

June 30, 2005 and 2004

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AMR CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues				
Passenger - American Airlines	\$ 4,264	\$ 3,895	\$ 8,106	7,573
- Regional Affiliates	561	505	1,012	925
Cargo	157	155	308	303
Other revenues	327	275	633	541
Total operating revenues	5,309	4,830	10,059	9,342
Expenses				
Wages, salaries and benefits	1,671	1,703	3,315	3,343
Aircraft fuel	1,350	917	2,448	1,725
Other rentals and landing fees	319	301	619	606
Depreciation and amortization	286	320	576	646
Commissions, booking fees and credit card expense	286	287	557	575
Maintenance, materials and repairs	257	245	492	476
Aircraft rentals	147	153	295	306
Food service	127	139	252	276
Other operating expenses	637	600	1,253	1,182
Special charges	-	(31)	-	(31)
Total operating expenses	5,080	4,634	9,807	9,104
Operating Income	229	196	252	238
Other Income (Expense)				
Interest income	29	14	64	28
Interest expense	(223)	(217)	(457)	(429)
Interest capitalized	24	20	47	38

Miscellaneous - net	(1)	(7)	(10)	(35)
	(171)	(190)	(356)	(398)
Income (Loss) Before Income Taxes	58	6	(104)	(160)
Income tax	-	-	-	-
Net Earnings (Loss)	\$ 58	\$ 6	\$ (104)	\$ (160)
Earnings (Loss) Per Share				
Basic	\$ 0.35	\$ 0.04	\$ (0.64)	\$ (1.00)
Diluted	\$ 0.30	\$ 0.03	\$ (0.64)	\$ (1.00)

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

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AMR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (In millions)

	June 30, 2005	December 31, 2004
Assets		
Current Assets		
Cash	\$ 166	\$ 120
Short-term investments	3,233	2,809
Restricted cash and short-term investments	492	478
Receivables, net	1,052	836
Inventories, net	488	488
Other current assets	358	240
Total current assets	5,789	4,971
Equipment and Property		
Flight equipment, net	15,266	15,292
Other equipment and property, net	2,471	2,426
Purchase deposits for flight equipment	285	319
	18,022	18,037
Equipment and Property Under Capital Leases		
Flight equipment, net	988	1,016
Other equipment and property, net	86	84
	1,074	1,100
Route acquisition costs and airport operating and gate lease rights, net		
	1,209	1,223
Other assets	3,400	3,442
	\$ 29,494	\$ 28,773
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 1,202	\$ 1,003
Accrued liabilities	1,900	2,026
Air traffic liability	4,007	3,183
Current maturities of long-term debt	738	659
Current obligations under capital leases	172	147
Total current liabilities	8,019	7,018
Long-term debt, less current maturities	12,357	12,436
Obligations under capital leases, less current obligations	965	1,088
Pension and postretirement benefits	4,754	4,743
Other liabilities, deferred gains and deferred credits	4,014	4,069
Stockholders' Equity (Deficit)		
Preferred stock	-	-
Common stock	182	182
Additional paid-in capital	2,380	2,521
Treasury stock	(1,154)	(1,308)
Accumulated other comprehensive loss	(607)	(664)
Accumulated deficit	(1,416)	(1,312)
	(615)	(581)
	\$ 29,494	\$ 28,773

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

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

	Six Months Ended June 30,	
	2005	2004
Net Cash Provided by Operating Activities	\$1,064	\$ 733
Cash Flow from Investing Activities:		
Capital expenditures, including purchase deposits for flight equipment	(484)	(514)
Net increase in short-term investments	(424)	(682)
Net (increase) decrease in restricted cash and short-term investments	(14)	38
Proceeds from sale of equipment and property	18	40
Other	-	(10)
Net cash used by investing activities	(904)	(1,128)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(413)	(370)
Proceeds from:		
Issuance of long-term debt	287	836
Exercise of stock options	12	5
Net cash (used) provided by financing activities	(114)	471
Net increase in cash	46	76
Cash at beginning of period	120	120
Cash at end of period	\$ 166	\$ 196

Activities Not Affecting Cash

Capital lease obligations incurred	\$ 10	\$ 10
Flight equipment acquired through seller financing	\$ -	\$ 18

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

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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. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. The condensed consolidated financial statements include the accounts of AMR Corporation (AMR or the Company) and its wholly owned subsidiaries, including (i) its principal subsidiary American Airlines, Inc. (American) and (ii) its regional airline subsidiary, AMR Eagle Holding Corporation and its primary subsidiaries, American Eagle Airlines, Inc., Executive Airlines, Inc. and AMR Leasing Corporation (collectively, AMR Eagle). For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Annual Report on Form 10-K for the year ended December 31, 2004 (2004 Form 10-K).

2. The Company accounts for its 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 is recognized for stock option grants if the exercise price of the Company's stock option grants is at or above the fair market value of the underlying stock on the date of grant. The Company has 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) and earnings (loss) per share amounts if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in millions, except per share amounts):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Net earnings (loss), as reported	\$ 58	\$ 6	\$ (104)	\$ (160)
Add: Stock-based employee compensation expense included in reported net earnings (loss)	11	6	18	17
Deduct: Total stock-based employee compensation expense determined under fair value based methods for all awards	(27)	(22)	(48)	(49)
Pro forma net earnings (loss)	\$ 42	\$ (10)	\$ (134)	\$ (192)
Earnings (loss) per share:				
Basic - as reported	\$ 0.35	\$ 0.04	\$ (0.64)	\$ (1.00)
Diluted - as reported	\$ 0.30	\$ 0.03	\$ (0.64)	\$ (1.00)
Basic - pro forma	\$ 0.26	\$ (0.06)	\$ (0.83)	\$ (1.20)
Diluted - pro forma	\$ 0.23	\$ (0.06)	\$ (0.83)	\$ (1.20)

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AMR CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123(R)). SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. SFAS 123(R) is effective January 1, 2006 for AMR. Under SFAS 123(R), the Company will recognize compensation expense for the portion of outstanding awards for which service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS 123 for pro forma disclosures. The Company has not completed its evaluation of the impact of SFAS 123(R) on its financial statements.

3. As of June 30, 2005, the Company had commitments to acquire: two Embraer regional jets in July 2005; two Boeing 777-200ERs in 2006; and 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 approximate \$35 million during the remainder of 2005, \$101 million in 2006 and an aggregate of approximately \$2.8 billion in 2011 through 2016. The Company has pre-arranged financing or backstop financing for all aircraft deliveries in 2005 and 2006.

In 2003, the Company reached concessionary agreements with certain lessors. Certain of these agreements provide that the Company's obligations under the related leases will revert to the original terms if certain events occur prior to December 31, 2005, including: (i) an event of default under the related lease (which generally occurs only if a payment default occurs); (ii) an event of loss with respect to the related aircraft; (iii) rejection by the Company of the lease under the provisions of Chapter 11 of the U.S. Bankruptcy Code; or (iv) the Company's filing for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. If any one of these events were to occur, the Company would be responsible for approximately \$113 million in additional operating lease payments

and \$119 million in additional payments related to capital leases as of June 30, 2005. These amounts will decrease by approximately \$3 million prior to the expiration of the provision on December 31, 2005. These amounts are being accounted for as contingent rentals and will only be recognized if they become payable.

