

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 JUNE 30, 1996.

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period From _____ to _____.

Commission file number 1-8400.

AMR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

75-1825172

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer Identification No.)

4333 Amon Carter Blvd.
Fort Worth, Texas

76155

(Address of principal executive offices)

(Zip Code)

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

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. Yes No .

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 - 90,935,108 as of August 5, 1996

INDEX
AMR CORPORATION

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statement of Operations -- Three months ended June 30, 1996 and 1995; Six months ended June 30, 1996 and 1995

Condensed Consolidated Balance Sheet -- June 30, 1996 and December 31, 1995

Condensed Consolidated Statement of Cash Flows -- Six months ended June 30, 1996 and 1995

Notes to Condensed Consolidated Financial Statements -- June 30, 1996

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

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Item 4. Submission of Matters to a Vote of Security Holders

Item 6. Exhibits and Reports on Form 8-K

SIGNATURE

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMR CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited) (In millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
REVENUES				
Airline Group:				
Passenger - American Airlines, Inc.	\$3,510	\$3,347	\$6,797	\$6,437
- AMR Eagle, Inc.	266	251	533	459
Cargo	173	178	336	336
Other	210	180	407	335
	4,159	3,956	8,073	7,567
The SABRE Group	410	383	838	768
Management Services Group	151	139	308	282
Less: Intergroup revenues	(170)	(171)	(361)	(340)
Total operating revenues	4,550	4,307	8,858	8,277
EXPENSES				
Wages, salaries and benefits	1,497	1,464	2,984	2,869
Aircraft fuel	470	399	911	777
Commissions to agents	321	321	636	641
Depreciation and amortization	297	318	597	633
Other rentals and landing fees	223	218	439	432
Aircraft rentals	162	167	326	337
Food service	173	168	329	328
Maintenance materials and repairs	170	156	338	308
Other operating expenses	651	614	1,311	1,218
Total operating expenses	3,964	3,825	7,871	7,543
OPERATING INCOME	586	482	987	734
OTHER INCOME (EXPENSE)				
Interest income	16	14	32	27
Interest expense	(123)	(173)	(269)	(350)
Miscellaneous - net	1	(3)	(5)	(19)
	(106)	(162)	(242)	(342)
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY LOSS				
Income tax provision	480	320	745	392
	187	129	295	164
EARNINGS BEFORE EXTRAORDINARY LOSS EXTRAORDINARY LOSS, NET OF TAX BENEFIT				
	293	191	450	228
	-	(13)	-	(13)
NET EARNINGS	\$ 293	\$ 178	\$ 450	\$ 215

Continued on next page.

AMR CORPORATION
 CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)
 (Unaudited) (In millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
EARNINGS (LOSS) PER COMMON SHARE				
Primary:				
Before effect of extraordinary loss	\$3.35	\$ 2.48	\$5.44	\$ 2.96
Extraordinary loss	-	(0.17)	-	(0.17)
Net Earnings	\$3.35	\$ 2.31	\$5.44	\$ 2.79
Fully Diluted:				
Before effect of extraordinary loss	\$3.20	\$ 2.23	\$5.04	\$ 2.77
Extraordinary loss	-	(0.15)	-	(0.15)
Net Earnings	\$3.20	\$ 2.08	\$5.04	\$ 2.62
NUMBER OF SHARES USED IN COMPUTATIONS				
Primary	87	77	83	77
Fully diluted	92	91	92	91

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

AMR CORPORATION
 CONDENSED CONSOLIDATED BALANCE SHEET
 (In millions)

	June 30, 1996 ----- (Unaudited)	December 31, 1995 ----- (Note 1)
ASSETS		
CURRENT ASSETS		
Cash	\$ 80	\$ 82
Short-term investments	808	819
Receivables, net	1,496	1,153
Inventories, net	605	589
Deferred income taxes	358	357
Other current assets	189	137
	-----	-----
Total current assets	3,536	3,137
EQUIPMENT AND PROPERTY		
Flight equipment, net	9,495	9,852
Other equipment and property, net	1,913	1,964
	-----	-----
	11,408	11,816
EQUIPMENT AND PROPERTY UNDER CAPITAL LEASES		
Flight equipment, net	1,814	1,588
Other equipment and property, net	157	161
	-----	-----
	1,971	1,749
Route acquisition costs, net	988	1,003
Other assets, net	1,759	1,851
	-----	-----
	\$19,662	\$19,556
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 856	\$ 817
Accrued liabilities	1,775	1,999
Air traffic liability	1,887	1,466
Current maturities of long-term debt	135	228
Current obligations under capital leases	138	122
	-----	-----
Total current liabilities	4,791	4,632
Long-term debt, less current maturities	3,621	4,983
Obligations under capital leases, less current obligations	1,848	2,069
Deferred income taxes	542	446
Other liabilities, deferred gains, deferred credits and postretirement benefits	3,838	3,706
STOCKHOLDERS' EQUITY		
Convertible preferred stock	-	78
Common stock	91	76
Additional paid-in capital	3,159	2,239
Retained earnings	1,772	1,327
	-----	-----
	5,022	3,720
	-----	-----
	\$19,662	\$19,556
	=====	=====

