

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the Quarterly Period Ended September 30, 2006.

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 1-2691.

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

Delaware
(State or other jurisdiction
of incorporation or organization)

13-1502798
(I.R.S. Employer
Identification No.)

4333 Amon Carter Blvd.
Fort Worth, Texas
(Address of principal executive offices)

76155
(Zip Code)

Registrant's telephone number, (817) 963-1234
including area code

Not Applicable
(Former name, former address and former fiscal year, if changed
since last report)

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. x Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
x Non-accelerated Filer

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$1 par value - 1,000 shares as of October 13, 2006.

The registrant meets the conditions set forth in, and is filing this form with the reduced disclosure format prescribed by, General Instructions H(1)(a) and (b) of Form 10-Q.

INDEX

AMERICAN AIRLINES, INC.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations -- Three and nine months ended September 30, 2006 and 2005

Condensed Consolidated Balance Sheets -- September 30, 2006 and December 31, 2005

Condensed Consolidated Statements of Cash Flows -- Nine months ended September 30, 2006 and 2005

Notes to Condensed Consolidated Financial Statements -- September 30, 2006

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Item 4. Controls and Procedures

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Item 6. Exhibits

SIGNATURE

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN AIRLINES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (In millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Revenues				
Passenger	\$4,657	\$4,428	\$13,621	\$12,534
Regional Affiliates	644	570	1,915	1,582
Cargo	213	193	605	573
Other revenues	316	280	975	815
Total operating revenues	5,830	5,471	17,116	15,504
Expenses				
Wages, salaries and benefits	1,541	1,521	4,644	4,551
Aircraft fuel	1,600	1,432	4,476	3,652
Regional payments to AMR Eagle	570	530	1,656	1,513
Other rentals and landing fees	284	306	870	868
Commissions, booking fees and credit card expense	284	292	839	849
Depreciation and amortization	243	245	726	730
Maintenance, materials and repairs	201	219	575	621
Aircraft rentals	149	143	434	429
Food service	130	135	381	383
Other operating expenses	608	673	1,823	1,824
Total operating expenses	5,610	5,496	16,424	15,420
Operating Income (Loss)	220	(25)	692	84
Other Income (Expense)				
Interest income	79	38	198	101
Interest expense	(202)	(177)	(603)	(514)
Interest capitalized	7	12	21	58
Related party interest - net	(15)	(3)	(32)	(7)
Miscellaneous - net	(88)	(6)	(101)	(13)
	(219)	(136)	(517)	(375)
Income (Loss) Before Income Taxes	1	(161)	175	(291)

Income tax	-	-	-	-
Net Earnings (Loss)	\$ 1	\$ (161)	\$ 175	\$ (291)

The accompanying notes are an integral part of these financial statements.

-1-

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (In millions)

	September 30, 2006	December 31, 2005
Assets		
Current Assets		
Cash	\$ 111	\$ 133
Short-term investments	4,880	3,637
Restricted cash and short-term investments	464	510
Receivables, net	1,132	967
Inventories, net	463	474
Other current assets	278	321
Total current assets	7,328	6,042
Equipment and Property		
Flight equipment, net	11,593	11,696
Other equipment and property, net	2,310	2,352
Purchase deposits for flight equipment	177	277
	14,080	14,325
Equipment and Property Under Capital Leases		
Flight equipment, net	783	916
Other equipment and property, net	104	102
	887	1,018
Route acquisition costs and airport operating and gate lease rights, net		
	1,150	1,167
Other assets	3,340	3,489
	\$26,785	\$26,041
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 1,000	\$ 998
Accrued liabilities	1,853	2,205
Air traffic liability	4,067	3,615
Payable to affiliates, net	934	544
Current maturities of long-term debt	1,166	829
Current obligations under capital leases	99	138
Total current liabilities	9,119	8,329
Long-term debt, less current maturities	8,087	8,785
Obligations under capital leases, less current obligations	836	922
Pension and postretirement benefits	5,460	4,998
Other liabilities, deferred gains and deferred credits	4,083	4,186
Stockholder's Equity (Deficit)		
Common stock	-	-
Additional paid-in capital	3,625	3,406
Accumulated other comprehensive loss	(1,102)	(1,087)
Accumulated deficit	(3,323)	(3,498)
	(800)	(1,179)
	\$26,785	\$26,041

The accompanying notes are an integral part of these financial statements.

-2-

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

	Nine Months Ended 2006	September 30, 2005
Net Cash Provided by Operating Activities	\$1,520	\$ 841
Cash Flow from Investing Activities:		
Capital expenditures	(336)	(296)
Net increase in short-term investments	(1,243)	(462)
Net (increase) decrease in restricted cash and short-term investments	46	(21)
Proceeds from sale of equipment and property	3	17
Other	(8)	-
Net cash used by investing activities	(1,538)	(762)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(491)	(662)
Reimbursement from construction reserve account	107	-
Proceeds from issuance of long-term debt	-	378
DFW Bond Remarketing	-	198
Funds transferred from affiliates, net	380	17
Net cash used by financing activities	(4)	(69)
Net increase (decrease) in cash	(22)	10
Cash at beginning of period	133	117
Cash at end of period	\$ 111	\$ 127

The accompanying notes are an integral part of these financial statements.

-3-

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

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. American Airlines, Inc. (American or the Company) is a wholly owned subsidiary of AMR Corporation (AMR). The condensed consolidated financial statements also include the accounts of variable interest entities for

which the Company is the primary beneficiary. For further information, refer to the consolidated financial statements and footnotes thereto included in the American Airlines, nc. Annual Report on Form 10-K for the year ended December 31, 2005, as amended on July 17, 2006 (2005 Form 10-K).

Cargo fuel and security surcharge revenues of \$41 million and \$113 million for the three months and nine months ended September 30, 2005 have been reclassified from Other revenues to Cargo revenues in the consolidated statement of operations to conform to the current year presentation.

2. Under the 1998 Long Term Incentive Plan, as amended (the 1998 LTIP), officers and key employees of AMR and its subsidiaries may be granted stock options, stock appreciation rights (SARs), restricted stock, deferred stock, stock purchase rights, other stock-based awards and/or performance-related awards, including cash bonuses. The total number of common shares authorized for distribution under the 1998 Long Term Incentive Plan is 23.7 million shares (after giving effect to a one-for-one stock dividend in 1998 and the dividend of shares of The Sabre Group, Inc. via a spin-off in 2000). The 1998 LTIP, the successor to the 1988 Long Term Incentive Plan (1988 LTIP), will terminate no later than May 21, 2008.

In 2003, AMR established the 2003 Employee Stock Incentive Plan (the 2003 Plan) to provide, among other things, equity awards to employees as part of the 2003 restructuring process. Under the 2003 Plan, employees may be granted stock options, restricted stock and deferred stock. As of April 19, 2006, no additional shares were available for distribution under the 2003 Plan.

Options granted under the 1988 LTIP, 1998 LTIP and the 2003 Plan are awarded with an exercise price equal to the fair market value of the stock on date of grant, become exercisable in equal annual installments over periods ranging from two to five years following the date of grant and expire no later than ten years from the date of grant. As of September 30, 2006, approximately 4.0 million options/SARs outstanding under the 1998 LTIP and 2003 Plan had not vested.

Prior to January 1, 2006, American accounted for its participation in AMR's stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Under APB 25, no compensation expense was recognized for stock option grants if the exercise price of AMR's stock option grants was at or above the fair market value of the underlying stock on the date of grant. Effective January 1, 2006, AMR and American adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" (SFAS 123(R)) using the modified-prospective transition method. Under this transition method, compensation cost recognized in 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value used for pro forma disclosures and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Results for prior periods have not been restated.

-4-

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

As a result of adopting SFAS 123(R), American's net income for the three months and nine months ended September 30, 2006, was \$5 million and \$20 million lower than if the Company had continued to account for share-based compensation for stock options under APB 25.