4. Accumulated depreciation of owned equipment and property at June 30, 2005 and December 31, 2004 was \$10.0 billion and \$9.6 billion, respectively. Accumulated amortization of equipment and property under capital leases at both June 30, 2005 and December 31, 2004 was \$1.0 billion.

Effective January 1, 2005, in order to more accurately reflect the expected useful life of its aircraft, the Company changed its estimate of the depreciable lives of its Boeing 737-800, Boeing 757-200 and McDonnell Douglas MD-80 aircraft from 25 to 30 years. As a result of this change, Depreciation and amortization expense was reduced by approximately \$27 million and \$54 million, respectively, for the three and six months ended June 30, 2005. Also, year over year net earnings for the second quarter 2005 increased \$0.13 per diluted share and the net loss for the six months ended June 30, 2005 decreased \$0.33 per share.

5. As discussed in Note 8 to the consolidated financial statements in the 2004 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 increased \$6 million during the six months ended June 30, 2005 to \$839 million as of June 30, 2005. As a result of historical and current losses, the Company did not provide for a net tax benefit associated with its loss in the six month period ended June 30, 2005.

6. During the six-month period ended June 30, 2005, AMR Eagle borrowed approximately \$287 million (net of discount), under various debt agreements, related to the purchase of regional jet aircraft. These debt agreements are secured by the related aircraft, have an effective interest rate of 5.0 percent, are guaranteed by AMR and mature over various periods of time through 2021.

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AMR CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

As of June 30, 2005, AMR has issued guarantees covering approximately \$928 million of American's tax-exempt bond debt and American's fully drawn \$819 million credit facility. American has issued guarantees covering approximately \$1.3 billion of AMR's unsecured debt. In addition, as of June 30, 2005, AMR and American have issued guarantees covering approximately \$447 million of AMR Eagle's secured debt and AMR has issued guarantees covering an additional \$2.9 billion of AMR Eagle's secured debt.

7. The following tables provide the components of net periodic benefit cost for the three and six months ended June 30, 2005 and 2004 (in millions):

	Pension Benefits			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004

Components of net periodic benefit cost

Service cost	\$ 93	\$ 90	\$ 185	\$ 179
Interest cost	153	141	305	283
Expected return on assets	(164)	(142)	(329)	(284)
Amortization of:				
Prior service cost	4	3	8	7
Unrecognized net loss	13	15	26	29
Net periodic benefit cost	\$ 99	\$ 107	\$ 195	\$ 214

	Other Postretirement Benefits			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004

Components of net periodic benefit cost

Service cost	\$ 19	\$ 19	\$ 37	\$ 38
Interest cost	49	50	99	101
Expected return on assets	(4)	(3)	(7)	(6)
Amortization of:				
Prior service cost	(3)	(2)	(5)	(5)
Unrecognized net loss	1	2	1	4
Net periodic benefit cost	\$ 62	\$ 66	\$125	\$132

The Company expects to contribute approximately \$310 million to its defined benefit pension plans in 2005. This estimate reflects the provisions of the Pension Funding Equity Act of 2004, which deferred (to 2006 and later years) a portion of the minimum required contributions that would have been due for the 2004 and 2005 plan years. Of the \$310 million the Company expects to contribute this year, the Company contributed \$213 million during the six months ended June 30, 2005.

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AMR CORPORATION

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 special charges during the last few years. The following table summarizes the changes since December 31, 2004 in the accruals for these charges (in millions):

	Aircraft Charges	Facility Exit Costs	Employee Charges	Total
Remaining accrual at December 31, 2004	\$ 129	\$ 26	\$ 36	\$ 191
Payments	(10)	(3)	(31)	(44)
Remaining accrual at June 30, 2005	\$ 119	\$ 23	\$ 5	\$ 147

Cash outlays related to these accruals, as of June 30, 2005, for aircraft charges, facility exit costs and employee charges will occur through 2014, 2018 and 2005, 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 June 30, 2005 and 2004, comprehensive income was \$70 million and \$6 million, respectively, and for the six months ended June 30, 2005 and 2004, comprehensive loss was \$(47) million and \$(177) million, respectively. The difference between net earnings (loss) and comprehensive income (loss) for the three and six months ended June 30, 2005 and 2004 is due primarily to the accounting for the Company's derivative financial instruments.

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AMR CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

10. The following table sets forth the computations of basic and diluted earnings (loss) per share (in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Numerator:				
Net earnings (loss) - numerator for basic earnings (loss) per share	\$ 58	\$ 6	\$(104)	\$(160)
Interest on senior convertible notes	6	-	-	-
Net earnings (loss) adjusted for interest on convertible debt - numerator for diluted earnings (loss) per share	\$ 64	\$ 6	\$(104)	\$(160)
Denominator:				
Denominator for basic earnings (loss) per share - weighted-average shares	163	160	162	160
Effect of dilutive securities:				
Senior convertible notes	32	-	-	-
Employee options and shares	40	42	-	-
Assumed treasury shares purchased	(19)	(19)	-	-
Dilutive potential common shares	53	23	-	-
Denominator for diluted earnings (loss) per share - adjusted weighted-average shares	216	183	162	160
Basic earnings (loss) per share	\$0.35	\$0.04	\$(0.64)	\$(1.00)
Diluted earnings (loss) per share	\$0.30	\$0.03	\$(0.64)	\$(1.00)

Approximately 28 million shares related to employee stock options were not added to the denominator for the three months ended June 30, 2005 because the options' exercise prices were greater than the average market price of the common shares. Approximately 61 million shares issuable upon conversion of the Company's convertible notes, employee stock options and deferred stock were not added to the denominator for the three months ended June 30, 2004. The inclusion of such shares would be antidilutive.

For the six months ended June 30, 2005 and 2004, approximately 29 million shares related to employee stock options were not added to the denominator because the options' exercise prices were greater than the average market price of the common shares. Additionally, approximately 51 million and 57 million shares issuable upon conversion of the Company's convertible notes, employee stock options and deferred stock were not added to the denominator because inclusion of such shares would be antidilutive.

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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" 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 plans and needs, overall economic 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: changes in economic, business and financial conditions; the Company's substantial indebtedness; continued high fuel prices and the availability of fuel; further increases in the price of fuel; the impact of events in Iraq; conflicts in the Middle East or elsewhere; the highly competitive business environment faced by the Company, characterized by increasing pricing transparency and competition from low cost carriers and financially distressed carriers; historically low fare levels and fare simplification initiatives (both of which could result in a further deterioration of the revenue environment); the ability of the Company to reduce its costs further without adversely affecting 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 a disease (such as SARS) that affects travel behavior; uncertainties with respect to the Company's relationships with unionized and other employee work groups; the inability of the Company to satisfy existing financial or other covenants in certain of its credit agreements; the availability and terms of future financing; the ability of the Company to reach acceptable agreements with third parties; and increased insurance costs and potential reductions of available insurance coverage. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the 2004 Form 10-K.

Overview

The Company recorded net earnings of \$58 million during the second quarter of 2005 compared to \$6 million in the same period last year. The Company's second quarter 2005 results were impacted by the continuing increase in fuel prices, offset by an improvement in unit revenues (passenger revenue per available seat mile) and a \$27 million decrease in depreciation expense related to a change in the depreciable lives of certain aircraft types described in Note 4 to the Condensed Consolidated Financial Statements.

