

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Section 354(a), 358(a) and 368(a).

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ No loss may be recognized by a AMR Common Shareholder in connection with the 2019 Release and the Future Release (if any).

Blank lines for providing information regarding loss recognition.


19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
The 2019 Release: The adjustment to basis would be taken into in the tax year during which the 2019 Release occurred (e.g., 2019).
The Future Release: The adjustment to basis would be taken into in the tax year during which the Future Release occurred.

Please refer to the prior Form 8937 filed on May 5, 2014 regarding the initial tax basis consequences of the AMR Common Shareholders when AAG emerged out of the bankruptcy. Also note this current Form 8937 is not intended to affect the tax treatment of the creditors or employees described in the prior Form 8937.

<https://americanairlines.gcs-web.com/static-files/f402c28b-be48-4b23-9948-f86eb01b62cf>

Blank lines for providing additional information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 01.10.2020
Print your name ▶ Patrick C. Smith Title ▶ CHIEF TAX OFFICER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

American Airlines Group Inc.
EIN 75-1825172
Attachment to Form 8937

Form 8937, Line 8

February 12, 2019; the Future Release Date (defined below).

Form 8937, Line 10

The Stock released by DCR on the 2019 Release Date (*i.e.*, February 12, 2019) and on the Future Release Date is AAG Common Share, the CUSIP number of which is 02376R102.

Form 8937, Line 14

The 2019 Release (February 12, 2019):

On December 9, 2013, pursuant to the confirmed bankruptcy plan of AMR Corporation (“AMR”), each share of AMR common stock (“AMR Common Stock”) held by former holders of common stock of AMR (an “AMR Common Shareholder”) was exchanged for approximately 0.0665 common shares American Airlines Group Inc. (“AAG,” and “AAG Common Shares”) with the ability for AMR Common Shareholders to receive additional AAG Common Shares from the disputed claim reserve (the “DCR,” and the “Contingent Shares”) in the event any AAG Common Shares remain in the DCR after the settlement of certain creditors’ claims against AAG. This exchange was treated as a recapitalization under section 368(a) for U.S. federal income tax purposes where no gain or loss was recognized by AMR Common Shareholders (the “Recapitalization”).

The DCR later released additional (fractional) AAG Common Shares to the AMR Common Shareholders as of December 9, 2013 with respect to each share of AMR Common Stock on February 12, 2019 (the “2019 Release” and the “2019 Release Date”).

The Future Release (the Future Release Date):

Following the settlement of creditors’ claims, the DCR will release the remaining AAG Common Shares, if any, to the AMR Common Shareholders at a later time (the “Future Release” and the “Future Release Date”).¹

¹ The DCR holds AAG common shares to settle the claims of certain creditors with those shares. After satisfying the creditors’ claims, all remaining AAG Common Shares will be distributed to AMR Common Shareholders pursuant to the confirmed bankruptcy plan of AMR.

Form 8937, Line 15

AMR Common Shareholders:

In general, an AMR Common Shareholder's aggregated tax basis in AMR Common Stock should be allocated to the AAG Common Shares received pursuant to the Recapitalization, subject to the adjustments resulting from the 2019 Release and Future Release (if any), and from certain AAG Common Shares being treated as interest for U.S. federal income tax purposes.

Form 8937, Line 16

AMR Common Shareholders:

Imputed Interest Calculation

An AMR Common Shareholder's tax basis in its AMR common shares is allocated to the AAG Common Shares received in the Recapitalization, including Contingent Shares received in the 2019 Release and from the Future Release (if any), but excluding any Contingent Shares that are treated as interest under section 483. Contingent Shares that constitute interest are not treated as shares received in the Recapitalization.