Prior to January 1, 2006, AMR and American had adopted the pro forma disclosure features of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation-Transition and

Disclosure." The following table illustrates the effect on net earnings (loss) if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in millions):

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Net earnings (loss), as reported	\$ (161)	\$ (291)
Add: Stock-based employee compensation expense included in reported net earnings (loss)	8	25
Deduct: Total stock-based employee compensation expense determined under fair value based methods for all awards	(22)	(69)
Pro forma net earnings (loss)	\$ (175)	\$ (335)

On March 29, 2006, the AMR Board of Directors amended and restated the 2003-2005 Performance Share Plan for Officers and Key Employees, the 2004-2006 Performance Share Plan for Officers and Key Employees, and the 2004 Agreements for Deferred Shares (collectively, the Amended Plans). Before amendment, the plans allowed for settlement only in cash. The plans were amended to permit settlement in a combination of cash and/or stock; however, the amendments did not impact the fair value of the obligations under the three Amended Plans. The Company anticipates using all currently available shares under the 1998 LTIP and the 2003 Plan to satisfy obligations under the three Amended Plans, but, based on current estimates, a portion of the obligations will be settled in cash. The Company will account for these obligations prospectively as a combination of liability and equity grants. In accordance with SFAS 123(R), the Company reclassified \$177 million from Accrued liabilities to Additional paid-in capital, representing the vested portions of the current estimated fair value of obligations under all three of the Amended Plans that have been settled or are expected to be settled with stock.

-5-

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

3. As of September 30, 2006, the Company had commitments to acquire an aggregate of 47 Boeing 737-800s and seven Boeing 777-200ERs in 2013 through 2016. Future payments for all aircraft, including the estimated amounts for price escalation, will be approximately \$2.8 billion in 2011 through 2016.
4. Accumulated depreciation of owned equipment and property at September 30, 2006 and December 31, 2005 was \$9.9 billion and \$9.4 billion, respectively. Accumulated amortization of equipment and property under capital leases was \$1.1 billion at September 30, 2006 and December 31, 2005.
5. As discussed in Note 8 to the consolidated financial statements in the 2005 Form 10-K, the Company has a valuation allowance against the full amount of its net deferred tax asset. The Company's deferred tax asset valuation allowance decreased \$66 million during the nine months ended September 30, 2006 to \$1.7 billion as of September 30, 2006.
6. As of September 30, 2006, American has issued guarantees covering approximately \$1.1 billion of AMR's unsecured debt. In addition, as of September 30, 2006, AMR and American have issued guarantees covering approximately \$388 million of AMR Eagle's secured debt.

On March 27, 2006, American refinanced its bank credit facility. In general, the new credit facility adjusted the amounts borrowed

under the senior secured revolving credit facility and the senior secured term loan facility, reduced the overall interest rate on the combined credit facility and favorably modified certain debt covenant requirements.

-6-

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

7. The following tables provide the components of net periodic benefit cost for the three and nine months ended September 30, 2006 and 2005 (in millions):

Pension Benefits

	Three Months Ended September 30, 2006	2005	Nine Months Ended September 30, 2006	2005
--	---	------	--	------

Components of net periodic benefit cost

Service cost	\$ 100	\$ 93	\$ 299	\$ 278
Interest cost	160	152	481	457
Expected return on assets	(167)	(164)	(502)	(493)
Amortization of:				
Prior service cost	4	4	12	12
Unrecognized net loss	20	13	60	39
Net periodic benefit cost	\$ 117	\$ 98	\$ 350	\$ 293

Other Postretirement Benefits

	Three Months Ended September 30, 2006	2005	Nine Months Ended September 30, 2006	2005
--	---	------	--	------

Components of net periodic benefit cost

Service cost	\$ 20	\$ 19	\$ 58	\$ 56
Interest cost	49	49	145	148
Expected return on assets	(3)	(3)	(11)	(10)
Amortization of:				
Prior service cost	(2)	(2)	(7)	(7)
Unrecognized net loss	-	-	1	1
Net periodic benefit cost	\$ 64	\$ 63	\$ 186	\$ 188

The Company contributed \$184 million to its defined benefit pension plans during the nine month period ended September 30, 2006, and completed its required 2006 calendar year funding by contributing an additional \$39 million on October 13, 2006.

The Company expects to contribute approximately \$364 million to its defined benefit pension plans in 2007. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006.

-7-

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

8. As a result of the events of September 11, 2001, the depressed revenue environment, high fuel prices and the Company's restructuring activities, the Company has recorded a number of charges during the last few years. The following table summarizes the changes since December 31, 2005 in the remaining accruals for these charges (in millions):

	Aircraft Charges	Facility Exit Costs	Total
--	---------------------	------------------------	-------

Remaining accrual at			
December 31, 2005	\$ 150	\$ 36	\$ 186
Adjustments	(6)	(15)	(21)
Payments	(18)	(1)	(19)
Remaining accrual at			
September 30, 2006	\$ 126	\$ 20	\$ 146

Cash outlays related to the accruals for aircraft charges and facility exit costs will occur through 2017 and 2018, respectively.

9. The Company includes changes in the fair value of certain derivative financial instruments that qualify for hedge accounting, changes in minimum pension liabilities and unrealized gains and losses on available-for-sale securities in comprehensive income (loss). For the three months ended September 30, 2006 and 2005, comprehensive income (loss) was \$(45) million and \$(127) million, respectively, and for the nine months ended September 30, 2006 and 2005, comprehensive income (loss) was \$160 million and \$(201) million, respectively. The difference between net earnings (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2006 and 2005 is due primarily to the accounting for the Company's derivative financial instruments.

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in crude oil or other crude oil related commodities. As required by Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. The Company discontinues hedge accounting prospectively if it determines that a derivative is no longer expected to be highly effective as a hedge or if it decides to discontinue the hedging relationship. As a result of its second quarter effectiveness assessment, the Company determined that the majority of its derivatives settling during the remainder of 2006 and in 2007 are no longer expected to be highly effective in offsetting changes in forecasted jet fuel purchases. As a result, effective on July 1, 2006, all subsequent changes in the fair value of those particular derivative contracts are being recognized directly in earnings rather than being deferred in Accumulated other comprehensive loss. For the three month period ended September 30, 2006, a charge of \$89 million was recognized in Other income (expense) reflecting the change in market value of the derivative contracts that no longer qualify for hedge accounting. While no longer deemed highly effective, on an economic basis, these derivatives will continue to largely offset potential changes in the price of jet fuel. Hedge accounting will continue to be applied to derivatives used to hedge forecasted jet fuel purchases that are expected to remain highly effective.

-8-

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

10. On September 29, 2006, the Financial Accounting Standards Board (FASB) issued FASB Standard No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)". The standard, among other things, requires the Company to:

- Recognize the funded status of the Company's defined benefit plans in its consolidated financial statements.
- Recognize as a component of Other comprehensive loss the actuarial gains and losses and the prior service costs and credits that arise during the period but are not immediately recognized as components of net periodic benefit cost.

The standard is effective for fiscal years ending after December 15, 2006. As of December 31, 2005, the required adjustment to the Company's balance sheet would increase the liability for pension

and postretirement benefits and increase Accumulated other comprehensive loss by approximately \$1.0 billion.

-9-

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Information

Statements in this report contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook," "may," "will," "should," and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company's objectives, plans or goals are forward looking statements. Forward-looking statements include, without limitation, the Company's expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs, future financing plans and needs, overall economic and industry conditions, plans and objectives for future operations, and the impact on the Company of its results of operations in recent years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which 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. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements are subject to a number of factors that could cause the Company's actual results to differ materially from the Company's expectations. The following factors, in addition to other possible factors not listed, could cause the Company's actual results to differ materially from those expressed in forward-looking statements: the materially weakened financial condition of the Company, resulting from its significant losses in recent years; the ability of the Company to generate additional revenues and significantly reduce its costs; changes in economic and other conditions beyond the Company's control, and the volatile results of the Company's operations; the Company's substantial indebtedness and other obligations; the ability of the Company to satisfy existing financial or other covenants in certain of its credit agreements; continued high fuel prices and further increases in the price of fuel, and the availability of fuel; the fiercely competitive business environment faced by the Company, and historically low fare levels; competition with reorganized and reorganizing carriers; the Company's reduced pricing power; the Company's likely need to raise additional funds and its ability to do so on acceptable terms; changes in the Company's business strategy; government regulation of the Company's business; conflicts overseas or terrorist attacks; uncertainties with respect to the Company's international operations; outbreaks of a disease (such as SARS or avian flu) that affects travel behavior; uncertainties with respect to the Company's relationships with unionized and other employee work groups; increased insurance costs and potential reductions of available insurance coverage; the Company's ability to retain key management personnel; potential failures or disruptions of the Company's computer, communications or other technology systems; changes in the price of AMR's common stock; and the ability of the Company to reach acceptable agreements with third parties. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the Company's 2005 Form 10-K (see in particular Item 1A "Risk Factors" in the 2005 Form 10-K).