Fuel price increases resulted in a year-over-year increase of 52.8 cents per gallon for the second quarter. This price increase negatively impacted fuel expense by \$434 million during the quarter based on fuel consumption of 823 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.

Mainline passenger unit revenues increased 7.0 percent for the second quarter due to a 3.8 point load factor increase and a 1.9 percent increase in passenger yield (passenger revenue per passenger mile) compared to the same period in 2004. Although load factor performance continues to show significant year-over-year improvement, 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); 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 Bankruptcy Code; significant increases in overall capacity during 2004 and continuing into 2005 that exceeded economic growth; and, more recently, fare simplification

efforts by certain carriers. The Company believes that its reduced pricing power will persist indefinitely and possibly permanently.

The Company continues to work - under the basic tenets of the Turnaround Plan - with its unions and employees to identify and implement additional initiatives designed to increase efficiencies and revenues and reduce costs. During the second quarter, the Company's numerous network, product and other initiatives implemented during the past several years continued to benefit its financial results. In addition, its employees showed a remarkable ability to efficiently and courteously handle the record load factors during the quarter. The Company will continue to work with its labor unions and employees as its business partners on the need for continuous improvement under the Turnaround Plan.

The Company's ability to become profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, some 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 7 (on pages 35-38) in the 2004 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 adequacy and 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 profitable if the overall industry revenue environment does not improve and fuel prices remain at historically high levels for an extended period.

LIQUIDITY AND CAPITAL RESOURCES

Significant Indebtedness and Future Financing

The Company remains heavily indebted and has significant obligations (including substantial pension funding obligations) due in 2005 and thereafter, as described more fully under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2004 Form 10-K. 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. Nonetheless, to maintain sufficient liquidity as the Company continues to implement its restructuring and cost reduction initiatives, the Company will 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; (vi) unsecured debt; and (vii) equity and/or equity-like securities. However, the availability and level of these financing sources cannot be assured, particularly in light of the Company's and American's reduced credit ratings, high fuel prices, the historically weak fare environment and the financial difficulties being experienced in the airline industry. The inability of the Company to obtain additional funding would have a material negative impact on the ability of the Company to sustain its operations over the long-term.

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The Company's substantial indebtedness could have important consequences. For example, it 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, 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 \$570 million senior secured revolving credit facility with a final maturity on June 17, 2009 and a fully drawn \$248.5 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 \$1.5 billion for each quarterly period through September 30, 2005 and \$1.25 billion for each quarterly period thereafter. American was in compliance with the Liquidity Covenant as of June 30, 2005 and expects to be able to continue to comply with this covenant. 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 0.85 to 1.00 for the four quarter period ending June 30, 2005 and will increase gradually to 1.50 to 1.00 for the four quarter period ending March 31, 2008 and for each four quarter period ending on each fiscal quarter thereafter. AMR was in compliance with the EBITDAR covenant as of June 30, 2005 and expects to be able to continue to comply with this covenant in the near term.

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 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 do so. 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.

Pension Funding Obligation

The Company expects to contribute approximately \$310 million to its defined benefit pension plans in 2005. This estimate reflects the provisions of the Pension Funding Equity Act of 2004. Due to uncertainties regarding significant assumptions involved in estimating future required contributions to its defined benefit pension plans, such as interest rate levels, the amount and timing of asset returns, and the impact of proposed legislation (discussed further below), the Company is not able to reasonably estimate its future required contributions beyond 2005. However, based on the current regulatory environment and market conditions, the Company expects that its 2006 minimum required contributions will exceed its 2005 expected contributions. Of the \$310 million the Company expects to contribute to its defined benefit pension plans in 2005, the Company contributed \$213 million during the first six months of 2005.

Various defined benefit pension reform proposals are currently under consideration by the Government, which could have a significant - - positive or negative - - impact on the Company's future required pension contributions. The likely outcome of these proposals is currently unclear.

Cash Flow Activity

At June 30, 2005, the Company had \$3.4 billion in unrestricted cash and short-term investments, an increase of \$470 million from December

31, 2004. Net cash provided by operating activities in the six-month period ended June 30, 2005 was \$1.1 billion, an increase of \$331 million over the same period in 2004. The increase was primarily the result of an increase in the Air traffic liability due to a modest improvement in the revenue environment, offset to a certain degree by the \$213 million pension contribution. Capital expenditures for the first six months of 2005 were \$484 million and included the acquisition of 18 Embraer 145 aircraft and the cost of improvements at New York's John F. Kennedy airport.

During the six-month period ended June 30, 2005, AMR Eagle borrowed approximately \$287 million (net of discount), under various debt agreements, related to the purchase of regional jet aircraft. These debt agreements are secured by the related aircraft, have an effective interest rate of 5.0 percent, are guaranteed by AMR and mature over various periods of time through 2021.

On July 1, 2005, American completed the re-marketing of \$198 million of DFW-FIC Series 2000A Unsecured Revenue Refunding Bonds in three subseries which mature May 1, 2029. Certain municipalities originally issued these special facility revenue bonds primarily to improve airport facilities that are leased by American and accounted for as operating leases. They were acquired by American in 2003 under a mandatory tender provision; thus, American received the proceeds from the remarketing in July and recorded the obligation in Other liabilities, deferred gains and deferred credits.

RESULTS OF OPERATIONS

For the Three Months Ended June 30, 2005 and 2004

Revenues

The Company's revenues increased approximately \$479 million, or 9.9 percent, to \$5.3 billion in the second quarter of 2005 from the same period last year. American's passenger revenues increased by 9.5 percent, or \$369 million, on a capacity (available seat mile) (ASM) increase of 2.3 percent. American's passenger load factor increased 3.8 points to 79.5 percent and passenger revenue yield per passenger mile increased by 1.9 percent to 11.91 cents. This resulted in an increase in American's passenger revenue per available seat mile (RASM) of 7.0 percent to 9.47 cents. Following is additional information regarding American's domestic and international RASM and capacity:

	Three Months Ended June 30, 2005			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
Domestic	9.48	8.0%	29.4	(1.6)%
International	9.47	5.1	15.6	10.7
Latin America	8.95	4.7	7.4	9.4
Europe	10.39	8.3	6.4	7.6
Pacific	8.36	(4.9)	1.8	30.5

Regional affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, increased \$56 million, or 11.1 percent, to \$561 million as a result of increased capacity and load factors. Regional affiliates' traffic increased 24.8 percent to 2.3 billion revenue passenger miles (RPMs), while capacity increased 20.5 percent to 3.2 billion ASMs, resulting in a 2.5 point increase in the passenger load factor to 72.2 percent.

Cargo revenues increased 1.3 percent, or \$2 million, due to a 3.3 percent increase in cargo revenue yield per ton miles somewhat offset by a 1.6 percent decrease in cargo ton miles.

