504 |
| Capacity purchases from third-party regional carriers | 380 | 50 | 1,102 | 130 |
| Maintenance, materials and repairs | 94 | 70 | 263 | 210 |
| Other rent and landing fees | 109 | 59 | 311 | 176 |
| Aircraft rent | 9 | — | 26 | — |
| Selling expenses | 79 | 35 | 238 | 106 |
| Depreciation and amortization | 52 | 41 | 156 | 124 |
| Special items, net | 2 | — | 7 | 3 |
| Other | 138 | 95 | 440 | 286 |
| Total regional expenses | $1,668 | $785 | $4,919 | $2,334 |

15. Legal Proceedings

Chapter 11 Cases. As previously disclosed, on the Petition Date, November 29, 2011, the Debtors filed the Chapter 11 Cases. On October 21, 2013, the Bankruptcy Court entered the Confirmation Order confirming the Plan. On the Effective Date, December 9, 2013, the Debtors consummated their reorganization pursuant to the Plan, principally through the transactions contemplated by the Merger Agreement pursuant to which Merger Sub merged with and into US Airways Group, with US Airways Group surviving as a wholly-owned subsidiary of AAG. From the Petition Date through the Effective Date, pursuant to automatic stay provisions under the Bankruptcy Code and orders granted by the Bankruptcy Court, actions to enforce or otherwise effect repayment of liabilities preceding the Petition Date as well as all pending litigation against the Debtors generally were stayed. Following the Effective Date, actions to enforce or otherwise effect repayment of liabilities preceding the Petition Date, generally have been permanently enjoined. Any unresolved claims will continue to be subject to the claims reconciliation process under the supervision of the Bankruptcy Court. However, certain pending litigation related to pre-petition liabilities may proceed in courts other than the Bankruptcy Court to determine the amount, if any, of such litigation claims for purposes of treatment under the Plan.

Pursuant to rulings of the Bankruptcy Court, the Plan established the Disputed Claims Reserve to hold shares of AAG Common Stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed Single-Dip Unsecured Claims. The shares provided for under the Plan were determined based upon a Disputed Claims Reserve amount of claims of approximately $755 million, representing the maximum amount of additional distributions to subsequently allowed Single-Dip Unsecured Claims under the Plan. On July 1, 2014 (the date 180 days after the Effective Date), approximately 2.9 million shares of AAG Common Stock held in the Disputed Claim Reserve were distributed to holders of allowed Single-Dip Unsecured Claims, to holders of certain labor-related deemed claims, and to holders of certain non-management, non-union employee deemed claims as specified in the Plan, and shares were withheld or sold on account of related tax obligations. In addition, on July 1, 2014, the Company repurchased 0.4 million shares of AAG Common Stock for an aggregate of $19 million from the Disputed Claim Reserve at the then prevailing market price in order to fund cash tax obligations resulting from distributions by the Disputed Claim Reserve. As of September 30, 2014, there were approximately 27.5 million shares of AAG Common Stock remaining in the Disputed Claims Reserve. As disputed claims are resolved, the claimants will receive distributions of shares from the Disputed Claims Reserve on the same basis as if such distributions had been made on or about the Effective Date. However, the Company is not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution are not sufficient to fully pay any additional allowed unsecured claims. To the extent that any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to the Company but rather will be distributed to former AMR shareholders as of the Effective Date. However, resolution of disputed claims could have a material effect on recoveries by holders of additional allowed Single-Dip Unsecured

Table of Contents

Claims under the Plan and the amount of additional share distributions, if any, that are made to former AMR shareholders as the total number of shares of AAG Common Stock that remain available for distribution upon resolution of disputed claims is limited pursuant to the Plan.