Overview

The Company recorded net earnings of \$1 million during the third

quarter of 2006 compared to a loss of \$161 million in the same period last year. The Company's third quarter 2006 results were impacted by an improvement in unit revenues (passenger revenue per available seat mile), offset by the continuing year-over-year increase in fuel prices (although fuel prices moderated toward the end of the quarter) and an \$89 million charge to mark to market certain derivatives that no longer qualify for hedge accounting under SFAS 133 (see Note 9 to the condensed consolidated financial statements and the discussion below).

-10-

Mainline passenger unit revenues increased 7.7 percent for the third quarter due to a 0.5 point load factor increase and a 7.0 percent increase in passenger yield (passenger revenue per passenger mile) compared to the same period in 2005. Passenger yield showed significant year-over-year improvement as American has been successful in implementing limited fare increases to partially offset the continuing rise in the cost of fuel; however, passenger yield remains depressed by historical standards. The Company believes this depressed passenger yield is due in large part to a corresponding decline in the Company's pricing power. The Company's reduced pricing power is the product of several factors, including: greater cost sensitivity on the part of travelers (particularly business travelers); pricing transparency resulting from the use of the Internet; greater competition from low-cost carriers and from carriers that have recently reorganized or are reorganizing, including under the protection of Chapter 11 of the U.S. Bankruptcy Code; other carriers that are better hedged against rising fuel costs and able to better absorb the current high jet fuel prices; and fare simplification efforts by certain carriers. The Company believes that its reduced pricing power will persist indefinitely and possibly permanently.

The price of jet fuel increased by 28.3 cents per gallon compared to the third quarter of 2005. This price increase negatively impacted fuel expense by \$210 million during the quarter based on fuel consumption of 741 million gallons. Continuing high fuel prices, additional increases in the price of fuel, and/or disruptions in the supply of fuel would further adversely affect the Company's financial condition and its results of operations.

As a result of its second quarter effectiveness assessment, the Company determined that more than 65 percent of its derivatives, based on market value, settling during the remainder of 2006 and in 2007 are no longer expected to be highly effective in offsetting changes in forecasted jet fuel purchases. These contracts had previously risen significantly in value and on June 30, 2006 had a market value of approximately \$133 million. As a result of the ineffectiveness assessment on these derivatives, changes in market value subsequent to June 30, 2006 are recognized directly in earnings (\$89 million charge as a component of Other income (expense) in the third quarter of 2006), while previously deferred gains in Other comprehensive loss will continue to be deferred and recognized as a component of fuel expense when the originally hedged jet fuel is used in operations. While no longer deemed highly effective, on an economic basis, these derivatives will continue to largely offset potential changes in the price of jet fuel.

The Company's ability to become consistently profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, many of which are largely beyond the Company's control. Some of the risk factors that affect the Company's business and financial results are referred to under "Forward-Looking Information" above and are discussed in the Risk Factors listed in Item 1A (on pages 11-16) in the 2005 Form 10-K. As the Company seeks to improve its financial condition, it must continue to take steps to generate additional revenues and to significantly reduce its costs. Although the Company has a number of initiatives underway to address its cost and revenue challenges, the ultimate success of these initiatives is not known at this time and cannot be assured. It will be very difficult, absent continued restructuring of its operations, for the Company to continue to fund its obligations on an ongoing basis, or to become consistently profitable, if the overall industry revenue environment does not continue to improve and fuel prices remain at historically high levels for an extended period.

On October 13, 2006, the Wright Amendment Reform Act of 2006 (the Act)

was signed into law by the President. The Act is based on an agreement by the cities of Dallas and Fort Worth, Texas, DFW International Airport, Southwest Airlines, Inc., and the Company to modify the Wright Amendment, which authorizes certain flight operations at Dallas Love Field within limited geographic areas. Among other things, the Act eventually eliminates domestic geographic restrictions on operations while limiting the maximum number of gates at Love Field. The Company believes the Act is a pragmatic resolution of the issues related to the Wright Amendment and the use of Love Field.

-11-

LIQUIDITY AND CAPITAL RESOURCES

Significant Indebtedness and Future Financing

The Company remains heavily indebted and has significant obligations (including substantial pension funding obligations), as described more fully under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2005 Form 10-K. As of the date of this Form 10-Q, the Company believes it should have sufficient liquidity to fund its operations for the foreseeable future, including repayment of debt and capital leases, capital expenditures and other contractual obligations. However, to maintain sufficient liquidity as the Company continues to implement its restructuring and cost reduction initiatives, and because the Company has significant debt, lease and other obligations in the next several years, as well as substantial pension funding obligations, the Company will likely need access to additional funding. The Company's possible financing sources primarily include: (i) a limited amount of additional secured aircraft debt (a very large majority of the Company's owned aircraft, including virtually all of the Company's Section 1110-eligible aircraft, are encumbered) or sale-leaseback transactions involving owned aircraft; (ii) debt secured by new aircraft deliveries; (iii) debt secured by other assets; (iv) securitization of future operating receipts; (v) the sale or monetization of certain assets; and (vi) unsecured debt. However, the availability and level of these financing sources cannot be assured, particularly in light of the Company's recent financial results, substantial indebtedness, reduced credit ratings, high fuel prices, historically weak revenues and the financial difficulties being experienced in the airline industry. The inability of the Company to obtain any necessary funding on acceptable terms would have a material adverse impact on the ability of the Company to sustain its operations over the long-term.

The Company's substantial indebtedness and other obligations could have important consequences. For example, they could: (i) limit the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes, or adversely affect the terms on which such financing could be obtained; (ii) require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness and other obligations, thereby reducing the funds available for other purposes; (iii) make the Company more vulnerable to economic downturns; (iv) limit its ability to withstand competitive pressures and reduce its flexibility in responding to changing business and economic conditions; and (v) limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates.

Credit Facility Covenants

American has a credit facility (the Credit Facility) consisting of a fully drawn \$305 million senior secured revolving credit facility with a final maturity on June 17, 2009 and a fully drawn \$446 million term loan facility with a final maturity on December 17, 2010. The Credit Facility contains a covenant (the Liquidity Covenant) requiring American to maintain, as defined, unrestricted cash, unencumbered short term investments and amounts available for drawing under committed revolving credit facilities of not less than \$1.25 billion for each quarterly period through the life of the Credit Facility. In addition, the Credit Facility contains a covenant (the EBITDAR Covenant) requiring AMR to maintain a ratio of cash flow (defined as consolidated net income, before interest expense (less capitalized interest), income taxes, depreciation and amortization and rentals, adjusted for certain gains or losses and non-cash items) to fixed charges (comprising interest expense (less capitalized interest) and

rentals). The required ratio was 1.10 to 1.00 for the four quarter period ending September 30, 2006 and will increase gradually to 1.50 to 1.00 for the four quarter period ending June 30, 2009 and for each four quarter period ending on each fiscal quarter thereafter. AMR and American were in compliance with the Liquidity Covenant and the EBITDAR covenant as of September 30, 2006 and expect to be able to continue to comply with these covenants. However, given the historically high price of fuel and the volatility of fuel prices and revenues, it is difficult to assess whether AMR and American will, in fact, be able to continue to comply with the Liquidity Covenant and, in particular, the EBITDAR Covenant, and there are no assurances that AMR and American will be able to comply with these covenants. Failure to comply with these covenants would result in a default under the Credit Facility which - if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default - - could result in a default under a significant amount of the Company's other debt and lease obligations and otherwise adversely affect the Company.