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Operating Expenses

The Company's total operating expenses increased 9.6 percent, or \$446 million, to \$5.1 billion in the second quarter of 2005 compared to the second quarter of 2004. American's mainline operating expenses per ASM in the second quarter of 2005 increased 5.6 percent compared to the second quarter of 2004 to 10.03 cents. These increases are due primarily to a 46.9 percent increase in American's price per gallon of fuel in the second quarter of 2005 relative to the second quarter of 2004. The Company's operating and financial results are significantly affected by the price of jet fuel. Continuing high fuel prices,

additional increases in the price of fuel, or disruptions in the supply of fuel, would further adversely affect the Company's financial condition and results of operations. In addition, the Company recorded an adjustment of approximately \$31 million in Special charges in the second quarter of 2004 (see explanation below).

(in millions)	Three Months Ended June 30, 2005	Change from 2004	Percentage Change	
Operating Expenses				
Wages, salaries and benefits	\$ 1,671	\$ (32)	(1.9)%	
Aircraft fuel	1,350	433	47.2	(a)
Other rentals and landing fees	319	18	6.0	
Depreciation and amortization	286	(34)	(10.6)	(b)
Commissions, booking fees and credit card expense	286	(1)	(0.3)	
Maintenance, materials and repairs	257	12	4.9	
Aircraft rentals	147	(6)	(3.9)	
Food service	127	(12)	(8.6)	
Other operating expenses	637	37	6.2	
Special charges	-	31	NM	(c)
Total operating expenses	\$ 5,080	\$ 446	9.6%	

- (a) Aircraft fuel expense increased primarily due to a 46.9 percent increase in American's price per gallon of fuel offset by a 1.7 percent decrease in American's fuel consumption.
- (b) Depreciation and amortization expense decreased primarily due to a change in the estimate of the depreciable lives of the Company's Boeing 737-800, Boeing 757-200 and McDonnell Douglas MD-80 aircraft from 25 to 30 years, which decreased depreciation and amortization expense by approximately \$27 million in the three months ended June 30, 2005.
- (c) Special charges for 2004 included the reversal of reserves previously established for (i) aircraft return costs of \$20 million and (ii) employee severance of \$11 million.

Other Income (Expense)

Other income (expense), historically a net expense, decreased \$19 million due primarily to an increase in interest income of \$15 million which resulted from increases in interest rates and short-term investments.

Income Tax

The Company did not record a net tax provision associated with its second quarter 2005 and 2004 earnings due to the Company providing a valuation allowance, as discussed in Note 5 to the condensed consolidated financial statements.

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Operating Statistics

The following table provides statistical information for American and Regional Affiliates for the three months ended June 30, 2005 and 2004.

	Three Months Ended June 30, 2005	2004
American Airlines, Inc. Mainline Jet Operations		
Revenue passenger miles (millions)	35,795	33,323
Available seat miles (millions)	45,018	43,997
Cargo ton miles (millions)	558	567
Passenger load factor	79.5%	75.7%
Passenger revenue yield per passenger mile (cents)	11.91	11.69
Passenger revenue per available seat mile (cents)	9.47	8.85
Cargo revenue yield per ton mile (cents)	28.14	27.24
Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*)	10.03	9.50
Fuel consumption (gallons, in millions)	749	762
Fuel price per gallon (cents)	163.4	111.2
Operating aircraft at period-end	727	748
Regional Affiliates		
Revenue passenger miles (millions)	2,317	1,857
Available seat miles (millions)	3,211	2,665
Passenger load factor	72.2%	69.7%

(*) Excludes \$627 million and \$517 million of expense incurred related to Regional Affiliates in 2005 and 2004, respectively.

Operating aircraft at June 30, 2005, included:

American Airlines Aircraft		AMR Eagle Aircraft	
Airbus A300-600R	34	Bombardier CRJ-700	25
Boeing 737-800	77	Embraer 135	39
Boeing 757-200	143	Embraer 140	59
Boeing 767-200 Extended Range	16	Embraer 145	106
Boeing 767-300 Extended Range	58	Super ATR	41
Boeing 777-200 Extended Range	45	Saab 340B Plus	25
McDonnell Douglas MD-80	354	Total	295
Total	727		

The average aircraft age for American's and AMR Eagle's aircraft is 12.7 years and 5.6 years, respectively.

Of the operating aircraft listed above, 18 McDonnell Douglas MD-80s - - 11 owned, five operating leased and two capital leased - - were in temporary storage as of June 30, 2005.

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Owned and leased aircraft not operated by the Company at June 30, 2005, included:

American Airlines Aircraft		AMR Eagle Aircraft	
Boeing 767-200	2	Embraer 145	10
Boeing 767-200 Extended Range	3	Saab 340B/340B Plus	60
Fokker 100	4	Total	70
McDonnell Douglas MD-80	7		
Total	16		

As part of the Company's fleet simplification initiative, American has agreed to sell certain aircraft. As of June 30, 2005, remaining owned aircraft to be delivered under these agreements include two Boeing 767-200 Extended Range and two Boeing 767-200 aircraft.

AMR Eagle has leased its 10 owned Embraer 145s that are not operated by AMR Eagle to Trans States Airlines, Inc.

For the Six Months Ended June 30, 2005 and 2004

Revenues

The Company's revenues increased approximately \$717 million, or 7.7 percent, to \$10.1 billion for the six months ended June 30, 2005 from the same period last year. American's passenger revenues increased by 7.0 percent, or \$533 million, on a capacity (ASM) increase of 1.5 percent. American's passenger load factor increased 4.0 points to 77.5 percent while passenger revenue yield per passenger mile remained constant at 11.90 cents. This resulted in an increase in American's passenger RASM of 5.4 percent to 9.22 cents. Following is additional information regarding American's domestic and international RASM and capacity:

	Six Months Ended June 30, 2005			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
Domestic	9.18	6.0%	57.7	(2.9)%
International	9.31	4.2	30.2	11.0
Latin America	9.20	2.4	15.4	11.1
Europe	9.77	8.9	11.5	7.0
Pacific	8.23	(4.2)	3.3	27.8

Regional affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, increased \$87 million, or 9.4 percent, to \$1.0 billion as a result of increased capacity and load factors. Regional affiliates'

traffic increased 23.7 percent to 4.2 billion RPMs, while capacity increased 19.7 percent to 6.1 billion ASMs, resulting in a 2.3 point increase in the passenger load factor to 68.6 percent.

Cargo revenues increased 1.7 percent, or \$5 million, due to a 0.9 percent increase in cargo ton miles in addition to a 0.9 percent increase in cargo revenue yield per ton mile.

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Operating Expenses

The Company's total operating expenses increased 7.7 percent, or \$703 million, to \$9.8 billion for the six months ended June 30, 2005 compared to the same period in 2004. American's mainline operating expenses per ASM in the six months ended June 30, 2005 increased 4.5 percent compared to the same period in 2004 to 9.92 cents. These increases are due primarily to a 41.4 percent increase in American's price per gallon of fuel in the first half of 2005 relative to the same period in 2004, including the impact of a \$55 million fuel excise tax refund received in March 2005.