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

AMR CORPORATION
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (Unaudited) (In millions)

	Six Months Ended June 30,	
	1996	1995
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,128	\$1,107
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures	(233)	(683)
Net decrease (increase) in short-term investments	11	(56)
Proceeds from sale of equipment and property	156	65
Net cash used for investing activities	(66)	(674)
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on long-term debt and capital lease obligations	(1,082)	(365)
Other	18	(2)
Net cash used for financing activities	(1,064)	(367)
Net increase (decrease) in cash	(2)	66
Cash at beginning of period	82	23
Cash at end of period	\$ 80	\$ 89
	=====	=====
CASH PAYMENTS (REFUNDS) FOR:		
Interest	\$ 280	\$ 336
Income taxes	282	(56)

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

AMR CORPORATION
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. The balance sheet at December 31, 1995 has been derived from the audited financial statements at that date. Certain amounts from 1995 have been reclassified to conform with the 1996 presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Corporation (AMR or the Company) Annual Report on Form 10-K for the year ended December 31, 1995.
2. Accumulated depreciation of owned equipment and property at June 30, 1996 and December 31, 1995, was \$6.2 billion and \$5.8 billion, respectively. Accumulated amortization of equipment and property under capital leases at June 30, 1996 and December 31, 1995, was \$921 million and \$875 million, respectively.
3. As discussed in the notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995, the Miami International Airport Authority is currently remediating various environmental conditions at Miami International Airport (Airport) and funding the remediation costs through landing fee revenues. Some of the costs of the remediation effort may be borne by carriers currently operating at the Airport, including American Airlines, Inc. (American), through increased landing fees. The ultimate resolution of this matter is not expected to have a significant impact on the financial position or liquidity of AMR.
4. On May 20, 1996, the Company issued 12,915,610 shares of AMR Common Stock upon the conversion of its 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024. The debentures had been called by the Company for redemption on April 19, 1996. The result was an \$834 million decrease in long-term debt and increase in stockholders' equity.
5. On May 20, 1996, the Company issued 1,011,164 shares of AMR Common Stock upon the conversion of its \$500 Series A Cumulative Convertible Preferred Stock. The preferred stock, which was evidenced by certain Depositary Shares, had been called for redemption on April 19, 1996. The result was a \$78 million decrease in convertible preferred stock and increase in common stock and additional paid-in capital.
6. On June 11, 1996, the Company announced its plans to create a worldwide alliance between American Airlines and British Airways. Under the alliance and beginning in April 1997, subject to regulatory approval, the two carriers will coordinate their passenger and cargo activities between the U.S. and Europe, introduce extensive code-sharing across each other's networks and establish full reciprocity between their frequent flyer programs.
7. As of July 2, 1996, the Company completed the reorganization of its information technology businesses known as The SABRE Group into a separate, wholly-owned subsidiary of AMR known as The SABRE Group Holdings, Inc. and its direct and indirect subsidiaries. On August 8, 1996, the Company announced that The SABRE Group Holdings, Inc., filed a registration statement with the Securities and Exchange Commission to make an initial public offering of its Class A Common Stock. The offering will be for less than 20 percent of the stock of The SABRE Group Holdings, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED JUNE 30, 1996 AND 1995

SUMMARY AMR recorded net earnings for the three months ended June 30, 1996, of \$293 million, or \$3.35 per common share (\$3.20 fully diluted). This compares with net earnings of \$178 million, or \$2.31 per common share (\$2.08 fully diluted) for the second quarter of 1995. Included in net earnings for the three months ended June 30, 1995, is an extraordinary loss of \$21 million (\$13 million net of tax) resulting from the repurchase and retirement of \$239 million of debt prior to scheduled maturity. AMR's operating income improved 21.6 percent or \$104 million.

AMR's operations fall within three major lines of business - the Airline Group, which includes American Airlines, Inc.'s Passenger and Cargo Divisions and AMR Eagle, Inc.; The SABRE Group, which includes AMR's information technology and consulting businesses; and the Management Services Group, which includes AMR's airline management, aviation services, and investment service activities.

As of July 2, 1996, the Company completed the reorganization of its information technology businesses known as The SABRE Group into a separate, wholly-owned subsidiary of AMR known as The SABRE Group Holdings, Inc. and its direct and indirect subsidiaries (the "Reorganization"). Prior to the Reorganization, most of The SABRE Group's business units were divisions of American. As part of the Reorganization, \$850 million of American's long-term debt owed to AMR was repaid through the transfer by American to AMR of an \$850 million debenture issued by The SABRE Group Holdings, Inc. to American. This will reduce the Airline Group's annual interest costs and increase The SABRE Group's annual interest costs by approximately \$60-70 million.