-12-

Pension Funding Obligation

The Company contributed \$184 million to its defined benefit pension plans during the nine months ended September 30, 2006 and completed its required 2006 calendar year funding by contributing an additional \$39 million on October 13, 2006.

The Company expects to contribute approximately \$364 million to its defined benefit pension plans in 2007. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006.

Cash Flow Activity

At September 30, 2005, the Company had \$5.0 billion in unrestricted cash and short-term investments, an increase of \$1.2 billion from December 31, 2005. Net cash provided by operating activities in the nine-month period ended September 30, 2006 was \$1.5 billion, an increase of \$679 million over the same period in 2005. The increase was primarily the result of improved economic conditions which allowed the industry to increase fare levels. The Company contributed \$184 million to its defined benefit pension plans in the first nine months of 2006 compared to \$288 million during the first nine months of 2005.

Capital expenditures for the first nine months of 2006 were \$336 million and primarily included the acquisition of two Boeing 777-200ER aircraft and the cost of improvements at New York's John F. Kennedy airport (JFK). Substantially all of the Company's construction costs at JFK are being reimbursed through a fund established from a previous financing transaction

-13-

RESULTS OF OPERATIONS

For the Nine Months Ended September 30, 2006 and 2005

Revenues

The Company's revenues increased approximately \$1.6 billion, or 10.4 percent, to \$17.1 billion for the nine months ended September 30, 2006 from the same period last year. American's passenger revenues increased 8.7 percent, or \$1.1 billion, while capacity (available seat mile) (ASM) decreased by 1.2 percent. American's passenger load factor increased 1.8 points to 80.6 percent and passenger revenue yield per passenger mile increased by 7.5 percent to 12.82 cents. This resulted in an increase in American's passenger revenue per available seat mile (RASM) of 10.0 percent to 10.33 cents. Following is additional information regarding American's domestic and international RASM and capacity based on geographic areas defined by the Department of Transportation (DOT):

Nine Months Ended September 30, 2006			
RASM	Y-O-Y	ASMS	Y-O-Y

	(cents)	Change	(billions)	Change
DOT Domestic	10.3	11.4%	84.2	(3.6)%
International	10.3	7.4	47.7	3.3
DOT Latin America	10.7	13.8	22.3	(2.9)
DOT Atlantic	10.5	2.7	19.1	5.4
DOT Pacific	8.4	1.3	6.3	23.1

Regional Affiliates include two AMR wholly owned subsidiaries, American Eagle Airlines, Inc. and Executive Airlines, Inc. (collectively, AMR Eagle), and two independent carriers with which American has capacity purchase agreements, Trans States Airlines, Inc. (Trans States) and Chautauqua Airlines, Inc. (Chautauqua).

Regional Affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, increased \$333 million, or 21.0 percent, to \$1.9 billion as a result of increased capacity, load factors and passenger yield. Regional Affiliates' traffic increased 14.2 percent to 7.5 billion revenue passenger miles (RPMs), while capacity increased 7.6 percent to 10.2 billion ASMs, resulting in a 4.3 point increase in the passenger load factor to 74.0 percent.

Cargo revenues increased 5.6 percent, or \$32 million, to \$605 million as a result of a \$28 million increase in fuel surcharges.

Other revenues increased 19.6 percent, or \$160 million, to \$975 million due in part to increased third-party maintenance contracts obtained by the Company's maintenance and engineering group, and increases in certain passenger fees.

-14-

Operating Expenses

The Company's total operating expenses increased 6.5 percent, or \$1.0 billion, to \$16.4 billion for the nine months ended September 30, 2006 compared to the same period in 2005. American's mainline operating expenses per ASM in the nine months ended September 30, 2006 increased 7.3 percent compared to the same period in 2005 to 10.90 cents. These increases are due primarily to a 25.8 percent increase in American's price per gallon of fuel in 2006 relative to the same period in 2005, including the impact of a \$55 million fuel excise tax refund received in March 2005.

(in millions)	Nine Months Ended September 30, 2006	Increase/ (Decrease) from 2005	Percentage Change
Operating Expenses			
Wages, salaries and benefits	\$ 4,644	\$ 93	2.0%
Aircraft fuel	4,476	824	22.6 (a)
Regional payments to AMR Eagle	1,656	143	9.5 (b)
Other rentals and landing fees	870	2	0.2
Commissions, booking fees and credit card expense	839	(10)	(1.2)
Depreciation and amortization	726	(4)	(0.5)
Maintenance, materials and repairs	575	(46)	(7.4)
Aircraft rentals	434	5	1.2
Food service	381	(2)	(0.5)
Other operating expenses	1,823	(1)	(0.1)
Total operating expenses	\$ 16,424	\$1,004	6.5%

(a) Aircraft fuel expense increased primarily due to a 25.8 percent increase in American's price per gallon of fuel (including the benefit of a \$55 million fuel excise tax refund received in March 2005 and the impact of fuel hedging), partially offset by a 2.6 percent decrease in American's fuel consumption.

(b) Regional payment to AMR Eagle increased primarily as a result of increased capacity and fuel costs.

Other Income (Expense)

Other income (expense), historically a net expense, increased \$142 million due primarily to the impact of the Company's ineffective fuel derivatives as discussed in Note 9 to the condensed consolidated financial statements. Both interest income and interest expense increased during 2006 versus 2005. Interest income increased due to increases in interest rates and cash and short-term investment balances. Interest expense increased due to an increase in interest rates on variable rate debt instruments.

Income Tax

The Company did not record a net tax provision (benefit) associated with its earnings (losses) for the nine months ended September 30, 2006 and 2005 due to the Company providing a valuation allowance, as discussed in Note 5 to the condensed consolidated financial statements.

-15-

Regional Affiliates

The following table summarizes the combined capacity purchase activity for the American Connection carriers and AMR Eagle for the nine months ended September 30, 2006 and 2005 (in millions):

	Nine Months Ended September 30,	
	2006	2005
Revenues:		
Regional Affiliates	\$1,915	\$1,582
Other	75	66
	\$1,990	\$1,648
Expenses:		
Payments to Regional Affiliates	\$1,808	\$1,652
Other incurred expenses	237	208
	\$2,045	\$1,860

In addition, passengers connecting to American's flights from American Connection and AMR Eagle flights generated passenger revenues for American flights of \$1.3 billion and \$1.1 billion for the nine months ended September 30, 2006 and 2005, respectively, which are included in Revenues - Passenger in the consolidated statements of operations.

Outlook

The Company currently expects fourth quarter mainline unit costs to decrease more than four percent year over year. Capacity for American's mainline jet operations in the fourth quarter is expected to decrease approximately 0.5 percent year over year.

-16-

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of the Company's 2005 Form 10-K. The change in market risk for aircraft fuel is discussed below for informational purposes due to the sensitivity of the Company's financial results to changes in fuel prices.

The risk inherent in the Company's fuel related market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions management may take to mitigate the Company's exposure to such changes. Therefore, actual results may differ. The Company does not hold or issue derivative financial instruments for trading purposes.

Aircraft Fuel The Company's earnings are affected by changes in the price and availability of aircraft fuel. In order to provide a

measure of control over price and supply, the Company trades and ships fuel and maintains fuel storage facilities to support its flight operations. The Company also manages the price risk of fuel costs primarily by using jet fuel, heating oil, and crude oil hedging contracts. Market risk is estimated as a hypothetical 10 percent increase in the September 30, 2006 cost per gallon of fuel. Based on projected 2006 and 2007 fuel usage through September 30, 2007, such an increase would result in an increase to aircraft fuel expense of approximately \$523 million in the twelve months ended September 30, 2007, inclusive of the impact of effective fuel hedge instruments outstanding at September 30, 2006. Comparatively, based on projected 2006 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately \$477 million in the twelve months ended December 31, 2006, inclusive of the impact of effective fuel hedge instruments outstanding at December 31, 2005. The change in market risk is primarily due to the increase in fuel prices.