(in millions)	Six Months Ended	Change	Percentage
Operating Expenses	June 30, 2005	from 2004	Change
Wages, salaries and benefits	\$ 3,315	\$ (28)	(0.8)%
Aircraft fuel	2,448	723	41.9 (a)
Other rentals and landing fees	619	13	2.1
Depreciation and amortization	576	(70)	(10.8) (b)
Commissions, booking fees and credit card expense	557	(18)	(3.1)
Maintenance, materials and repairs	492	16	3.4
Aircraft rentals	295	(11)	(3.6)
Food service	252	(24)	(8.7)
Other operating expenses	1,253	71	6.0
Special charges	-	31	NM (c)
Total operating expenses	\$ 9,807	\$ 703	7.7%

(a) Aircraft fuel expense increased primarily due to a 41.4 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) offset by a 1.7 percent decrease in American's fuel consumption.

(b) Depreciation and amortization expense decreased primarily due to a change in the estimate of the depreciable lives of the Company's Boeing 737-800, Boeing 757-200 and McDonnell Douglas MD-80 aircraft from 25 to 30 years, which decreased depreciation and amortization expense by approximately \$54 million in the six months ended June 30, 2005.

(c) Special charges for 2004 included the reversal of reserves previously established for (i) aircraft return costs of \$20 million and (ii) employee severance of \$11 million.

Other Income (Expense)

Other income (expense), historically a net expense, decreased \$42 million due primarily to the following: Interest income increased \$36 million due primarily to a \$14 million interest refund related to the fuel excise tax refund discussed above and increases in interest rates and short-term investments. Interest expense increased \$28 million due primarily to increases in variable interest rates. Miscellaneous-net decreased \$25 million, due primarily to the accrual during the first quarter of 2004 of a \$23 million award rendered by an independent arbitrator and relating to a grievance filed by the Allied Pilots Association.

Income Tax

The Company did not record a net tax benefit associated with its losses for the six months ended June 30, 2005 and 2004 due to the Company providing a valuation allowance, as discussed in Note 5 to the condensed consolidated financial statements.

Operating Statistics

The following table provides statistical information for American and Regional Affiliates for the six months ended June 30, 2005 and 2004.

	Six Months Ended June 30,	
	2005	2004
American Airlines, Inc. Mainline Jet Operations		
Revenue passenger miles (millions)	68,123	63,613
Available seat miles (millions)	87,872	86,594
Cargo ton miles (millions)	1,098	1,088
Passenger load factor	77.5%	73.5%
Passenger revenue yield per passenger mile (cents)	11.90	11.90
Passenger revenue per available seat mile (cents)	9.22	8.75
Cargo revenue yield per ton mile (cents)	28.08	27.83
Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*)	9.92	9.49
Fuel consumption (gallons, in millions) (**)	1,478	1,503
Fuel price per gallon (cents)	150.2	106.2
Regional Affiliates		
Revenue passenger miles (millions)	4,202	3,396
Available seat miles (millions)	6,126	5,118
Passenger load factor	68.6%	66.3%

(*) Excludes \$1.2 billion and \$1.0 billion of expense incurred related to Regional Affiliates in 2005 and 2004, respectively.

(**) Includes the benefit of the 3.7 cents per gallon impact of a \$55 million fuel excise tax refund in 2005.

Outlook

The Company currently expects third quarter 2005 mainline unit costs to be approximately 10.37 cents and full year 2005 mainline unit costs to be approximately 10.20 cents, including the impact of the \$55 million fuel excise tax refund received in March 2005.

Capacity for American's mainline jet operations is expected to increase about 2.7 percent in the third quarter of 2005 compared to the third quarter of 2004 and about 2.4 percent for the full year 2005 compared to 2004.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Except as discussed below, 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 2004 Form 10-K.

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 June 30, 2005 cost per gallon of fuel. Based on projected 2005 and 2006 fuel usage through June 30, 2006, such an increase would result in an increase to aircraft fuel expense of approximately \$514 million in the twelve months ended June 30, 2006, inclusive of the impact of fuel hedge instruments outstanding at June 30, 2005, and assumes the Company's fuel hedging program remains effective under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". Comparatively, based on projected 2005 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately \$377 million in the twelve months ended December 31, 2005, inclusive of the impact of fuel hedge instruments outstanding at December 31, 2004. The change in market risk is primarily due to the increase in fuel prices.

As of June 30, 2005, the Company had hedged an insignificant percentage of its estimated 2005, 2006 and 2007 fuel requirements with option contracts.

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 June 30, 2005. 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 June 30, 2005. During the quarter ending on June 30, 2005, 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.

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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 Corporation, American Airlines, Inc., AMR Eagle Holding Corporation, 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. On February 24, 2005, the court decertified the class. The remaining two plaintiffs seek 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. The Company is vigorously defending the lawsuit. 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 an 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 Airlines, Inc., other airline defendants, and in one case against certain airline defendants and Orbitz LLC. (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 (6 agencies)). 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. These cases have been consolidated in the United States District Court for the Northern District of Ohio Eastern Division. American is vigorously defending these lawsuits. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's distribution practices would have an adverse impact on the Company.

On August 19, 2002, a class action lawsuit seeking monetary damages was filed, and on May 7, 2003, an amended complaint was filed in the United States District Court for the Southern District of New York (Power Travel International, Inc. v. American Airlines, Inc., et al.) against American, Continental Airlines, Delta Air Lines, United Airlines, and Northwest Airlines, alleging that American and the other defendants breached their contracts with the agency and were unjustly enriched when these carriers at various times reduced their base commissions to zero. The as yet uncertified class includes all travel agencies accredited by the Airlines Reporting Corporation "whose base commissions on airline tickets were unilaterally reduced to zero by" the defendants. The case is stayed as to United Airlines, since it filed for bankruptcy. American is vigorously defending the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision awarding substantial money damages or forcing the Company to pay agency commissions would have an adverse impact on the Company.

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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 Airlines, Inc., 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.

Four cases (each being a purported class action) have been filed against American arising from the disclosure of passenger name records by a vendor of American. The cases are: Kimmell v. AMR, et al. (U. S. District Court, Texas), Baldwin v. AMR, et al. (U. S. District Court, Texas), Rosenberg v. AMR, et al. (U. S. District Court, New York) and Anapolsky v. AMR, et al. (U.S. District Court, New York). The Kimmell suit was filed in April 2004. The Baldwin and Rosenberg

cases were filed in May 2004. The Anapolsky suit was filed in September 2004. The suits allege various causes of action, including but not limited to, violations of the Electronic Communications Privacy Act, negligent misrepresentation, breach of contract and violation of alleged common law rights of privacy. In each case plaintiffs seek statutory damages of \$1000 per passenger, plus additional unspecified monetary damages. The Court dismissed the cases but allowed leave to amend, and the Kimmell and Rosenberg cases have been refiled. The Company is vigorously defending these suits and believes the suits are without merit. However, a final adverse court decision awarding a maximum amount of statutory damages would have an adverse impact on the Company.

American is defending three lawsuits, filed as class actions but not certified as such, arising from allegedly improper failure to refund certain governmental taxes and fees collected by the Company upon the sale of nonrefundable tickets when such tickets are not used for travel. The suits are: Coleman v. American Airlines, Inc., No. 101106, filed December 31, 2002, pending (on appeal) before the Supreme Court of Oklahoma. The Coleman Plaintiffs seek actual damages (not specified) and interest. Hayes v. American Airlines, Inc., No. 04-3231, pending in the United States District Court for the Eastern District of New York, filed July 2, 2004. The Hayes Plaintiffs seek unspecified damages, declaratory judgment, costs, attorneys' fees, and interest. Harrington v. Delta Air Lines, Inc., et. al., No. 04-12558, pending in the United States District Court for the District of Massachusetts, filed November 4, 2004. The Harrington plaintiffs seek unspecified actual damages (trebled), declaratory judgment, injunctive relief, costs, and attorneys' fees. The suits assert various causes of action, including breach of contract, conversion, and unjust enrichment. The Company is vigorously defending the suits and believes them to be without merit. However, a final adverse court decision requiring the Company to refund collected taxes and/or fees could have an adverse impact on the Company.