In the second quarter, American and The SABRE Group completed the negotiations of a new technology services agreement between the two business units, pursuant to which The SABRE Group performs data processing and solutions services for American. This new agreement reflects the recent downward trend in market prices for data processing services. Additionally, the two business units completed negotiations on new agreements covering the provision of air travel and certain marketing services by American to The SABRE Group. The parties agreed to apply the financial terms of these agreements as of January 1, 1996, which is reflected in the reporting segments' financial highlights noted below.

The following sections provide a discussion of AMR's results by reporting segment, which are described in AMR's Annual Report on Form 10-K for the year ended December 31, 1995.

RESULTS OF OPERATIONS (CONTINUED)

AIRLINE GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Three Months Ended June 30,	
	1996	1995
REVENUES		
Passenger - American Airlines, Inc.	\$ 3,510	\$ 3,347
- AMR Eagle, Inc.	266	251
Cargo	173	178
Other	210	180
	-----	-----
	4,159	3,956
EXPENSES		
Wages, salaries and benefits	1,306	1,293
Aircraft fuel	470	399
Commission to agents	321	321
Depreciation and amortization	247	270
Other operating expenses	1,331	1,310
	-----	-----
Total operating expenses	3,675	3,593
	-----	-----
OPERATING INCOME	484	363
OTHER INCOME (EXPENSE)	(105)	(160)
	-----	-----
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY LOSS	\$ 379	\$ 203
	=====	=====
Average number of equivalent employees	87,800	89,500

RESULTS OF OPERATIONS (CONTINUED)

OPERATING STATISTICS

	Three Months Ended June 30,	
	1996	1995
AMERICAN AIRLINES, INC.		
Jet Airline Operations		
Revenue passenger miles (millions)	26,679	26,012
Available seat miles (millions)	38,440	38,742
Cargo ton miles (millions)	520	532
Passenger revenue yield per passenger mile (cents)	13.16	12.87
Passenger revenue per available seat mile (cents)	9.13	8.64
Cargo revenue yield per ton mile (cents)	32.74	33.01
Operating expenses per available seat mile (cents)	8.84	8.58
Passenger load factor	69.4%	67.1%
Breakeven load factor	58.5%	58.5%
Fuel consumption (gallons, in millions)	687	687
Fuel price per gallon (cents)	66.0	56.0
Operating aircraft at period-end	637	650
AMR EAGLE, INC.		
Revenue passenger miles (millions)	675	645
Available seat miles (millions)	1,102	1,126
Passenger load factor	61.2%	57.3%
Operating aircraft at period-end	227	266

Operating aircraft at June 30, 1996, included:

JET AIRCRAFT:

Airbus A300-600R	35
Boeing 727-200	71
Boeing 757-200	88
Boeing 767-200	8
Boeing 767-200 Extended Range	22
Boeing 767-300 Extended Range	41
Fokker 100	75
McDonnell Douglas DC-10-10	16
McDonnell Douglas DC-10-30	4
McDonnell Douglas MD-11	17
McDonnell Douglas MD-80	260

Total	637
	===

REGIONAL AIRCRAFT:

ATR 42	46
Super ATR	33
Jetstream 32	20
Saab 340A	2
Saab 340B	93
Saab 340B Plus	22
Shorts 360	11

Total	227
	===

88.9% of the jet aircraft fleet is Stage III, a classification of aircraft meeting noise standards as promulgated by the Federal Aviation Administration.

Average aircraft age is 8 years for jet aircraft and 4 years for regional aircraft.

RESULTS OF OPERATIONS (CONTINUED)

The Airline Group's REVENUES increased \$203 million or 5.1 percent in the second quarter of 1996 versus the same period last year. American's PASSENGER REVENUES increased by 4.9 percent, \$163 million. American's YIELD (the average amount one passenger pays to fly one mile) of 13.16 cents increased by 2.3 percent compared to the same period in 1995. Domestic yields increased 3.5 percent from second quarter 1995. International yields decreased 0.7 percent from second quarter 1995, due principally to a 2.3 percent decrease in Latin America and a 16.1 percent decrease in the Pacific, partially offset by a 2.9 percent increase in Europe. The decline in yield in the Pacific was primarily due to the foreign exchange impact of the weaker yen.

American's traffic or REVENUE PASSENGER MILES (RPMs) increased 2.6 percent to 26.7 billion miles for the quarter ended June 30, 1996. American's capacity or AVAILABLE SEAT MILES (ASMs) decreased 0.8 percent to 38.4 billion miles in the second quarter of 1996, primarily as a result of 15 fewer operating aircraft, partially offset by increases in jet stage length and aircraft productivity. Jet stage length increased 4.5 percent and aircraft productivity, as measured by miles flown per aircraft per day, increased 3.1 percent compared with second quarter 1995. American's domestic traffic increased 3.1 percent on capacity decreases of 0.3 percent and international traffic grew 1.3 percent on capacity decreases of 1.8 percent. The change in international traffic was driven by a 6.2 percent increase in traffic to Latin America on capacity growth of 3.1 percent, partially offset by a 3.1 percent decrease in traffic to Europe on a capacity decrease of 6.6 percent.