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in crude oil or other crude oil related commodities. As required by Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities", the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. The Company discontinues hedge accounting prospectively if it determines that a derivative is no longer expected to be highly effective as a hedge or if it decides to discontinue the hedging relationship. As a result of its second quarter effectiveness assessment, the Company determined that more than 65 percent of its derivatives, based on market value, settling during the remainder of 2006 and in 2007 are no longer expected to be highly effective in offsetting changes in forecasted jet fuel purchases. As a result, effective on July 1, 2006, all subsequent changes in the fair value of those particular hedge contracts are being recognized directly in earnings rather than being deferred in Accumulated other comprehensive loss. On an economic basis, these derivatives will continue to largely offset potential changes in the price of jet fuel. Hedge accounting will continue to be applied to derivatives used to hedge forecasted jet fuel purchases that are expected to remain highly effective.

Item 4. Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as of September 30, 2006. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2006. During the quarter ending on September 30, 2006, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

On July 26, 1999, a class action lawsuit was filed, and in November 1999 an amended complaint was filed, against AMR, American, AMR Eagle, Airlines Reporting Corporation, and the Sabre Group Holdings, Inc. in the United States District Court for the Central District of California, Western Division (Westways World Travel, Inc. v. AMR Corp., et al.). The lawsuit alleges that requiring travel agencies to pay debit memos to American for violations of American's fare rules (by customers of the agencies): (1) breaches the Agent Reporting Agreement between American and AMR Eagle and the plaintiffs; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). On July 9,

2003, the court certified a class that included all travel agencies who have been or will be required to pay money to American for debit memos for fare rules violations from July 26, 1995 to the present. The plaintiffs sought to enjoin American from enforcing the pricing rules in question and to recover the amounts paid for debit memos, plus treble damages, attorneys' fees, and costs. On February 24, 2005, the court decertified the class. The claims against Airlines Reporting Corporation have been dismissed, and in September 2005, the Court granted Summary Judgment in favor of the Company and all other defendants. Plaintiffs have filed an appeal to the United States Court of Appeals for the Ninth Circuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies, which could have a material adverse impact on the Company.

Between April 3, 2003 and June 5, 2003, three lawsuits were filed by travel agents, some of whom opted out of a prior class action (now dismissed) to pursue their claims individually against American, other airline defendants, and in one case against certain airline defendants and Orbitz LLC. The cases, Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California, San Francisco (51 individual agencies), Paula Fausky d/b/a Timeless Travel v. American Airlines, et. al, in the United States District Court for the Northern District of Ohio, Eastern Division (29 agencies) and Swope Travel et al. v. Orbitz et. al. in the United States District Court for the Eastern District of Texas, Beaumont Division (71 agencies) were consolidated for pre-trial purposes in the United States District Court for the Northern District of Ohio, Eastern Division. Collectively, these lawsuits seek damages and injunctive relief alleging that the certain airline defendants and Orbitz LLC: (i) conspired to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers in violation of Section 1 of the Sherman Act; (ii) conspired to monopolize the distribution of common carrier air travel between airports in the United States in violation of Section 2 of the Sherman Act; and that (iii) between 1995 and the present, the airline defendants conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. On September 23, 2005, the Fausky plaintiffs dismissed their claims with prejudice. On September 14, 2006, the court dismissed with prejudice 28 of the Swope plaintiffs. American continues to vigorously defend these lawsuits. A final adverse court decision awarding substantial money damages or placing material restrictions on the Company's distribution practices would have a material adverse impact on the Company.

Miami-Dade County (the County) is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American and AMR Eagle have been named as potentially responsible parties (PRPs) for the contamination at MIA. During the second quarter of 2001, the County filed a lawsuit against 17 defendants, including American, in an attempt to recover its past and future cleanup costs (Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al. in the Florida Circuit Court). The Company is vigorously defending the lawsuit. In addition to the 17 defendants named in the lawsuit, 243 other agencies and companies were also named as PRPs and contributors to the contamination. The case is currently stayed while the parties pursue an alternative dispute resolution process. The County has proposed draft allocation models for remedial costs for the Terminal and Tank Farm areas of MIA. While it is anticipated that American and AMR Eagle will be allocated equitable shares of remedial costs, the Company does not expect the allocated amounts to have a material adverse effect on the Company.

American is defending an appeal of a lawsuit, filed as a class action but not certified as such, arising from allegedly improper failure to refund certain governmental taxes and fees collected by American upon the sale of nonrefundable tickets when such tickets are not used for travel. In Harrington v. Delta Air Lines, Inc., et al., (filed November 24, 2004 in the United States District Court for the District of Massachusetts), the plaintiffs sought unspecified actual damages (trebled), declaratory judgment, injunctive relief, costs, and attorneys' fees. The suit asserted various causes of action, including breach of contract, conversion, and unjust enrichment against American and numerous other airline defendants. The defendants

filed a motion to dismiss which was granted. Plaintiffs have filed a notice of appeal with the First Circuit Court of Appeals. American is vigorously defending the suit and believes it to be without merit. However, a final adverse court decision requiring American to refund collected taxes and/or fees could have a material adverse impact on the Company.

On March 11, 2004, a patent infringement lawsuit was filed against AMR, American, AMR Eagle Holding Corporation, and American Eagle in the United States District Court for the Eastern District of Texas (IAP Intermodal, L.L.C. v. AMR Corp., et al.). The case was consolidated with eight similar lawsuits filed against a number of other unaffiliated airlines, including Continental, Northwest, British Airways, Air France, Pinnacle Airlines, Korean Air and Singapore Airlines (as well as various regional affiliates of the foregoing). The plaintiff alleges that the airline defendants infringe three patents, each of which relates to a system of scheduling vehicles based on freight and passenger transportation requests received from remote computer terminals. The plaintiff is seeking past and future royalties of over \$30 billion dollars, injunctive relief, costs and attorneys' fees. On September 7, 2005, the court issued a memorandum opinion that interpreted disputed terms in the patents. The plaintiff dismissed its claims without prejudice to its right to appeal the September 7, 2005 opinion, and the plaintiff is pursuing such an appeal. Although the Company believes that the plaintiff's claims are without merit and is vigorously defending the lawsuit, a final adverse court decision awarding substantial money damages or placing material restrictions on existing scheduling practices would have a material adverse impact on the Company.

On July 12, 2004, a consolidated class action complaint, that was subsequently amended on November 30, 2004, was filed against American and the Association of Professional Flight Attendants (APFA), the Union which represents the American's flight attendants (Ann M. Marcoux, et al., v. American Airlines Inc., et al. in the United States District Court for the Eastern District of New York). While a class has not yet been certified, the lawsuit seeks on behalf of all of American's flight attendants or various subclasses to set aside, and to obtain damages allegedly resulting from, the April 2003 Collective Bargaining Agreement referred to as the Restructuring Participation Agreement (RPA). The RPA was one of three labor agreements American successfully reached with its unions in order to avoid filing for bankruptcy in 2003. In a related case (Sherry Cooper, et al. v. TWA Airlines, LLC, et al., also in the United States District Court for the Eastern District of New York), the court denied a preliminary injunction against implementation of the RPA on June 30, 2003. The Marcoux suit alleges various claims against the Union and American relating to the RPA and the ratification vote on the RPA by individual Union members, including: violation of the Labor Management Reporting and Disclosure Act (LMRDA) and the APFA's Constitution and By-laws, violation by the Union of its duty of fair representation to its members, violation by American of provisions of the Railway Labor Act (RLA) through improper coercion of flight attendants into voting or changing their vote for ratification, and violations of the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). On March 28, 2006, the district court dismissed all of various state law claims against American, all but one of the LMRDA claims against the APFA, and the claimed violations of RICO. This leaves the claimed violations of the RLA and the duty of fair representation against American and the APFA (as well as one LMRDA claim and one claim against the APFA of a breach of the union constitution). Although the Company believes the case against it is without merit and both American and the Union are vigorously defending the lawsuit, a final adverse court decision invalidating the RPA and awarding substantial money damages would have a material adverse impact on the Company.

