

Beat: News

American Airlines, US Airways merge to become world's biggest airline

-, 15.02.2013, 03:38 Time

USPA News - AMR Corporation, the parent company of American Airlines, Inc., and US Airways Group, Inc. on Thursday announced both companies have approved a definitive merger which will create the world's biggest airline by passenger numbers. The combined airline, which will operate under the American Airlines brand and have its headquarters in Fort Worth, Texas, will offer more than 6,700 daily flights to 336 destinations in 56 countries.

It is expected that the new airline will maintain all hubs currently served by American Airlines and US Airways. "The combination of American and US Airways brings together two highly complementary networks with access to the best destinations around the globe and gives us a strong platform to provide our customers the most connected, comfortable travel experience available," said Tom Horton, Chairman, President and CEO of American Airlines. The \$11 billion deal is expected to generate more than \$1 billion in annual net synergies in 2015, including \$900 million in network revenue synergies, primarily from increased passenger traffic, taking advantage of the combined carrier's schedule and connectivity, as well as its mix of high-yield business. Both airlines expect that the regional carriers they own - AMR Corporation's American Eagle and US Airways' Piedmont and PSA - will continue to operate as distinct entities. The merger was unanimously approved by the boards of directors of both companies and the deal is expected to close in the third quarter of the year. With the transaction, AMR's bondholders will own 72 percent of the new company while US Airways shareholders will hold 28 percent. In February 2012, American Airlines announced it would cut approximately 13,000 employees as part of a five-year business plan which sought to improve finances by more than \$3 billion by 2017, including \$2 billion in cost savings and \$1 billion in revenue enhancements. That announcement came just months after parent company AMR filed for Chapter 11 bankruptcy protection.

Article online:

<https://www.uspa24.com/bericht-516/american-airlines-us-airways-merge-to-become-worlds-biggest-airline.html>

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UPA United Press Agency LTD
483 Green Lanes
UK, London N13NV 4BS
contact (at) unitedpressagency.com
Official Federal Reg. No. 7442619