There is also pending in the Bankruptcy Court an adversary proceeding relating to an action brought by American to seek a determination that certain non-pension, post-employee benefits (OPEB) are not vested benefits and thus may be modified or terminated without liability to American. On April 18, 2014, the Bankruptcy Court granted American's motion for summary judgment with respect to certain non-union employees, concluding that their benefits were not vested and could be terminated. The summary judgment motion was denied with respect to all other retirees. The Bankruptcy Court has not yet scheduled a trial on the merits concerning whether those retirees' benefits are vested, and American cannot predict whether it will receive relief from obligations to provide benefits to any of those retirees. The Company's financial statements presently reflect these retirement programs without giving effect to any modification or termination of benefits that may ultimately be implemented based upon the outcome of this proceeding. Separately, both the Association of Professional Flight Attendants and Transport Workers Union have filed grievances asserting that American was “successful” in its Chapter 11 with respect to matters related to OPEB and, accordingly, by operation of the underlying collective bargaining agreements, American’s prior contributions to certain OPEB prefunding trusts attributable to active employees should be returned to those active employees. These amounts aggregate approximately $212 million. The Company has denied both grievances and intends to defend these matters vigorously.

Private Party Antitrust Action. On July 2, 2013, a lawsuit captioned Carolyn Fjord, et al., v. US Airways Group, Inc., et al., was filed in the United States District Court for the Northern District of California. The complaint names as defendants US Airways Group and US Airways, and alleges that the effect of the Merger may be to substantially lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Antitrust Act. The relief sought in the complaint includes an injunction against the Merger, or divestiture. On August 6, 2013, the plaintiffs re-filed their complaint in the Bankruptcy Court, adding AMR and American as defendants, and on October 2, 2013, dismissed the initial California action. The Bankruptcy Court denied plaintiffs’ motion to preliminarily enjoin the Merger. On January 10, 2014, the plaintiffs moved to amend their complaint to add additional factual allegations, a claim for money damages and a request for preliminary injunctive relief requiring the carriers to hold separate their assets. On March 14, 2014, the Court allowed plaintiffs to add certain allegations but denied plaintiffs' requests to add a damages claim or seek preliminary injunctive relief requiring the carriers to hold separate their assets. On June 2, 2014, plaintiffs filed an amended motion for leave to file a second amended and supplemental complaint, which motion has been fully briefed by the parties and is pending resolution by the Court. There is currently no trial date set. The Company believes this lawsuit is without merit and intends to vigorously defend against the allegations.

US Airways Sabre Matter. On April 21, 2011, US Airways filed an antitrust lawsuit against Sabre Holdings Corporation, Sabre Inc. and Sabre Travel International Limited (collectively, Sabre) in Federal District Court for the Southern District of New York. The lawsuit, as amended to date, alleges, among other things, that Sabre has engaged in anticompetitive practices to preserve its market power by restricting the Company's ability to distribute its products to its customers. The lawsuit also alleges that these actions have permitted Sabre to charge supracompetitive booking fees and to use technologies that are not as robust and as efficient as alternatives in a competitive market. The lawsuit seeks both injunctive relief and money damages. Sabre filed a motion to dismiss the case, which the court denied in part and granted in part in September 2011, allowing two of the four counts in the complaint to proceed. On April 1, 2014, Sabre filed motions for summary judgment that are pending before the court. The Company intends to pursue its claims against Sabre vigorously, but there can be no assurance of the outcome of this litigation.

General. The Company and its subsidiaries are also engaged in other legal proceedings from time to time. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within the control of the Company. Therefore, although the Company will vigorously defend itself in each of the actions described above and such other legal proceedings, their ultimate resolution and potential financial and other impacts on the Company are uncertain.

Table of Contents

16. Financial Information for Subsidiary Guarantors and Non-guarantor Subsidiaries

There are various cross-guarantees among the Company, American, US Airways Group and US Airways with respect to publicly held debt securities. In connection with the Merger, the Company and American entered into a second supplemental indenture under which they jointly and severally guaranteed the payment of obligations associated with US Airways Group's 6.125% senior notes. In addition, on March 31, 2014, the Company, US Airways Group and US Airways entered into amended and restated guarantees of the payment obligations of US Airways under the equipment notes relating to each of its Series 2010-1, 2011-1, 2012-1, 2012-2 and 2013-1 Pass Through Certificates the result of which was to add AAG as a guarantor of such equipment notes on a joint and several basis with US Airways Group. In September 2014, the Company issued $750 million aggregate principal amount of the 5.50% senior notes, which are fully and unconditionally guaranteed by American, US Airways Group and US Airways.