On February 14, 2006, the Antitrust Division of the United States Department of Justice (the "DOJ") served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign air cargo carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The New Zealand Commerce Commission notified the Company on February 17, 2006 that it is also investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. On

February 22, 2006, the Company received a letter from the Swiss Competition Commission informing the Company that it too is investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. The Company intends to cooperate fully with these investigations. In the event that these investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, such findings and related legal proceedings could have a material adverse impact on the Company. Approximately 38 purported class action lawsuits have been filed against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges on cargo shipments: Animal Land, Inc. v. Air Canada et al. filed in the United States District Court for the Eastern District of New York on February 17, 2006; Joan Adams v. British Airways et al. filed in the United States District Court for the Eastern District of New York on February 22, 2006; Rock International Transport v. Air Canada et al. filed in the United States District Court for the Eastern District of New York on February 24, 2006; Helen's Wooden Crafting Co. v. Air Canada et al. filed in the United States District Court for the Eastern District of New York on February 24, 2006; ABM Int'l, Inc. v. Ace Aviation Holdings, Inc. et al. filed in the United States District Court for the Eastern District of New York on February 28, 2006; Blumex USA, Inc. v. Air Canada et al. filed in the United States District Court for the Northern District of Illinois on March 1, 2006; Mamlaka Video v. Air Canada et al. filed in the United States District Court for the Eastern District of New York on March 3, 2006; Spraying Systems Co. v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the Eastern District of New York on March 3, 2006; Mitchell Spitz v. Air France-KLM et al. filed in the United States District Court for the Eastern District of New York on March 6, 2006; JCK Industries, Inc. v. British Airways, PLC et al. filed in the United States District Court for the Eastern District of New York on March 6, 2006; Marc Seligman v. Air Canada et al. filed in the United States District Court for the Southern District of Florida on March 6, 2006; CID Marketing and Promotion Inc. v. AMR Corporation et al. filed in the United States District Court for the Eastern District of Pennsylvania on March 7, 2006; Lynn Culver v. Air Canada et al. filed in the United States District Court for the District of Columbia on March 8, 2006; JSL Carpet Corp. v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the Eastern District of New York on March 10, 2006; Y. Hata & Co, Ltd. v. Air France-KLM et al. filed in the United States District Court for the Northern District of California on March 13, 2006; FTS International Express v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the District of Columbia on March 15, 2006; Thule, Inc. v. Air Canada et al. filed in the United States District Court for the Eastern District of New York on March 28, 2006; Rosetti Handbags and Accessories, Ltd. v. Air France ADS et al. filed in the United States District Court for the Eastern District of New York on March 31, 2006; W.I.T. Entertainment Inc. v. AMR Corporation et al. filed in the United States District Court for the Southern District of Florida on April 3, 2006; Jeff Rapps v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on April 7, 2006; Funke Design Build, Inc. v. AMR Corporation et al. filed in the United States District Court for the Northern District of Illinois on April 7, 2006; Sul-American Export Inc. v. Air France ADS et al. filed in the United States District Court for the Eastern District of New York on April 7, 2006; La Regale Ltd. v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on April 12, 2006; J.A. Transport Inc. v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the District of Columbia on April 12, 2006; Caribe Air Cargo, Inc. v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the District of Columbia on April 13, 2006; Gold Eye Distributors, Inc. v. Air France ADS et al. filed in the United States District Court for the Eastern District of New York on April 14, 2006; Ralph Olarte v. British Airways PLC et al. filed in the United States District Court for the District of Columbia on April 19, 2006; Capogiro LLC v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the District of Columbia on April 20, 2006; Ali Fayazi v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on April 26, 2006; Janice Perlman v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on May 9, 2006; Leslie Young v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on May 12, 2006; Craig Antell, M.D. v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on May 16, 2006; Eurotrendz v. British Airways PLC et al. filed

in the United States District Court for the Eastern District of New York on May 18, 2006; David Asher Rakoff v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on May 22, 2006; Kalla Hirschbein v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on June 1, 2006; Association des Utilisateurs du Transport de Fret v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the District of Columbia on June 6, 2006; and McDuffee New York, Inc. v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the Northern District of Illinois on June 27, 2006. These cases have been consolidated in the United States District Court for the Eastern District of New York, together with approximately 47 other class action lawsuits in which the Company has not been named as a defendant. Plaintiffs are seeking trebled money damages and injunctive relief. American will vigorously defend these lawsuits; however, any adverse judgment could have a material adverse impact on the Company.

-20-

On June 20, 2006, DOJ served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign passenger carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The Company intends to cooperate fully with this investigation. In the event that this investigation uncovers violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, such findings and related legal proceedings could have a material adverse impact on the Company. Approximately 46 purported class action lawsuits have been filed against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges for passenger transportation: Saldana v. American Airlines, Inc. et al. filed in the United States District Court for the Southern District of New York on June 23, 2006; McGovern v. AMR Corporation, et al. filed in the United States District Court for the Northern District of Illinois on June 23, 2006; Baharani v. British Airways PLC et al. filed in the United States District Court for the Southern District of Florida on June 23, 2006; Boccara v. British Airways PLC et al. filed in the United States District Court for the Northern District of Florida on June 23, 2006; Chin v. AMR Corporation et al. filed in the United States District Court for the Northern District of Illinois on June 26, 2006; McDuffee New York, Inc. v. ACE Aviation Holdings, Inc. et al. filed in the United States District Court for the Northern District of Illinois on June 27, 2006; McGrath v. AMR Corporation et al. filed in the United States District Court for the Northern District of Illinois on June 27, 2006; Fadden v. AMR Corporation et al. filed in the United States District Court for the Northern District of Illinois on June 28, 2006; Szelewski v. AMR Corporation et al. filed in the United States District Court for the Northern District of Illinois on June 28, 2006; Golin v. AMR Corporation et al. filed in the United States District Court for the Northern District of California on June 29, 2006; Mazzocco v. AMR Corporation et al. filed in the United States District Court for the Eastern District of New York on June 29, 2006; McIntyre Group, Ltd. v. AMR Corporation et al. filed in the United States District Court for the Northern District of California on June 29, 2006; Miller v. British Airways PLC et al. filed in the United States District Court for the Eastern District of Pennsylvania on June 29, 2006; Nelson v. AMR Corporation filed in the United States District Court for the Eastern District of New York on June 29, 2006; Weiss v. British Airways PLC et al. filed in the United States District Court for the Eastern District of Pennsylvania on June 30, 2006; Marco v. American Airlines, Inc. et al. filed in the United States District Court for the Central District of California on June 30, 2006; Finegan v. British Airways PLC et al., filed in the United States District Court for the Eastern District of New York on July 6, 2006; Sederholm v. AMR Corp. et al. filed in the United States District Court for the Northern District of Illinois on July 10, 2006; El-Demerdash v. AMR Corp. et al. filed in the United States District Court for the Northern District of Illinois on July 11, 2006; Molinaro v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on July 11, 2006; El-Demerdash v. AMR Corp. et al. filed in the United States District Court for the Northern District of Illinois on July 13, 2006; Hastings v. American Airlines, Inc. et al. filed in the United States District Court for the Northern District of Illinois on July 13, 2006; Wayman v. British Airways PLC et al. filed in the United States District Court for the