In general, the portion of the Contingent Shares received in the 2019 Release that is treated as interest is equal to the excess of (i) the fair market value of the Contingent Shares received on February 12, 2019, over (ii) the fair market value described in (i), discounted back to December 9, 2013 (the date of the Recapitalization) using the applicable federal rate ("AFR") on December 9, 2013.² The midterm AFR on that date was 1.63% (compounding monthly).³

For example, if an AMR Common Shareholder received 100 Contingent Shares of AAG Common Stock on February 12, 2019 and if the fair market value of such shares was \$3,500 (i.e., \$35 per share), the amount of interest allocable to the Contingent Shares is the excess of \$3,500 (the fair market value of the Contingent Shares received on February 12, 2019) over \$3,201 (the present value of \$3,500, determined by discounting the payment at the rate of 1.63% percent, compounded monthly, from December 9, 2013, to February 12, 2019). As a result, the amount of interest allocable to the payment of the shares is \$299 (\$3,500 less \$3,201), and 8.5 of the 100 Contingent Shares (\$299/\$35 per share value) are treated as interest.

² See Treas. Reg. § 1.483-4(b), *Ex.* (2).

³ Rev. Rul. 2013-26.

Basis Allocation

The following describes the basis of the AAG Common Shares received and adjustments resulting from the 2019 Release and Future Release (if any) where an AMR Common Shareholder's aggregated tax basis in AMR Common Stock was originally allocated entirely to the AAG Common Shares received on December 9, 2013.⁴ For purposes of this discussion Contingent Shares that constitute interest are not treated as AAG Common Shares that require adjustments to basis.

- Initial Allocation on December 9, 2013: An AMR Common Shareholder's historic basis in AMR Common Stock is allocated entirely to the AAG Common Stock received on December 9, 2013.
- Adjustment for the 2019 Release:
 - No interim disposition of AAG Common Stock before the 2019 Release: If no shares of AAG Common Stock were disposed prior to the 2019 Release, an AMR Common Shareholder's historic basis would be reallocated, pro rata, among all the AAG Common Shares received on December 9, 2013 and the shares received in the 2019 Release, but excluding Contingent Shares treated as interest.
 - Full or partial disposition of AAG Common Stock before the 2019 Release: If all or a portion of the AAG Common Shares received on December 9, 2013 has been disposed prior the 2019 Release, an AMR Common Shareholder would exclude the disposed shares (and the basis previously allocated to such shares), in reallocating the historic basis in AMR Common Shares to all the AAG Common Shares held immediately after the 2019 Release. In other words, only the basis in retained AAG Common Shares received on December 9, 2013 (if any) would be reallocated, pro rata, among all the AAG Common Shares held immediately after the 2019 Release, but excluding Contingent Shares treated as interest. Accordingly, if an AMR Common Shareholder only holds shares from the 2019 Release, the basis in such shares would be zero.
- Adjustment for Future Release(s) (if any):
 - No interim disposition of AAG Common Stock before the Future Release: Similar to the adjustment described above, if no shares of AAG Common Stock were disposed prior to the Future Release, an AMR Common Shareholder's historic basis would be reallocated, pro rata, among all the AAG Common Shares received on December 9, 2013, the shares received

⁴ Any AMR Common Shareholders that have or will use a basis allocation method different from the one described above are urged to consult his own tax advisor regarding the effect of the 2019 Release and Future Release (if any) on the basis of his AAG Common Shares.

in the 2019 Release, and the shares received in the Future Release, but excluding Contingent Shares treated as interest.

- Full or partial disposition of AAG Common Stock before the Future Release: Similar to the adjustment described above, if all or a portion of the AAG Common Shares received on December 9, 2013 and on the 2019 Release has been disposed prior the Future Release, an AMR Common Shareholder would exclude the shares sold (and the basis previously allocated to those sold shares), in reallocating the historic basis in AMR Common Shares to all the AAG Common Shares held immediately after the Future Release. In other words, only the basis in retained AAG Common Shares received on December 9, 2013 (if any) and on the 2019 Release (if any) would be reallocated, pro rata, among all the AAG Common Shares held immediately after the Future Release, but excluding Contingent Shares treated as interest.
- If there is any additional release(s) occurring after the Future Release, the same method of adjustment as described immediately above would apply for purposes of determining an AMR Common Shareholder's basis in AAG Common Shares held immediately after such additional Future Release.