Although not quantifiable, some portion of the passenger revenue increase is attributable to the January 1, 1996 expiration of the ten percent federal excise tax on airline travel.

AMR Eagle passenger revenues increased 6.0 percent, \$15 million, due principally to an increase in traffic of 4.7 percent to 675 million RPMs. In the first quarter of 1995, AMR Eagle redeployed its fleet of ATR aircraft in response to the Federal Aviation Administration's temporary restrictions on the operation of ATR aircraft. The fleet disruption adversely impacted AMR Eagle's results in the first and second quarters of 1995.

On April 29, 1995 a hailstorm at American's Dallas/Fort Worth hub temporarily disabled approximately ten percent of American's fleet and approximately nine percent of AMR Eagle's fleet, forcing the carriers to reduce scheduled service during the entire month of May. This adversely impacted the Airline Group's revenue and cost performance. The combined impact of the hailstorm and the Eagle redeployment reduced AMR's second quarter 1995 net earnings by approximately \$23 million.

OTHER REVENUES increased 16.7 percent, \$30 million, primarily due to increases in aircraft maintenance work and airport ground services performed by American for other airlines.

The Airline Group's OPERATING EXPENSES increased 2.3 percent, \$82 million. American's Jet Airline cost per ASM increased 3.0 percent to 8.84 cents. AIRCRAFT FUEL expense increased 17.8 percent, \$71 million, due to a 17.9 percent increase in American's average price per gallon.

OTHER INCOME (EXPENSE) decreased 34.4 percent or \$55 million. Interest expense decreased \$46 million primarily due to scheduled debt repayments, the conversion of \$1.02 billion in convertible subordinated debentures, and the retirement of debt prior to scheduled maturity.

RESULTS OF OPERATIONS (CONTINUED)

THE SABRE GROUP
FINANCIAL HIGHLIGHTS
(Dollars in millions)

	Three Months Ended June 30,	
	1996	1995
REVENUES	\$ 410	\$ 383
EXPENSES		
Wages, salaries and benefits	121	108
Depreciation and amortization	45	43
Other operating expenses	163	132
Total operating expenses	329	283
OPERATING INCOME	81	100
OTHER INCOME (EXPENSE)	(1)	(1)
EARNINGS BEFORE INCOME TAXES	\$ 80	\$ 99
Average number of equivalent employees	7,900	7,200

REVENUES

Revenues for The SABRE Group increased 7.0 percent, \$27 million, primarily due to higher booking fee prices and increased volumes. The new technology services agreement and other changes resulting from the reorganization of The SABRE Group had the effect of reducing The SABRE Group's revenues in 1996. When 1995 results are restated to reflect the new agreement and other changes resulting from the reorganization, revenues increased 10.5 percent or \$39 million.

EXPENSES

Wages, salaries and benefits increased 12.0 percent, \$13 million, due to an increase in the average number of employees necessary to support The SABRE Group's revenue growth and new product development. Other operating expenses increased 23.5 percent, \$31 million, due to increases in subscriber incentive expenses necessary to maintain and grow The SABRE Group's travel agency subscriber base. Additionally, the new agreements with American covering air travel and certain marketing services and other changes made as a result of the reorganization of The SABRE Group had the effect of increasing The SABRE Group's other operating expenses in 1996. When 1995 results are restated to reflect such new agreements and other changes, other operating expenses increased 15.6% or \$22 million.

RESULTS OF OPERATIONS (CONTINUED)

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS
(Dollars in millions)

	Three Months Ended June 30,	
	1996	1995
REVENUES	\$ 151	\$ 139
EXPENSES		
Wages, salaries and benefits	70	63
Other operating expenses	60	57
Total operating expenses	130	120
OPERATING INCOME	21	19
OTHER INCOME (EXPENSE)	-	(1)
EARNINGS BEFORE INCOME TAXES	\$ 21	\$ 18
Average number of equivalent employees	14,800	12,500

REVENUES

Revenues for the Management Services Group increased 8.6 percent, or \$12 million. AMR Services Corporation contributed \$10 million to the increase, principally due to increased airline passenger, ramp and cargo handling services provided by its Airline Services division and increased telemarketing services provided by its TeleService Resources division.

EXPENSES

Wages, salaries and benefits increased 11.1 percent, \$7 million, due primarily to an increase in the average number of equivalent employees.

