



March 17, 2004

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 the words "expects", "plans," "anticipates," "believes," and similar expressions are intended to identify 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 needs, overall economic conditions, plans and objectives for future operations, the impact on the Company of its results of operations for the past three 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 on 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. This document includes forecasts of unit cost and revenue performance, fuel prices, capacity estimates and liquidity expectations, each of which is a forward-looking statement. 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 uncertain financial and business environment the Company faces, the struggling economy, high fuel prices and the availability of fuel, continuing U.S. military involvement in Iraq, conflicts in the Middle East or elsewhere, historically low fare levels and the general competitive environment, the Company's ability to implement its restructuring program and the effect of the program on the Company's operational performance and service levels, uncertainties with respect to the Company's international operations, changes in the Company's business strategy, actions by U.S. or foreign government agencies, the possible occurrence of additional terrorist attacks, another outbreak of SARS or another disease that affects travel behavior, the inability of the Company to satisfy existing liquidity requirements or other covenants in certain of its or American's credit agreements and the availability of future financing. 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 Form 10-K for the year ended December 31, 2003.

#### Performance Update

**Costs:** Fuel prices are higher than anticipated, however, increased fuel costs will only slightly impact our 1Q04 CASM guidance. Positive variances versus our expectations in a number of other expense lines are largely offsetting fuel price increases, resulting in revised mainline CASM guidance for 1Q04 of 9.48 cents, a 16.8 percent reduction year over year. Our full year 2004 fuel price guidance has changed from \$0.87/gallon to \$0.99/gallon.

**Revenue:** For the first quarter, any year over year unit revenue benefits from improving structural and macro-economic conditions are likely to be more than offset by intensifying competition - particularly on transcontinental routes - and the effects of significant increases in industry capacity.

**Liquidity:** We expect to end the quarter with a cash and short-

term investment balance of more than \$3.0 billion, plus approximately \$500 million in restricted cash and short-term investments. In February, AA issued \$180 million of Fixed Rate Secured Notes due 2009 and AMR issued \$324 million of senior convertible notes due 2024.

Kathy Bonanno  
Director Investor Relations

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AMR EAGLE EYE

#### Fuel Forecast

Fuel Hedge Position:  
1Q04 Hedged on 21% of consumption at \$23/bbl WTI Crude

#### American Mainline Fuel Price Including Hedges and Taxes

	Actual		Forecast		
	Jan	Feb	Mar	1Q04	2004
Fuel Price (dollars/gal)	0.99	1.03	1.01	1.01	0.99
Fuel Consumption (MM gals)	249.2	235.9	254.0	739.1	3,020.6

#### Unit Cost Forecast

##### AMR Consolidated Cost per ASM

	Actual		Forecast		
	Jan	Feb	Mar	1Q04	2004
AMR Cost per ASM (cents)	10.05	10.04	9.68	9.92	9.75
Yr/Yr B/(W)*	12.7%	18.1%	17.3%	16.0%	7.3%

##### American Mainline Operations Cost per ASM

	Actual		Forecast		
	Jan	Feb	Mar	1Q04	2004
AA Cost per ASM (cents)	9.63	9.59	9.24	9.48	9.34
Yr/Yr B/(W)*	13.4%	18.9%	18.0%	16.7%	8.1%

#### Capacity and Traffic Forecast

##### AA Mainline Operations

	Actual Yr/Yr H/(L)		Forecast Yr/Yr H/(L)		
	Jan	Feb	Mar	1Q04	2004
Capacity	1.0%	11.8%	5.0%	5.7%	6.3%
Domestic	(2.8%)	8.8%	2.0%	2.4%	2.8%
International	10.4%	19.3%	14.6%	14.6%	10.8%
Traffic	4.0%	12.1%	6.1%	7.2%	5.2%

##### Regional Affiliate Operations

	Actual Yr/Yr H/(L)		Forecast Yr/Yr H/(L)		
	Jan	Feb	Mar	1Q04	2004
Capacity	16.2%	31.1%	22.1%	22.8%	26.1%
Traffic	24.1%	38.2%	29.5%	30.4%	26.8%

\* Compared to 2003 unit costs as reported