On March 11, 2004, a patent infringement lawsuit was filed against AMR Corporation, American Airlines, Inc., AMR Eagle Holding Corporation, and American Eagle Airlines, Inc. 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. 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 an 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 Airlines, Inc. and the Association of Professional Flight Attendants (APFA), the Union which represents the Company'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 the Company 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 the Company of provisions of the Railway Labor Act 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). Although the Company believes the case against it is without merit and both the Company and the Union are vigorously defending the lawsuit, a final adverse court decision invalidating the RPA and awarding substantial money damages would have an adverse impact on the Company.

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

The owners of 145,835,117 shares of common stock, or 90.45 percent of shares outstanding, were represented at the annual meeting of stockholders on May 18, 2005 at the American Airlines Training & Conference Center, Flagship Auditorium, 4501 Highway 360 South, Fort Worth, Texas.

Elected as directors of the Company, each receiving a minimum of 102,645,549 votes were:

Gerard J. Arpey	Michael A. Miles
John W. Bachmann	Philip J. Purcell
David L. Boren	Joe M. Rodgers
Edward A. Brennan	Judith Rodin, Ph.D.
Armando M. Codina	Matthew K. Rose
Earl G. Graves	Roger T. Staubach
Ann M. Korologos	

Stockholders ratified the Audit Committee's decision to retain Ernst & Young LLP as independent auditors for the Company for the 2005 fiscal year. The vote was 144,834,159 in favor, 642,416 against, and 358,541 abstaining.

Stockholders rejected a proposal to limit the terms of future outside directors. The proposal was submitted by Evelyn Y. Davis. The vote was 4,410,390 in favor, 77,076,068 against, 612,872 abstaining and 63,735,787 not voting.

Item 5. Other Information

The 1999 Stock Appreciation Rights Plan for Directors grants annually to each outside Director 1,185 stock appreciation rights (SARs) (the "SAR Plan"). This SARs grant is a component of an outside Director's compensation. As noted in the Company's 2005 proxy statement (page 13, the "Proxy Statement"), the American Jobs Creation Act has called into doubt the viability of the SAR Plan. The Board has determined to terminate the SAR Plan. In lieu of the annual

grant of 1,185 SARs, Directors will receive annually an additional grant of units under the 2004 Directors Unit Incentive Plan (the "DUIP"). The DUIP, as amended, is attached as Exhibit 10.5 to this Form 10-Q. An attachment to the DUIP notes the 2005 awards.

As discussed in the Proxy Statement, the Compensation Committee of the Board annually conducts a comprehensive review of compensation for the officers and other key employees. At its July meeting the Compensation Committee approved the following compensation initiatives (effective July 25, 2005):

- The form of stock option agreement under the 1998 Long Term Incentive Plan, as amended. The form is attached as Exhibit 10.3 to this Form 10-Q. An attachment to this form of stock option agreement notes the stock option grants to the Company's executive officers;
- The form of deferred unit agreement for 2005. The form is attached as Exhibit 10.2 to this Form 10-Q. An attachment to this form of deferred unit agreement notes the deferred unit grants to the Company's executive officers;
- The form of performance unit agreement for the 2005/2007 performance period. The form is attached as Exhibit 10.1 to this Form 10-Q. An attachment to this form of performance unit agreement notes the performance unit grants to the Company's executive officers; and
- A Career Performance Shares Award Agreement between the Company and Gerard J. Arpey, its Chairman, President and CEO. This agreement is attached as Exhibit 10.6 to this Form 10-Q.

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Item 6. Exhibits

The following exhibits are included herein:

- 10.1 Form of 2005 - 2007 Performance Unit Agreement (with awards to executive officers noted)
- 10.2 Form of 2005 Deferred Unit Award Agreement (with awards to executive officers noted)
- 10.3 Form of 2005 Stock Option under the 1998 Long Term Incentive Plan, as amended (with awards to executive officers noted)
- 10.4 Form of 2005 Stock Option Agreement under the 2003 Employee Stock Incentive Plan
- 10.5 2004 Directors Unit Incentive Plan, as amended
- 10.6 Career Performance Shares, Deferred Stock Award Agreement between AMR Corporation and Gerard J. Arpey dated as of July 25, 2005
- 10.7 Letter Agreement dated May 5, 2005 between The Boeing Company and American Airlines, Inc. Portions of this agreement have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission.
- 12 Computation of ratio of earnings to fixed charges for the three and six months ended June 30, 2005 and 2004.
- 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).

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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: July 25, 2005

BY: /s/ James A. Beer
James A. Beer
Senior Vice President and Chief
Financial Officer
(Principal Financial and Accounting Officer)

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2005 - 2007
PERFORMANCE UNIT AGREEMENT

This performance unit agreement (this "Agreement") is made as of this date, July 25, 2005, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and FNAME LNAME (the "Employee"), employee number 000000.

WHEREAS, pursuant to the 2005/2007 Performance Unit Plan for Officers and Key Employees (the "2005 Unit Plan") attached to this Agreement as Schedule A and incorporated herein, and the Performance Unit Program (the "Program") adopted by the Board of Directors of the Corporation (the "Board"), the Compensation Committee of the Board (the "Committee") has determined to make a Program grant to the Employee of performance units (subject to the terms of the Program and this Agreement), as an inducement for the Employee to remain an employee of the Corporation (or a Subsidiary or Affiliate thereof), and to retain and motivate such Employee during such employment.

This Agreement sets forth the terms and conditions attendant to the performance units granted under the 2005 Unit Plan.

1. Grant of Award. The Employee is hereby granted as of July 25, 2005, (the "Grant Date") performance units (the "Award"), subject to the terms and conditions of this Agreement with respect to 0,000 performance units (collectively, the "Units"). The Units covered by the Award shall vest, if at all, in accordance with Section 2. On the date the Units vest (if at all), the Employee will receive, net of applicable withholding or applicable social security taxes, a payment representing the product of (i) the number of vested Units and (ii) the average of the high and low price of the Corporation's Common Stock, \$1.00 par value per share, as of the date the Units vest (payment shall be made as defined below).

2. Vesting.

(a) The Units will vest and be paid, if at all, in accordance with the terms of the Program attached as Schedule A, which is made a part of this Agreement.

(b) In the event Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) is terminated prior to the end of the three year measurement period set forth in Schedule A (the "Measurement Period") due to the Employee's death, "Disability" (as defined in section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended (the "Code")), Retirement or termination not for Cause (each an "Early Termination") the Award will vest, if at all, on a pro-rata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate). The pro-rata basis will be a percentage where the denominator is 36 and the numerator is the number of months from January 1, 2005 through the month of Early Termination, inclusive. This pro-rata Award will be paid to the Employee at the same time as payments are made to then current employees who have been granted Units under the 2005 Unit Plan, subject to Section 2(f) of this Agreement.