RESULTS OF OPERATIONS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 1996 AND 1995

SUMMARY AMR recorded net earnings for the six months ended June 30, 1996, of \$450 million, or \$5.44 per common share (\$5.04 fully diluted). This compares with net earnings of \$215 million, or \$2.79 per common share (\$2.62 fully diluted) for the second quarter of 1995. Included in net earnings for the six months ended June 30, 1995, is an extraordinary loss of \$21 million (\$13 million net of tax) resulting from the repurchase and retirement of \$239 million of debt prior to scheduled maturity. AMR's operating income improved 34.5 percent or \$253 million.

AIRLINE GROUP

FINANCIAL HIGHLIGHTS

(Unaudited) (Dollars in millions)

	Six Months Ended June 30,	
	1996	1995
	-----	-----
REVENUES		
Passenger - American Airlines, Inc.	\$ 6,797	\$ 6,437
- AMR Eagle, Inc.	533	459
Cargo	336	336
Other	407	335
	-----	-----
	8,073	7,567
EXPENSES		
Wages, salaries and benefits	2,607	2,533
Aircraft fuel	911	777
Commission to agents	636	641
Depreciation and amortization	499	536
Other operating expenses	2,674	2,601
	-----	-----
Total operating expenses	7,327	7,088
	-----	-----
OPERATING INCOME	746	479
OTHER INCOME (EXPENSE)	(239)	(331)
	-----	-----
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY LOSS	\$ 507	\$ 148
	=====	=====
Average number of equivalent employees	88,900	89,400

RESULTS OF OPERATIONS (CONTINUED)

OPERATING STATISTICS

	Six Months Ended June 30,	
	1996	1995
AMERICAN AIRLINES, INC.		
Jet Airline Operations		
Revenue passenger miles (millions)	51,311	49,846
Available seat miles (millions)	75,994	76,140
Cargo ton miles (millions)	1,018	1,021
Passenger revenue yield per passenger mile (cents)	13.25	12.92
Passenger revenue per available seat mile (cents)	8.94	8.45
Cargo revenue yield per ton mile (cents)	32.50	32.52
Operating expenses per available seat mile (cents)	8.91	8.62
Passenger load factor	67.5%	65.5%
Breakeven load factor	59.2%	59.4%
Fuel consumption (gallons, in millions)	1,350	1,353
Fuel price per gallon (cents)	65.0	55.4
Operating aircraft at period-end	637	650
AMR EAGLE, INC.		
Revenue passenger miles (millions)	1,311	1,141
Available seat miles (millions)	2,239	2,086
Passenger load factor	58.6%	54.7%
Operating aircraft at period-end	227	266

RESULTS OF OPERATIONS (CONTINUED)

The Airline Group's REVENUES increased \$506 million or 6.7 percent during the first six months of 1996 versus the same period last year. American's PASSENGER REVENUES increased by 5.6 percent, \$360 million. American's YIELD (the average amount one passenger pays to fly one mile) of 13.25 cents increased by 2.6 percent compared to the same period in 1995. Domestic yields increased 3.7 percent from the first six months of 1995. International yields were comparable to the first six months of 1995, reflecting a 2.3 percent increase in Europe offset by a 10.0 percent decrease in the Pacific. The decline in yield in the Pacific was primarily due to the foreign exchange impact of the weaker yen.

American's traffic or REVENUE PASSENGER MILES (RPMs) increased 2.9 percent to 51.3 billion miles for the six months ended June 30, 1996. American's capacity or AVAILABLE SEAT MILES (ASMs) decreased 0.2 percent to 76.0 billion miles in the first six months of 1996, primarily as a result of 13 fewer operating aircraft, partially offset by increases in jet stage length and aircraft productivity. Jet stage length increased 6.5 percent and aircraft productivity, as measured by miles flown per aircraft per day, increased 2.4 percent compared with the first six months of 1995. American's domestic traffic increased 2.1 percent on capacity decreases of 1.1 percent and international traffic grew 5.0 percent on capacity increases of 1.9 percent. The change in international traffic was driven by a 5.9 percent increase in traffic to Latin America on capacity growth of 5.1 percent, and a 3.8 percent increase in traffic to Europe on a capacity decrease of 1.2 percent.

Although not quantifiable, some portion of the passenger revenue increase is attributable to the January 1, 1996 expiration of the ten percent federal excise tax on airline travel.

Passenger revenues of the AMR Eagle carriers increased 16.1 percent, \$74 million, due principally to an increase in traffic of 14.9 percent to 1.3 billion RPMs. In the first quarter of 1995, AMR Eagle redeployed its fleet of ATR aircraft in response to the FAA's temporary restrictions on the operation of ATR aircraft. The fleet disruption adversely impacted AMR Eagle's results in the first and second quarters of 1995.