In connection with the issuance of these guarantees, in accordance with Rule 3-10 of Regulation S-X and Rule 12h-5 under the Securities Exchange Act of 1934, as amended, US Airways Group and US Airways discontinued filing separate periodic and current reports with the SEC. As a result, in accordance with Rule 3-10, the Company is required to present the following condensed consolidating financial information for the periods after Merger close for American Airlines Group Parent, American, US Airways Group Parent, US Airways and all other non-guarantor subsidiaries, together with the consolidating adjustments necessary to present the Company’s results on a consolidated basis.

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(In millions)(Unaudited)

| | Three Months Ended September 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | American Airlines Group (Parent Company Only) | American | US Airways Group (Parent Company Only) | US Airways | Non-Guarantor Subsidiaries | Eliminations and Reclassifications | American Airlines Group Inc. Consolidated |
| Operating revenues | | | | | | | |
| Mainline passenger | $— | $ 5,321 | $ — | $ 2,772 | $ — | $ — | $ 8,093 |
| Regional passenger | — | 748 | — | 917 | — | — | 1,665 |
| Cargo | — | 175 | — | 40 | — | — | 215 |
| Other | — | 811 | — | 385 | 898 | (928) | 1,166 |
| Total operating revenues | — | 7,055 | — | 4,114 | 898 | (928) | 11,139 |
| Operating expenses | | | | | | | |
| Aircraft fuel and related taxes | — | 1,894 | — | 935 | — | — | 2,829 |
| Salaries, wages and benefits | — | 1,412 | — | 723 | 193 | (191) | 2,137 |
| Regional expenses | — | 790 | — | 886 | — | (8) | 1,668 |
| Maintenance, materials and repairs | — | 353 | — | 176 | 93 | (93) | 529 |
| Other rent and landing fees | — | 279 | — | 152 | 8 | (8) | 431 |
| Aircraft rent | — | 211 | — | 95 | 24 | (24) | 306 |
| Selling expenses | — | 278 | — | 115 | — | — | 393 |
| Depreciation and amortization | — | 230 | — | 105 | 10 | (11) | 334 |
| Special items, net | — | 164 | — | 57 | — | — | 221 |
| Other | — | 746 | — | 304 | 574 | (593) | 1,031 |
| Total operating expenses | — | 6,357 | — | 3,548 | 902 | (928) | 9,879 |
| Operating income (loss) | — | 698 | — | 566 | (4) | — | 1,260 |
| Nonoperating income (expense) | | | | | | | |
| Interest income | 2 | 5 | 1 | 5 | — | (6) | 7 |
| Interest expense, net | — | (136) | (11) | (68) | (1) | 6 | (210) |
| Equity in earnings of subsidiaries | 940 | — | 476 | — | — | (1,416) | — |
| Other, net | — | (97) | — | (12) | 1 | — | (108) |
| Total nonoperating income (expense), net | 942 | (228) | 466 | (75) | — | (1,416) | (311) |
| Income (loss) before income taxes | 942 | 470 | 466 | 491 | (4) | (1,416) | 949 |
| Income tax provision (benefit) | — | 5 | — | 2 | 7 | (7) | 7 |
| Net income (loss) | $942 | $ 465 | $ 466 | $ 489 | $ (11) | $ (1,409) | $ 942 |