(c) In the event the Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) is terminated for Cause, or if the Employee terminates his/her employment with the Corporation (or a Subsidiary or Affiliate thereof), each occurring prior to the payment contemplated by this Agreement, the Award shall be forfeited in its entirety.

(d) If, prior to the payment contemplated by this Agreement, the Employee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation, or if the Employee begins a leave of absence without reinstatement rights, then in each case the Award shall be forfeited in its entirety.

(e) In the event of a Change in Control of the Corporation prior to the complete distribution of the Award, the Award will be paid within 60 days of the date of the Change in Control. In such event, the Vesting Date shall be the date of the Change in Control. The term "Change in Control" is defined for purposes of this Agreement in Section 6.

(f) Notwithstanding the provisions of Section 2(b), if the Employee is a person subject to section 409A(a)(2)(B)(i) of the Code, any payment on account of Retirement or termination not for Cause of the Employee shall be delayed until the sixth month anniversary of the date of separation from employment due to Retirement or termination not for Cause.

3. Transfer Restrictions. Unless otherwise permitted by the Committee, this Award is non-transferable other than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and shall not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in interest after the Employee's death) to effect any such disposition, or upon any such process, the Award may immediately become null and void, at the discretion of the Committee.

4. Miscellaneous. This Agreement (a) shall be binding upon and inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment shall be implied by this Agreement.

In the event the Employee's employment is terminated by reason of Retirement and the Employee subsequently is employed by a competitor of the Corporation prior to complete payment of the Award, the Corporation reserves the right, upon notice to the Employee, to declare the Award forfeited and of no further validity.

In consideration of the Employee's privilege to participate in the Plan, the Employee agrees (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 Employee at his or her new place of employment after his or her employment with American or its Affiliates is terminated. The Employee shall not have the right to defer payment of the Award. Except as provided in this Agreement, the Committee and Corporation shall not accelerate payment of the Award.

5. Adjustments in Awards. In the event of a Stock dividend, Stock split, merger, consolidation, re-organization, re-capitalization or other change in the corporate structure of the Corporation, appropriate adjustments may be made by the Board of Directors in the number of Units awarded.

6. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth for such terms in the Corporation's 2003 Employee Stock Incentive Plan. For purposes of Section 2(e), the term "Change in Control" shall mean a "change in ownership" or "change in effective control", or "change in ownership of the assets" of the Corporation, as determined pursuant to Internal Revenue Service Notice 2005-1 (or successor guidance thereto under section 409A of the Code).

7. American Jobs Creation Act. Amendments to this Agreement may be made by the Corporation, without the Employee's consent, in order to ensure compliance with the American Jobs Creation Act of 2004.

IN WITNESS WHEREOF, the Employee and the Corporation

have executed this Performance Unit Agreement as of the day, month and year set forth above.

EMPLOYEE

AMR CORPORATION

Charles D. Marlett
Corporate Secretary

Grant of Performance Units
July 25, 2005

Officer Name	# of Performance Units Granted
Gerard Arpey	140,000
James Beer	77,600
Daniel Garton	77,600
Gary Kennedy	57,000
Charles Marlett	17,800

SCHEDULE A

2005 - 2007 PERFORMANCE UNIT PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2005 - 2007 AMR Corporation Performance Unit Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of the subsidiaries and affiliates of AMR Corporation ("AMR" or "the Corporation") to achieve the highest level of individual performance and to meet or exceed specified goals which will contribute to the success of the Corporation.

Definitions

For purposes of the Plan, the following definitions will control:

"Affiliate" is defined as a subsidiary of AMR or any entity that is designated by the Committee as a participating employer under the Plan, provided that AMR

directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity.

"Committee" is defined as the Compensation Committee, or its successor, of the AMR Board of Directors.

"Comparator Group" is defined as the following six U.S. based carriers including AMR Corporation, Continental Airlines, Inc., Delta Air Lines, Inc., JetBlue Airways, Northwest Airlines Corp. and Southwest Airlines Co.

"Corporate Objectives" is defined as being the objectives established by the Committee at the beginning of each fiscal year during the Measurement Period.

"Measurement Period" is defined as the three year period beginning January 1, 2005 and ending December 31, 2007.

"Total Shareholder Return (TSR)" is defined as the rate of return reflecting stock price appreciation plus reinvestment of dividends over the Measurement Period. The average Daily Closing Stock Price (adjusted for splits and dividends) for the three months prior to the beginning and ending points of the Measurement Period will be used to smooth out market fluctuations.

"Daily Closing Stock Price" is defined as the stock price at the close of trading (4:00 PM EST) of the National Exchange on which the stock is traded.

"National Exchange" is defined as either the New York Stock Exchange (NYSE), the National Association of Stock Dealers and Quotes (NASDAQ), or the American Stock Exchange (AMEX).

Accumulation of Units

Any payment under the Plan with respect to the units will be determined by (i) the Corporation's TSR rank within the Comparator Group and/or (ii) the Corporation's attainment of the Corporate Objectives during each year of the Measurement Period and (iii) the terms and conditions of the award agreement between the Corporation and the employee. The distribution percentage of units pursuant to the TSR metric and based on rank, is specified below:

Granted Shares - Percent of Target Based on Rank

Rank	6	5	4	3	2	1
Payout %	0%	50%	75%	100%	135%	175%

In the event that a carrier (or carriers) in the Comparator Group ceases to trade on a National Exchange at any point in the Measurement Period, the following distribution percentage of target units, based on rank and the number of remaining comparators, will be used accordingly.

5 Comparators

Granted Units - Percent of Target Based on Rank

Rank	5	4	3	2	1
Payout %	50%	75%	100%	135%	175%

4 Comparators

Granted Units - Percent of Target Based on Rank

Rank	4	3	2	1
Payout %	75%	100%	135%	175%

3 Comparators

Granted Units - Percent of Target Based on Rank

Rank	3	2	1
Payout %	100%	135%	175%

At the end of each fiscal year during the Measurement Period, the Committee will determine whether the Corporate Objectives have been achieved. At the end of the Measurement Period the Committee will determine the distribution of units based upon the TSR metric and, with respect to senior officer awards, the Corporate Objectives. The number of units that may vest will range from 0% to 175% of the target award.

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper and efficient operation of the Plan. The TSR metric will be determined based on an audit of AMR's TSR rank by the General Auditor of American Airlines, Inc. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards. The awards will be paid in cash, within five days after the end of the Measurement Period.

Corporate Objectives will be used as a metric for determining the distribution of units only for senior officers of the Corporation (or a Subsidiary thereof) unless the Committee determines otherwise.

General

Neither this Plan nor any action taken hereunder shall be construed as giving any employee or participant the right to be retained in the employ of American Airlines, Inc. or an Affiliate.

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive an award as may have been expressly awarded by the Committee subject to the terms and conditions of the award agreement between the Corporation and the employee.

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or any other act beyond the control of the Corporation, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects the Corporation or its Subsidiaries or its Affiliates, the Committee, in its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Committee may deem necessary), or substitute any awards due currently or in the future under the Plan, including, but not limited to, any awards that have accrued to the benefit of participants but have not yet been paid.