On April 29, 1995 a hailstorm at American's Dallas/Fort Worth hub temporarily disabled approximately ten percent of American's fleet and approximately nine percent of AMR Eagle's fleet, forcing the carriers to reduce scheduled service during the entire month of May. This adversely impacted the Airline Group's revenue and cost performance. The combined impact of the hailstorm and the Eagle redeployment reduced AMR's second quarter 1995 net earnings by approximately \$23 million.

OTHER REVENUES increased 21.5 percent, \$72 million, primarily due to increased employee travel service charges and increases in aircraft maintenance work and airport ground services performed by American for other airlines.

The Airline Group's OPERATING EXPENSES increased 3.4 percent, \$239 million. American's Jet Airline cost per ASM increased by 3.4 percent to 8.91 cents. AIRCRAFT FUEL expense increased 17.2 percent, \$134 million, due to a 17.3 percent increase in American's average price per gallon.

OTHER INCOME (EXPENSE) decreased 27.8 percent or \$92 million. Interest expense (net of amounts capitalized) decreased \$78 million due primarily to scheduled debt repayments, the retirement of debt prior to scheduled maturity, and the conversion of \$1.02 billion in convertible subordinated debentures during the second quarter.

RESULTS OF OPERATIONS (CONTINUED)

THE SABRE GROUP
FINANCIAL HIGHLIGHTS
(Dollars in millions)

	Six Months Ended June 30,	
	1996	1995
	-----	-----
REVENUES	\$ 838	\$ 768
EXPENSES		
Wages, salaries and benefits	240	211
Depreciation and amortization	88	88
Other operating expenses	313	250
	-----	-----
Total operating expenses	641	549
	-----	-----
OPERATING INCOME	197	219
OTHER INCOME (EXPENSE)	(2)	(10)
	-----	-----
EARNINGS BEFORE INCOME TAXES	\$ 195	\$209
	=====	=====
Average number of equivalent employees	7,900	7,200

REVENUES

Revenues for The SABRE Group increased 9.1 percent, \$70 million, primarily due to higher booking fee prices and increased volumes. The new technology services agreement and other changes resulting from the reorganization of The SABRE Group had the effect of reducing The SABRE Group's revenues in 1996. When 1995 results are restated to reflect the new agreement and other changes resulting from the reorganization, revenues increased 12.8 percent or \$95 million.

EXPENSES

Wages, salaries and benefits increased 13.7 percent, \$29 million, due to an increase in the average number of employees necessary to support The SABRE Group's revenue growth and new product development. Other operating expenses increased 25.2 percent, \$63 million, due to increases in subscriber incentive expenses necessary to maintain and grow The SABRE Group's travel agency subscriber base. Additionally, the new agreements with American covering air travel and certain marketing services and other changes made as a result of the reorganization of The SABRE Group had the effect of increasing The SABRE Group's other operating expenses in 1996. When 1995 results are restated to reflect such new agreements and other changes, other operating expenses increased 16.8% or \$45 million.

RESULTS OF OPERATIONS (CONTINUED)

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS
(Dollars in millions)

	Six Months Ended June 30,	
	1996	1995
REVENUES	\$ 308	\$ 282
EXPENSES		
Wages, salaries and benefits	137	125
Other operating expenses	127	121
Total operating expenses	264	246
OPERATING INCOME	44	36
OTHER INCOME (EXPENSE)	(1)	(1)
EARNINGS BEFORE INCOME TAXES	\$ 43	\$ 35
Average number of equivalent employees	14,100	12,600

REVENUES

Revenues for the Management Services Group increased 9.2 percent, or \$26 million. AMR Services Corporation contributed \$23 million to the increase, principally due to increased airline passenger, ramp and cargo handling services provided by its Airline Services division and increased telemarketing services provided by its TeleService Resources division.

EXPENSES

Wages, salaries and benefits increased 9.6 percent, \$12 million, due primarily to an increase in the average number of equivalent employees.

LIQUIDITY AND CAPITAL RESOURCES

NET CASH PROVIDED BY OPERATING ACTIVITIES in the six month period ended June 30, 1996, was \$1.1 billion, an increase of \$21 million over the same period in 1995. Capital expenditures for the first six months of 1996 were \$233 million, and included the acquisition of two Boeing 757-200 aircraft. These capital expenditures were financed with internally generated cash. Proceeds from the sale of equipment and property of \$156 million for the first six months of 1996 include proceeds received upon the delivery of two of American's McDonnell Douglas MD-11 aircraft to Federal Express Corporation in accordance with the 1995 agreement between the two parties.

During June and July 1996, American prepaid cancelable leases it had on 12 of its Boeing 767-300 aircraft. As of June 30, 1996, prepayments totaling \$284 million had been made for six of these aircraft. Prepayments totaling \$281 million for the remaining six aircraft were made in July 1996.