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(In millions)(Unaudited)

| | Three Months Ended September 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | American Airlines Group (Parent Company Only) | American | US Airways Group (Parent Company Only) | US Airways | Non-Guarantor Subsidiaries | Eliminations and Reclassifications | American Airlines Group Inc. Consolidated |
| Net income (loss) | $942 | $ 465 | $ 466 | $489 | $ (11) | $ (1,409) | $ 942 |
| Other comprehensive loss before tax: | | | | | | | |
| Defined benefit pension plans and retiree medical | — | (37) | — | (1) | — | — | (38) |
| Derivative financial instruments: | | | | | | | |
| Change in fair value | — | — | — | — | — | — | — |
| Reclassification into earnings | — | (7) | — | — | — | — | (7) |
| Net unrealized loss on investments: | | | | | | | |
| Net change in value | — | (2) | — | — | — | — | (2) |
| Other comprehensive loss before tax | — | (46) | — | (1) | — | — | (47) |
| Reversal of non-cash tax provision | — | — | — | — | — | — | — |
| Comprehensive income (loss) | $942 | $ 419 | $ 466 | $488 | $ (11) | $ (1,409) | $ 895 |

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(In millions)(Unaudited)

| | Nine Months Ended September 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | American Airlines Group (Parent Company Only) | American | US Airways Group (Parent Company Only) | US Airways | Non-Guarantor Subsidiaries | Eliminations and Reclassifications | American Airlines Group Inc. Consolidated |
| Operating revenues | | | | | | | |
| Mainline passenger | $— | $ 15,579 | $ — | $ 7,985 | $ — | $ — | $ 23,564 |
| Regional passenger | — | 2,202 | — | 2,577 | — | — | 4,779 |
| Cargo | — | 521 | — | 122 | — | — | 643 |
| Other | — | 2,374 | — | 1,211 | 2,386 | (2,467) | 3,504 |
| Total operating revenues | — | 20,676 | — | 11,895 | 2,386 | (2,467) | 32,490 |
| Operating expenses | | | | | | | |
| Aircraft fuel and related taxes | — | 5,662 | — | 2,708 | — | — | 8,370 |
| Salaries, wages and benefits | — | 4,251 | — | 2,162 | 584 | (578) | 6,419 |
| Regional expenses | — | 2,352 | — | 2,581 | — | (14) | 4,919 |
| Maintenance, materials and repairs | — | 1,031 | — | 497 | 258 | (258) | 1,528 |
| Other rent and landing fees | — | 853 | — | 444 | 23 | (23) | 1,297 |
| Aircraft rent | — | 641 | — | 300 | 67 | (71) | 937 |
| Selling expenses | — | 844 | — | 352 | — | — | 1,196 |
| Depreciation and amortization | — | 664 | — | 301 | 30 | (35) | 960 |
| Special items, net | 22 | 127 | — | 186 | 3 | (3) | 335 |
| Other | 5 | 2,258 | 1 | 930 | 1,430 | (1,484) | 3,140 |
| Total operating expenses | 27 | 18,683 | 1 | 10,461 | 2,395 | (2,466) | 29,101 |
| Operating income (loss) | (27) | 1,993 | (1) | 1,434 | (9) | (1) | 3,389 |
| Nonoperating income (expense) | | | | | | | |
| Interest income | 7 | 18 | 2 | 8 | 1 | (14) | 22 |
| Interest expense, net | (4) | (443) | (31) | (201) | (2) | 14 | (667) |
| Equity in earnings of subsidiaries | 2,309 | — | 1,188 | — | — | (3,497) | — |
| Other, net | — | (85) | (53) | (16) | 2 | 53 | (99) |
| Total nonoperating income (expense), net | 2,312 | (510) | 1,106 | (209) | 1 | (3,444) | (744) |
| Income (loss) before income taxes | 2,285 | 1,483 | 1,105 | 1,225 | (8) | (3,445) | 2,645 |
| Income tax provision (benefit) | — | 351 | — | 4 | 14 | (9) | 360 |
| Net income (loss) | $ 2,285 | $ 1,132 | $ 1,105 | $ 1,221 | $ (22) | $ (3,436) | $ 2,285 |