Northern District of Illinois on July 13, 2006; Waters v. British Airways PLC et al. filed in the United States District Court for the Eastern District of New York on July 14, 2006; Olmert v. American Airlines, Inc. et al. filed in the United States District Court for the Northern District of California on July 13, 2006; Fischer v. British Airways PLC et al. filed in the United States District Court for the Northern District of Illinois on July 17, 2006; Carney v. British Airways et al. filed in the United States District Court for the Northern District of Illinois on July 18, 2006; Hardingham v. British Airways PLC et al. filed in the United States District Court for the Northern District of California on July 18, 2006; Penrose v. British Airways et al. filed in the United States District Court for the Eastern District of New York on July 21, 2006; Taylor v. British Airways et al. filed in the United States District Court for the Northern District of California on July 21, 2006; Wolff v. British Airways et al. filed in the United States District Court for the Eastern District of New York on July 21, 2006; Harris v. British Airways PLC et al. filed in the United States District Court for the Northern District of California on July 25, 2006; Comeaux v. AMR Corp. et al. filed in the United States District Court for the Southern District of Texas on July 26, 2006; Oliff v. British Airways et al. filed in the United States District Court for the Eastern District of Virginia on July 26, 2005; Kastin v. AMR Corp. et al. filed in the United States District Court for the Southern District of New York on July 28, 2006; Page v. British Airways et al. filed in the United States District Court for the Northern District of California on July 31, 2006; Van Meter v. British Airways et al. filed in the United States District Court for the Northern District of Illinois on July 31, 2006; Vesely v. British Airways et al. filed in the United States District Court for the Northern District of California on July 31, 2006; Davis v. British Airways et al. filed in the United States District Court for the Northern District of California on August 1, 2006; Hecht v. AMR Corp., et al. filed in the United States District Court for the Northern District of Illinois on August 3, 2006; Lockmanese v. British Airways et al. filed in the United States District Court for the Northern District of California on August 7, 2006; Martin v. American Airlines, Inc. et al. filed in the United States District Court for the Southern District of Florida on August 9, 2006; Madnick v. AMR Corp. et al. filed in the United States District Court for the Southern District of Florida on August 24, 2006; Szlavik v. American Airlines, Inc. et al. filed in the United States District Court for the District of Maryland on August 31, 2006; and Brennan v. British Airways, et al. filed in the United States District Court for the Northern District of California on September 6, 2006. These cases are expected to be consolidated in an as yet undetermined court together with approximately 49 other class action lawsuits in which the Company has not been named as a defendant. Plaintiffs are seeking trebled money damages and injunctive relief. American will vigorously defend these lawsuits; however, any adverse judgment could have a material adverse impact on the Company.

-21-

American is defending a lawsuit (Love Terminal Partners, L.P. et al. v. The City of Dallas, Texas et al.) filed on July 17, 2006 in the United States District Court in Dallas. The suit was brought by two lessees of facilities at Dallas Love Field Airport against American, the cities of Fort Worth and Dallas, Southwest Airlines, Inc., and the Dallas/Fort Worth International Airport Board. The suit alleges that an agreement by and between the five defendants with respect to Dallas Love Field violates Sections 1 and 2 of the Sherman Act. Plaintiffs seek injunctive relief and compensatory and statutory damages. American will vigorously defend this lawsuit; however, any adverse judgment could have a material adverse impact on the Company.

On August 21, 2006, a patent infringement lawsuit was filed against American and American Beacon Advisors, Inc. (a wholly-owned subsidiary of the Company), in the United States District Court for the Eastern District of Texas (Ronald A. Katz Technology Licensing, L.P. v. American Airlines, Inc., et al.). The plaintiff alleges that American and American Beacon infringe a number of the plaintiff's patents, each of which relates to automated telephone call processing systems. The plaintiff is seeking past and future royalties, injunctive relief, costs and attorneys' fees. Although the Company believes that the plaintiff's claims are without merit and is vigorously defending the lawsuit, a final adverse court decision awarding substantial money damages or placing material restrictions on existing automated telephone call system operations would have a material adverse impact

Item 6. Exhibits

The following exhibits are included herein:

- 10.1 Form of Amendment of Stock Option Agreements Under the 1998 Long-Term Incentive Plan to Add Stock Appreciation Rights.
- 12 Computation of ratio of earnings to fixed charges for the three and nine months ended September 30, 2006 and 2005.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a).
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a).
- 32 Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN AIRLINES, INC.

Date: October 20, 2006

BY: /s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief
Financial Officer
(Principal Financial and Accounting Officer)

AMENDMENT OF STOCK OPTION AGREEMENTS UNDER THE 1998 LONG
TERM INCENTIVE PLAN TO ADD STOCK APPRECIATION RIGHTS

AMENDMENT OF STOCK OPTION AGREEMENTS (this "SAR Amendment") between AMR Corporation, a Delaware corporation (the "Corporation"), and _____, employee number 000000, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee"), dated as of _____.

W I T N E S S E T H:

WHEREAS, Optionee has previously been granted stock options, without a tandem stock appreciation right, under the AMR Corporation 1998 Long Term Incentive Plan (such plan, as may be amended from time to time, to be referenced the "1998 Plan");

WHEREAS, Optionee may have also previously been granted stock options, without a tandem stock appreciation right, under the AMR Corporation 1988 Long Term Incentive Plan (such plan, as may be amended from time to time, to be referenced the "1988 Plan"), which options (if any) are now governed by the terms of the 1998 Plan;

WHEREAS, the 1998 Plan permits the Compensation Committee or, in lieu thereof, the Board of Directors of the Corporation (the "Board") to provide for the grant of stock appreciation rights in connection with an option to purchase shares of the Corporation's Common Stock, \$1 par value (the "Common Stock"), whether at or after the grant of such option;

WHEREAS, the grant of a stock appreciation right entitles the grantee of an option a mechanism to receive the same economic value as would be conveyed upon exercise of a stock option;

WHEREAS, the use of such stock appreciation rights allows a corporation to provide employees essentially the same economic benefit as an option exercise, but at the same time achieve a more effective and efficient use of the number of shares authorized by stockholders for issuance under the corporation's equity compensation plans; and

WHEREAS, based on the foregoing, the Committee has determined that it is to the advantage and interest of the Corporation and its stockholders and its employees eligible for such awards to grant the stock appreciation rights provided for herein in tandem with the stock options previously granted to the Optionee.

NOW, THEREFORE:

1. Stock Appreciation Right Grant. The Corporation hereby grants to the Optionee, effective as of the date, and subject to the terms and conditions, of this SAR Amendment, a stock appreciation right (each, a "SAR") in respect of the number of shares of Common Stock that are, as of the date hereof, outstanding in respect of each stock option previously granted to the Optionee under the 1998 Plan and/or the 1988 Plan and outstanding on the date hereof (each, an "Outstanding Option"). The SAR shall be exercisable at the same time as the corresponding portion of the corresponding Outstanding Option is exercisable in accordance with the agreement governing such Outstanding Option.

2. Restriction on Exercise. Notwithstanding any other provision hereof, no Outstanding Option nor any SAR shall be exercised if at such time such exercise or the delivery of certificates representing shares of Common Stock pursuant hereto shall constitute a violation of any rule of the Corporation, any provision of any applicable Federal or State statute, rule or regulation, or any rule or regulation of any securities exchange on which the Common Stock may be listed.

3. Manner of Exercise. Each SAR may be exercised with respect to all or any part of the shares of Common Stock in respect of which the related Outstanding Option is exercisable. Any such exercise shall be effected pursuant to such procedures as may be adopted by the Corporation from time to time in its sole discretion; provided that, a corresponding portion of any SAR shall lapse to the extent that any portion of the related Outstanding Option is exercised, and a corresponding portion of the related Outstanding Option shall lapse to the extent that any portion of any SAR is exercised. For purposes of the foregoing sentence of this SAR Amendment, the corresponding portion of any SAR or the related Outstanding Option pertains to the number of shares of Stock as to which the related Outstanding Option or such SAR is being exercised, and not to the net number of shares of Stock being issued. Upon the exercise of any portion of any SAR, the Optionee shall be entitled to receive from the Corporation a number of shares of Stock equal in value to the product of

(i) the excess of

(A) the Fair Market Value on the date of exercise of one share of Stock over

(B) the exercise price with respect to a share of Common Stock subject to related Outstanding Option in respect of which the SAR was granted and is being exercised, multiplied by

(ii) the number of shares in respect of which the SAR is being exercised.