The SABRE Group expects to use some amount of the net proceeds from the initial public offering of the Class A Common Stock of The SABRE Group Holdings, Inc. to repay a portion of its \$850 million debenture payable to AMR. AMR anticipates that it will use the proceeds from such repayment for its general corporate purposes. The remaining net proceeds of the initial public offering will be used by The SABRE Group for its general corporate purposes.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In January, 1985, American announced a new fare category, the "Ultimate SuperSaver," a discount, advance purchase fare that carried a 25 percent penalty upon cancellation. On December 30, 1985, a class action lawsuit was filed in Circuit Court, Cook County, Illinois entitled Johnson vs. American Airlines, Inc. The Johnson plaintiffs allege that the 10 percent federal excise transportation tax should be excluded from the "fare" upon which the 25 percent penalty is assessed. The case has not been certified as a class action. Summary judgment was granted in favor of American but subsequently reversed and vacated by the Illinois Appellate court. American believes the matter is without merit and is vigorously defending the lawsuit.

American has been sued in two class action cases that have been consolidated in the Circuit Court of Cook County, Illinois, in connection with certain changes made to American's AAdvantage frequent flyer program in May, 1988. (Wolens, et al v. American Airlines, Inc., No. 88 CH 7554, and Tucker v. American Airlines, Inc., No. 89 CH 199.) In both cases, the plaintiffs seek to represent all persons who joined the AAdvantage program before May 1988. Currently, the plaintiffs allege that, on that date, American implemented changes that limited the number of seats available to participants traveling on certain awards and established blackout dates during which no AAdvantage seats would be available for certain awards and that these changes breached American's contracts with AAdvantage members. Plaintiffs seek money damages for such alleged breach and attorneys' fees. Previously the plaintiffs also alleged violation of the Illinois Consumer Fraud and Deceptive Business Practice Act (Consumer Fraud Act) and sought punitive damages, attorneys' fees and injunctive relief preventing American from making changes to the AAdvantage program. American originally moved to dismiss all of the claims asserting that they were preempted by the Federal Aviation Act and barred by the Commerce Clause of the U.S. Constitution.

Initially, the trial court denied American's preemption motions, but certified its decision for interlocutory appeal. In December 1990, the Illinois Appellate Court held that plaintiffs' claims for an injunction are preempted by the Federal Aviation Act, but that plaintiffs' claims for money damages could proceed. On March 12, 1992, the Illinois Supreme Court affirmed the decision of the Appellate Court. American sought a writ of certiorari from the U.S. Supreme Court; and on October 5, 1992, the Court vacated the decision of the Illinois Supreme Court and remanded the cases for reconsideration in light of the U.S. Supreme Court's decision in *Morales v. TWA, et al*, which interpreted the preemption provisions of the Federal Aviation Act very broadly. On December 16, 1993, the Illinois Supreme Court rendered its decision on remand, holding that plaintiffs' claims seeking an injunction are preempted, but that identical claims for compensatory and punitive damages are not preempted. On February 8, 1994, American filed a petition for a writ of certiorari in the U.S. Supreme Court. The Illinois Supreme Court granted American's motion to stay the state court proceeding pending disposition of American's petition in the U.S. Supreme Court. The matter was argued before the U.S. Supreme Court on November 1, 1994, and on January 18, 1995, the U.S. Supreme Court issued its opinion ending a portion of the suit against American. The U.S. Supreme Court held that a) plaintiffs' claim for violation of the Illinois Consumer Fraud Act is preempted by federal law -- entirely ending that part of the case and eliminating plaintiffs' claim for punitive damages; and b) certain breach of contract claims are not preempted by federal law.

The U.S. Supreme Court did not determine, however, whether the contract claims asserted by the plaintiffs are preempted, and therefore, remanded the case to the state court for further proceedings. Subsequently, plaintiffs filed an amended complaint seeking damages solely for a breach of contract claim. In the event that the plaintiffs' breach of contract claim is eventually permitted to proceed in the state court, American intends to vigorously defend the case.

LEGAL PROCEEDINGS (CONTINUED)

In December, 1993, American announced that the number of miles required to claim a certain travel award under American's AAdvantage frequent flyer program would be increased effective February 1, 1995. On February 1, 1995 a class action lawsuit entitled Gutterman vs. American Airlines, Inc. was filed in the Circuit Court of Cook County, Illinois. The Gutterman plaintiffs claim that this increase in mileage level violated the terms and conditions of the agreement between American and AAdvantage members. On February 9, 1995, a virtually identical class action lawsuit entitled Benway vs. American Airlines, Inc. was filed in District Court, Dallas County, Texas. After limited discovery and prior to class certification, a summary judgment dismissing the Benway case was entered by the Dallas County Court in July 1995. On March 11, 1996, American's motion to dismiss the Gutterman lawsuit was denied. American filed a motion for reconsideration which was also denied on July 11, 1996. American's motion for summary judgment is still pending. No class has been certified in the Gutterman lawsuit and to date no discovery has been undertaken. American believes the Gutterman complaint is without merit and is vigorously defending the lawsuit.