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(In millions)(Unaudited)

| | Nine Months Ended September 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | American Airlines Group (Parent Company Only) | American | US Airways Group (Parent Company Only) | US Airways | Non-Guarantor Subsidiaries | Eliminations and Reclassifications | American Airlines Group Inc. Consolidated |
| Net income (loss) | $2,285 | $ 1,132 | $ 1,105 | $ 1,221 | $ (22) | $ (3,436) | $ 2,285 |
| Other comprehensive loss before tax: | | | | | | | |
| Defined benefit pension plans and retiree medical | — | (139) | — | (3) | — | — | (142) |
| Derivative financial instruments: | | | | | | | |
| Change in fair value | (2) | (52) | — | — | — | — | (54) |
| Reclassification into earnings | — | 5 | — | — | — | — | 5 |
| Net unrealized gain (loss) on investments: | | | | | | | |
| Net change in value | 2 | (2) | — | — | — | — | — |
| Other comprehensive loss before tax | — | (188) | — | (3) | — | — | (191) |
| Reversal of non-cash tax provision | 2 | 328 | — | — | — | — | 330 |
| Comprehensive income (loss) | $2,287 | $ 1,272 | $ 1,105 | $ 1,218 | $ (22) | $ (3,436) | $ 2,424 |

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATING BALANCE SHEET
(In millions)(Unaudited)

| | September 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | American Airlines Group (Parent Company Only) | American | US Airways Group (Parent Company Only) | US Airways | Non-Guarantor Subsidiaries | Eliminations and Reclassifications | American Airlines Group Inc. Consolidated |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash | $— | $1,008 | $1 | $164 | $ 5 | $ — | $ 1,178 |
| Short-term investments | — | 3,799 | — | 2,920 | 2 | — | 6,721 |
| Restricted cash and short-term investments | — | 652 | — | 223 | — | — | 875 |
| Accounts receivable, net | — | 1,459 | — | 497 | 12 | (7) | 1,961 |
| Receivables from related parties,net | 2,838 | — | 330 | 830 | 679 | (4,677) | — |
| Aircraft fuel, spare parts and supplies, net | — | 732 | — | 369 | 81 | — | 1,182 |
| Prepaid expenses and other | — | 539 | — | 1,062 | 31 | (99) | 1,533 |
| Total current assets | 2,838 | 8,189 | 331 | 6,065 | 810 | (4,783) | 13,450 |
| Operating property and equipment | — | 15,403 | — | 6,483 | 277 | — | 22,163 |
| Other assets | | | | | | | |
| Investment in subsidiaries | 2,843 | — | 6,578 | — | — | (9,421) | — |
| Goodwill | — | — | — | 4,089 | — | — | 4,089 |
| Intangibles, net of accumulated amortization | — | 863 | — | 1,442 | — | — | 2,305 |
| Other assets | 52 | 1,855 | — | 260 | 33 | (34) | 2,166 |
| Total other assets | 2,895 | 2,718 | 6,578 | 5,791 | 33 | (9,455) | 8,560 |
| Total assets | $5,733 | $26,310 | $6,909 | $18,339 | $ 1,120 | $ (14,238) | $ 44,173 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | | | | | | |
| Current liabilities | | | | | | | |
| Current maturities of long-term debt and capital leases | $— | $956 | $— | $482 | $ 1 | $ — | $ 1,439 |
| Accounts payable | — | 1,155 | — | 284 | 59 | — | 1,498 |
| Payables to related parties, net | — | 3,437 | 793 | 51 | 396 | (4,677) | — |
| Air traffic liability | — | 3,385 | — | 1,567 | — | — | 4,952 |
| Frequent flyer liability | — | 1,790 | — | 1,081 | — | — | 2,871 |
| Other accrued liabilities | 3 | 1,745 | 10 | 1,228 | 155 | (13) | 3,128 |
| Total current liabilities | 3 | 12,468 | 803 | 4,693 | 611 | (4,690) | 13,888 |
| Noncurrent liabilities | | | | | | | |
| Long-term debt and capital leases, net of current | 758 | 9,255 | 523 | 5,150 | — | (35) | 15,651 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| maturities | | | | | | | |
| Pensions and postretirement benefits | — | 4,830 | — | 106 | 28 | — | 4,964 |
| Mandatorily convertible preferred stock and other bankruptcy settlement obligations | — | 239 | — | — | — | — | 239 |
| Other liabilities | 1 | 2,709 | — | 1,834 | 288 | (372) | 4,460 |
| Total noncurrent liabilities | 759 | 17,033 | 523 | 7,090 | 316 | (407) | 25,314 |
| Stockholders' equity (deficit) | | | | | | | |
| Common stock | 7 | — | — | — | — | — | 7 |
| Additional paid-in capital | 15,943 | 10,558 | 4,678 | 5,516 | 199 | (20,951) | 15,943 |
| Accumulated other comprehensive income (loss) | (1,893) | (2,012) | 9 | 9 | — | 1,994 | (1,893) |
| Retained earnings (deficit) | (9,086) | (11,737) | 896 | 1,031 | (6) | 9,816 | (9,086) |
| Total stockholders' equity (deficit) | 4,971 | (3,191) | 5,583 | 6,556 | 193 | (9,141) | 4,971 |
| Total liabilities and stockholders' equity (deficit) | $5,733 | $26,310 | $6,909 | $18,339 | $ 1,120 | $ (14,238) | $ 44,173 |