The number of shares to be issued upon the exercise of any portion of any SAR shall be calculated on the basis of the Fair Market Value of a share of Common Stock on the date of exercise, with any fractional share being payable in cash based on the Fair Market Value on the date of exercise. Notwithstanding the foregoing, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the shares of Stock otherwise issuable upon any exercise of any portion of any SAR, to pay the Optionee an amount in cash or other marketable property of a value equivalent to the aggregate Fair Market Value on the date of exercise of the number of shares of Stock that the Committee is electing to settle in cash or other marketable property. Subject to compliance by the Optionee with all the terms and conditions hereof, following exercise of any Outstanding Option or the SAR related thereto (other than in any circumstance where the SAR is being settled for a payment in cash), the Corporation or its agent shall promptly thereafter deliver to the Optionee a certificate or certificates for such shares with all requisite transfer stamps attached.

4. Termination of Each SAR. Each SAR shall terminate and may no longer be exercised if (i) the Optionee ceases to be an employee of the Corporation or one of its Subsidiaries or Affiliates; or (ii) the Optionee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (iii) the Optionee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation (or one of its Subsidiaries or Affiliates) and the Optionee; except that

(a) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of death, the

vesting of each SAR will be accelerated on the same terms and conditions as the related Outstanding Option, and such Outstanding Option and SAR will remain exercisable in accordance with the provisions of the agreement pertaining to the Outstanding Option until the expiration of such Outstanding Option;

(b) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Disability, each SAR will continue to vest on the same terms and conditions as apply to the related Outstanding Option, and such Outstanding Option and SAR may be exercised in accordance with the provisions of the agreement pertaining to the Outstanding Option until the expiration of such Outstanding Option; provided, however, that if the Optionee dies after such Disability, vesting of the related Outstanding Option and the corresponding SAR will be accelerated in accordance with the terms of the agreement governing the Outstanding Option, and each of the related Outstanding Option and the SAR will remain exercisable in accordance with the provisions hereof until the expiration of such Outstanding Option;

(c) Subject to Section 7(c), if the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Normal or Early Retirement, each SAR will continue to vest on the same terms and conditions as the related Outstanding Option, and such Outstanding Option and SAR may be exercised in accordance with the provisions of the agreement pertaining to the Outstanding Option until the expiration of such Outstanding Option; provided, however, that if the Optionee dies after Retirement vesting of the related Outstanding Option and the corresponding SAR will be accelerated in accordance with the terms of the agreement governing the Outstanding Option, and each of the related Outstanding Option and the SAR will remain exercisable in accordance with the provisions hereof until the expiration of such Outstanding Option;

(d) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) is involuntarily terminated by the Corporation or a Subsidiary or Affiliate (as the case may be) without Cause, each SAR may thereafter be exercised, to the extent the related Outstanding Option is exercisable at the time of termination, for a period of three months from the date of such termination of employment or until the stated term of such Outstanding Option, whichever period is shorter; and

(e) In the event of a Change in Control or a Potential Change in Control of the Corporation, the vesting of each SAR will be accelerated on the same terms and conditions as the related Outstanding Option in accordance with the 1998 Plan, or its successor.

5. Adjustments in Common Stock. In the event of a Stock dividend, Stock split, merger, consolidation, reorganization, recapitalization or other change in the corporate structure, the Board shall adjust the number of shares, class or classes of securities subject to each SAR and each Outstanding Option and the exercise price of each Outstanding Option (including to the extent used to determine the amount payable in respect of each SAR), in such manner as the Board shall determine to be necessary or appropriate to avoid any diminution or enlargement of the rights conveyed in respect of each Outstanding Option and each SAR by reason of the occurrence of any such transaction, distribution or other event.

6. Non-Transferability of SARs. Unless the Board or Committee shall permit (on such terms and conditions as it shall establish), no SAR may be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Optionee, each SAR may be exercised only by him or her (unless otherwise determined by the Board or the Committee).

7. Miscellaneous.

(a) Except as otherwise expressly provided below

or in accordance with the terms and conditions of the 1998 Plan, this SAR Amendment (i) shall be binding upon and inure to the benefit of any successor of the Corporation, (ii) shall be governed by the laws of the State of Texas, and any applicable laws of the United States, and (iii) may not be amended without the written consent of both the Corporation and the Optionee. No contract or right of employment shall be implied by this SAR Amendment.

(b) If the related Outstanding Option and any SAR are assumed or a new stock option and stock appreciation right are substituted therefor in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 424(a) of the Internal Revenue Code of 1986, as amended), employment by such assuming or substituting corporation or by a parent corporation or a subsidiary thereof shall be considered for all purposes of this SAR Amendment to be employment by the Corporation.

(c) In the event the Optionee's employment is terminated by reason of Early or Normal Retirement and the Optionee subsequently is employed by a competitor of the Corporation, the Corporation reserves the right, upon notice to the Optionee, to declare the Outstanding Option and the SAR forfeited and of no further validity.

(d) In consideration of the Optionee's privilege to participate in the 1998 Plan and to receive the grant of each Outstanding Option, the Optionee agreed (i) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. ("American") or its Affiliates to any unauthorized party and (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or its Affiliates or after such employment is terminated, and (iii) not to solicit any then current employees of American or any other subsidiaries of the Corporation to join the Optionee at his or her new place of employment after his or her employment with American or its Affiliates is terminated. Nothing in this SAR Amendment shall be interpreted or construed to modify, limit or reduce in any way Optionee's obligations with respect to such covenants.

8. Securities Law Requirements. The Corporation shall not be required to issue shares upon the exercise of any Outstanding Option or any SAR unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective. The Board or the Committee may require the Optionee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with the exercise of any Outstanding Option or any SAR, an agreement, in such form as the Board or the Committee may from time to time deem appropriate, in which the Optionee represents that the shares acquired by him upon such exercise are being acquired for investment and not with a view to the sale or distribution thereof.

9. Outstanding Option and SAR Subject to 1998 Plan. The Outstanding Option and the SAR shall be subject to all the terms and provisions of the 1998 Plan and the Optionee shall abide by and be bound by all rules, regulations and determinations of the Board or Committee now or hereafter made in connection with the administration of the 1998 Plan. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1998 Plan.

10. American Jobs Creation Act. In addition to amendments permitted by Section 7(a) above, amendments to this SAR Amendment and to any of the option agreements underlying each Outstanding Option may be made by the Corporation, without the Optionee's consent, in order to ensure compliance with the American Jobs Creation Act of 2004. And, further, amendments may be made to the 1998 Plan to ensure such compliance, which amendments may impact this SAR Amendment.

IN WITNESS WHEREOF, the Corporation has executed this SAR Amendment as of the day and year first above written.

AMR Corporation

By: _____
Kenneth W. Wimberly
Corporate Secretary

AMERICAN AIRLINES, INC.
 Computation of Ratio of Earnings to Fixed Charges
 (in millions)

	Three Months ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Earnings (loss):				
Earnings (loss) before income taxes	\$ 1	\$(161)	\$ 175	\$(291)
Add: Total fixed charges (per below)	432	399	1,276	1,150
Less: Interest capitalized	7	12	21	58
Total earnings (loss) before income taxes	\$426	\$ 226	\$1,430	\$ 801
Fixed charges:				
Interest, including interest capitalized	\$217	\$ 180	\$ 635	\$ 521
Portion of rental expense representative of the interest factor	212	216	630	621
Amortization of debt expense	3	3	11	8
Total fixed charges	\$432	\$ 399	\$1,276	\$1,150
Ratio of earnings to fixed charges	-	-	1.12	-
Coverage deficiency	\$ 6	\$ 173	\$ -	\$ 349

Note: As of September 30, 2006, American has guaranteed approximately \$1.1 billion of AMR's unsecured debt and approximately \$388 million of AMR Eagle's secured debt. The impact of these unconditional guarantees is not included in the above computation.

I, Gerard J. Arpey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Airlines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 20, 2006

/s/ Gerard J. Arpey
Gerard J. Arpey
Chairman, President and Chief
Executive Officer

I, Thomas W. Horton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Airlines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 20, 2006

/s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief
Financial Officer

American Airlines, Inc.

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18,
United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of American Airlines, Inc., a Delaware corporation (the Company), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (the Form 10-Q) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 20, 2006

/s/ Gerard J. Arpey
Gerard J. Arpey
Chairman, President and Chief
Executive Officer

Date: October 20, 2006

/s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief
Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.