On February 10, 1995, American capped travel agency commissions for one-way and round trip domestic tickets at \$25 and \$50, respectively. Immediately thereafter, numerous travel agencies, and two travel agency trade association groups, filed class action lawsuits against American and other major air carriers (Continental, Delta, Northwest, United, USAir and TWA) that had independently imposed similar limits on travel agency commissions. The suits were transferred to the United States District Court for the District of Minnesota, and consolidated as a multi-district litigation captioned In Re: Airline Travel Agency Commission Antitrust Litigation. The plaintiffs assert that the airline defendants conspired to reduce travel agency commissions and to monopolize air travel in violation of section 1 of the Sherman Act. The case has been certified as a class action on behalf of approximately 40,000 domestic travel agencies and two travel agency trade associations. In June 1995 after extensive, expedited discovery, the travel agents moved for a preliminary injunction to enjoin the commission caps, and the defendants simultaneously moved for summary judgment. On August 31, 1995, the District Court denied both motions. Pre-trial activities are continuing, and the case is set for trial beginning September 4, 1996. American is vigorously defending the lawsuit.

PART II

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The owners of 66,246,378 shares of common stock, or 86 percent of shares outstanding, were represented at the annual meeting of stockholders on May 15, 1996 at The Westin Hotel-Galleria, 13340 Dallas Parkway, Dallas, Texas.

Elected as directors of the Corporation, each receiving a minimum of 66,073,131 votes were:

David L. Boren	Earl G. Graves
Edward A. Brennan	Dee J. Kelly
Armando M. Codina	Ann D. McLaughlin
Robert L. Crandall	Charles H. Pistor, Jr.
Christopher F. Edley	Joe M. Rodgers
Charles T. Fisher, III	Maurice Segall

Stockholders ratified the appointment of Ernst & Young LLP as independent auditors for the Corporation for 1996. The vote was 66,143,211 in favor; 46,159 against; and 57,008 abstaining.

Stockholders ratified a proposal relating to amendments to the 1994 Directors Stock Incentive Plan. The vote was 63,699,934 in favor; 939,407 against; and 1,607,037 abstaining.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following exhibits are included herein:

11	Statement re: computation of earnings per share.
27	Financial Data Schedule.

AMR filed a report on Form 8-K dated July 8, 1996 relative to the completion of the reorganization of The SABRE Group.

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.

AMR CORPORATION

Date: August 8, 1996

BY: /s/ Gerard J. Arpey

Gerard J. Arpey
Senior Vice President
and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
11	Computation of Earnings Per Share
27	Financial Data Schedule

EXHIBIT 11

AMR CORPORATION
COMPUTATION OF EARNINGS PER SHARE
(In millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	----- 1996 -----	----- 1995 -----	----- 1996 -----	----- 1995 -----
PRIMARY:				
Earnings applicable to common shares	\$ 293 =====	\$ 178 =====	\$ 450 =====	\$ 215 =====
Average shares outstanding	86	76	81	76
Add shares issued upon assumed conversion of dilutive options, stock appreciation rights and warrants and shares assumed issued for deferred stock granted	3	3	4	3
Less assumed treasury shares purchased	(2)	(2)	(2)	(2)
Total primary shares	----- 87 =====	----- 77 =====	----- 83 =====	----- 77 =====
Primary earnings per share	\$3.35 =====	\$2.31 =====	\$5.44 =====	\$2.79 =====
FULLY DILUTED:				
Earnings applicable to common shares	293	178	450	215
Adjustments:				
Add interest upon assumed conversion of 6.125% convertible subordinated debentures, net of tax	3 (a)	10	14 (a)	21
Add dividends upon assumed conversion of convertible preferred stock	-	1	1 (a)	2
Earnings, as adjusted	----- \$ 296 =====	----- \$ 189 =====	----- \$ 465 =====	----- \$ 238 =====
Average shares outstanding	86	76	81	76
Add shares issued upon:				
Assumed conversion of 6.125% convertible subordinated debentures	4	13	8	13
Assumed conversion of preferred stock	1	1	1	1
Assumed conversion of dilutive options, stock appreciation rights and warrants and shares assumed issued for deferred stock granted	3	3	4	3
Less assumed treasury shares purchased	(2)	(2)	(2)	(2)
Total fully diluted shares	----- 92 =====	----- 91 =====	----- 92 =====	----- 91 =====
Fully diluted earnings per share	\$3.20 =====	\$2.08 =====	\$5.04 =====	\$2.62 =====

(a) Through date of actual conversion.

6-MOS

DEC-31-1996		
JAN-01-1996		
JUN-30-1996		80
	808	
	1,511	
	15	
	605	
	3,536	20,471
	7,092	
	19,662	
4,791		0
		91
0		0
	4,931	
19,662		0
	8,858	0
	7,871	
	0	
	0	
	269	
	745	
	295	
450		
	0	
	0	
		0
	450	
	5.44	
	5.04	