34

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATING BALANCE SHEET
(In millions)(Unaudited)

| | December 31, 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | American Airlines Group (Parent Company Only) | American | US Airways Group (Parent Company Only) | US Airways | Non-Guarantor Subsidiaries | Eliminations and Reclassifications | American Airlines Group Inc. Consolidated |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash | $1 | $829 | $1 | $303 | $ 6 | $ — | $ 1,140 |
| Short-term investments | — | 5,162 | — | 2,947 | 2 | — | 8,111 |
| Restricted cash and short-term investments | — | 702 | — | 333 | — | — | 1,035 |
| Accounts receivable, net | — | 1,186 | — | 357 | 17 | — | 1,560 |
| Receivables from related parties, net | 2,468 | — | 144 | 407 | 459 | (3,478 ) | — |
| Aircraft fuel, spare parts and supplies, net | — | 620 | — | 296 | 96 | — | 1,012 |
| Prepaid expenses and other | — | 702 | — | 857 | 20 | (114 ) | 1,465 |
| Total current assets | 2,469 | 9,201 | 145 | 5,500 | 600 | (3,592 ) | 14,323 |
| Operating property and equipment | — | 13,469 | — | 5,506 | 284 | — | 19,259 |
| Other assets | | | | | | | |
| Investment in subsidiaries | — | — | 5,317 | — | — | (5,317 ) | — |
| Goodwill | — | — | — | 4,086 | — | — | 4,086 |
| Intangibles, net of accumulated amortization | — | 812 | — | 1,496 | 3 | — | 2,311 |
| Other assets | 42 | 2,130 | — | 131 | 30 | (34 ) | 2,299 |
| Total other assets | 42 | 2,942 | 5,317 | 5,713 | 33 | (5,351 ) | 8,696 |
| Total assets | $2,511 | $25,612 | $5,462 | $16,719 | $ 917 | $ (8,943 ) | $ 42,278 |
| LIABILITIES & STOCKHOLDERS’ EQUITY (DEFICIT) | | | | | | | |
| Current liabilities | | | | | | | |
| Current maturities of long-term debt and capital leases | $— | $957 | $22 | $467 | $ — | $ — | $ 1,446 |
| Accounts payable | — | 1,013 | — | 304 | 51 | — | 1,368 |
| Payables to related parties, net | — | 2,807 | 408 | 50 | 213 | (3,478 ) | — |
| Air traffic liability | — | 3,145 | — | 1,235 | — | — | 4,380 |
| Frequent flyer liability | — | 1,760 | — | 1,245 | — | — | 3,005 |
| Other accrued liabilities | — | 2,237 | 103 | 1,137 | 139 | (9 ) | 3,607 |
| Total current liabilities | — | 11,919 | 533 | 4,438 | 403 | (3,487 ) | 13,806 |
| Noncurrent liabilities | | | | | | | |
| Long-term debt and capital leases, net of current maturities | 7 | 9,852 | 523 | 5,005 | — | (34 ) | 15,353 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Pensions and postretirement benefits | — | 5,693 | — | 109 | 26 | — | 5,828 |
| Mandatorily convertible preferred stock and other bankruptcy settlement obligations | 435 | 5,424 | — | — | 69 | — | 5,928 |
| Negative investment in subsidiaries | 4,799 | — | — | — | — | (4,799) | — |
| Other liabilities | 1 | 2,384 | — | 1,905 | 277 | (473) | 4,094 |
| Total noncurrent liabilities | 5,242 | 23,353 | 523 | 7,019 | 372 | (5,306) | 31,203 |
| Stockholders' equity (deficit) | | | | | | | |
| Common stock | 5 | — | — | — | — | — | 5 |
| Additional paid-in capital | 10,592 | 5,361 | 4,602 | 5,441 | 126 | (15,530) | 10,592 |
| Accumulated other comprehensive income (loss) | (2,032) | (2,152) | 12 | 12 | — | 2,128 | (2,032) |
| Retained earnings (deficit) | (11,296) | (12,869) | (208) | (191) | 16 | 13,252 | (11,296) |
| Total stockholders' equity (deficit) | (2,731) | (9,660) | 4,406 | 5,262 | 142 | (150) | (2,731) |
| Total liabilities and stockholders' equity (deficit) | $2,511 | $25,612 | $5,462 | $16,719 | $ 917 | $ (8,943) | $ 42,278 |

35

Table of Contents

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions)(Unaudited)

| | Nine Months Ended September 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | American Airlines Group (Parent Company Only) | American | US Airways Group (Parent Company Only) | US Airways | Non-Guarantor Subsidiaries | Eliminations and Reclassifications | American Airlines Group Inc. Consolidated |
| Net cash provided by (used in) operating activities | $(523) | $ 2,034 | $ — | $ 730 | $ 35 | $ — | $ 2,276 |
| Cash flows from investing activities: | | | | | | | |
| Capital expenditures and aircraft purchase deposits | — | (2,746) | — | (1,027) | (35) | (198) | (4,006) |
| Decrease (increase) in investments | — | 1,363 | — | 28 | (1) | — | 1,390 |
| Decrease in restricted cash and short-term investments | — | 50 | — | 110 | — | — | 160 |
| Net proceeds from slot transaction | — | 299 | — | 8 | — | — | 307 |
| Funds transferred to affiliates | — | (198) | — | — | — | 198 | — |
| Proceeds from sale of property and equipment | — | 5 | — | 19 | — | — | 24 |
| Net cash used in investing activities | — | (1,227) | — | (862) | (36) | — | (2,125) |
| Cash flows from financing activities: | | | | | | | |
| Payments on long-term debt and capital leases | — | (2,201) | — | (403) | — | (176) | (2,780) |
| Proceeds from issuance of long-term debt | 750 | 1,098 | — | 559 | — | — | 2,407 |
| Sale-leaseback transactions | — | 531 | — | — | — | — | 531 |
| Treasury stock repurchases | (155) | — | — | — | — | — | (155) |
| Dividend payment | (72) | — | — | — | — | — | (72) |
| Premium on debt extinguishment | — | (39) | — | — | — | — | (39) |
| Deferred financing costs | (10) | (17) | — | (2) | — | — | (29) |
| Exercise of stock options | 9 | — | — | — | — | — | 9 |
| Funds transferred to affiliates | — | — | — | (176 | | | |