In consideration of the Employee's privilege to participate in the Plan, the employee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. 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 Airlines, Inc. or its Affiliates or after such employment is terminated, and (iii) not to solicit any then current employees of American Airlines, Inc. or any other Subsidiaries of AMR to join the employee at his or her new place of employment after his or her employment with American Airlines, Inc. or its Affiliates is terminated.

The Committee may amend, suspend, or terminate the Plan at any time.

DEFERRED UNIT AWARD AGREEMENT

This AGREEMENT made this date, July 25, 2005, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and First Last (the "Employee"), employee number 000000.

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors has determined that the Employee is a key employee and has further determined to make an award of Deferred Units to the Employee as an inducement for the Employee to remain with the Corporation (or a Subsidiary or Affiliate thereof) and to motivate the Employee during such employment.

NOW, THEREFORE, the Corporation and the Employee hereby agree as follows:

1. Grant of Award.

The Employee is hereby granted as of July 25, 2005 (the "Grant Date") a Deferred Unit Award (the "Award"), subject to the terms and conditions of this Agreement, with respect to 0,000 Deferred Units (the "Units"). The Units covered by the Award will vest, if at all, in accordance with Section 2 hereof. July 25, 2008, is hereby established as the "Vesting Date" of the Award.

2. Distribution of Award.

Payment with respect to the Award, on the Vesting Date, will occur, if at all, in accordance with the following terms and conditions:

(a) If the Employee is on the payroll of a Subsidiary that is wholly owned by the Corporation as of the Vesting Date, a payment (determined in accordance with Section 4 of this Agreement) will be made to the Employee in accordance with the following schedule:

Number of Units	Vesting Date
0,000	7/25/2008

Payment under this Section 2(a) will be made within 30 days of the Vesting Date.

(b) In the event the Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) is terminated prior to the Vesting Date due to the Employee's death, Disability, Retirement or termination not for Cause (each an "Early Termination"), the Award will vest on a pro-rata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for the purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate). The pro-rata basis will be a percentage where the denominator is 36 and the numerator is the number of months from the Grant Date through the month of Early Termination, inclusive. The pro-rata Award will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for the purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) within 60 days after the Employee's death, date of separation from employment due to Retirement or termination not for Cause or Disability subject in all cases to Section 2(e). For purposes of this Section 2(b), "Disability" shall mean "disability" as defined in section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended (the "Code"). The amount of the payout will be calculated in accordance with Section 4.

(c) In the event of a Change in Control of the Corporation prior to the complete distribution of the Award, the Award will be paid within 60 days of the date of the Change in Control. In such event, the Vesting Date referred to in Sections 1 and 4 of this Agreement shall be the date of the Change in Control. The term "Change in Control" is defined for purposes of this Agreement in Section 7.

(d) Notwithstanding the terms of Section 2(a), 2(b) or 2(c), the Award will be forfeited in its entirety if prior to the Vesting Date:

- (i) The Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) is terminated for Cause, or if the Employee terminates his/her employment with the Corporation (or a Subsidiary or Affiliate thereof);
- (ii) The Employee becomes an employee of a Subsidiary that is not wholly owned by the Corporation; or
- (iii) The Employee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation (or a Subsidiary or Affiliate thereof) and the Employee.

(e) Notwithstanding the provisions of Section 2(b), if the Employee is a person subject to section 409A(a)(2)(B)(i) of the Code, any payment on account of Retirement or termination not for Cause of the Employee shall be delayed until the sixth month anniversary of the date of the Employee's separation from employment due to Retirement or termination not for Cause.

3. Transfer Restrictions.

Unless otherwise permitted by the Committee, this award is non-transferable other than by will or by the laws of descent and distribution, and may not be assigned, pledged or hypothecated and will not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in the interest after the Employee's death) to effect any such disposition, or upon the commencement of any such process, the Award may immediately become null and void, at the discretion of the Committee.

4. Determining the payment.

The amount of the payment shall be determined by the product of: [the number of Units that have vested] and [the Fair Market Value of one share of the Corporation's Common Stock on the Vesting Date]. The Corporation will withhold from the cash payment any and all taxes.

5. Miscellaneous.

This Agreement (a) will be binding upon and inure to the benefit of any successor of the Corporation, (b) will be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment will be implied by this Agreement.

In consideration of the Employee's privilege to participate in the Plan, the Employee agrees (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 Employee at his or her place of employment after his or her employment with American or its Affiliates is terminated.

The Employee shall not have the right to defer payment of the Award. Except as provided in this Agreement, the Committee and Corporation shall not accelerate payment of the Award.

6. Adjustments in Awards.

In the event of a Stock dividend, Stock split, merger,

consolidation, re-organization, re-capitalization or other change in the corporate structure of the Corporation, appropriate adjustments may be made by the Committee in the number of Units awarded.

7. Definitions.

Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth for such terms in the Corporation's 2003 Employee Stock Incentive Plan. For purposes of Section 2(c), the term "Change in Control" shall mean a "change in ownership or effective control", or "change in ownership of the assets" of the Corporation, as determined pursuant to Internal Revenue Service Notice 2005-1 (or successor guidance thereto under section 409A of the Code).

8. American Jobs Creation Act.

Amendments to this Agreement may be made by the Corporation, without the Employee's consent, in order to ensure compliance with the American Jobs Creation Act of 2004.

IN WITNESS HEREOF, the Employee and the Corporation have executed this Deferred Unit Agreement as of the day and year first above written.

Employee

AMR CORPORATION

Charles D. Marlett
Corporate Secretary

Grant of Deferred Units
July 25, 2005

Officer Name	# of Deferred Units Granted
Gerard Arpey	24,000
James Beer	16,500
Daniel Garton	16,500
Gary Kennedy	10,000
Charles Marlett	4,200

STOCK OPTION
1998 Long Term Incentive Plan, as amended

STOCK OPTION granted July 25, 2005, by AMR Corporation, a Delaware corporation (the "Corporation"), and FName LName, employee number 000000, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee").

W I T N E S S E T H:

WHEREAS, the stockholders of the Corporation approved the 1998 Long Term Incentive Plan at the Corporation's annual meeting held on May 20, 1998 (such plan, as may be amended from time to time, to be referenced the "1998 Plan");

WHEREAS, the 1998 Plan provides for the grant of an option to purchase shares of the Corporation's Common Stock (as later defined) to those individuals selected by the Compensation Committee or, in lieu thereof, the Board of Directors of the Corporation (the "Board"); and

WHEREAS, the Board has determined that the Optionee is eligible under the 1998 Plan and that it is to the advantage and interest of the Corporation to grant the option provided for herein to the Optionee as an incentive for Optionee to remain in the employ of the Corporation or one of its Subsidiaries or Affiliates, and to encourage ownership by the Optionee of the Corporation's Common Stock, \$1 par value (the "Common Stock").

NOW, THEREFORE:

1. Option Grant. The Corporation hereby grants to the Optionee a non-qualified stock option, subject to the terms and conditions hereinafter set forth, to purchase all or any part of an aggregate of xx,000 shares of Common Stock at a price of \$x.xx per share (being the fair market value of the Common Stock on the date hereof), exercisable in approximately equal installments on and after the following dates and with respect to the following number of shares of Common Stock:

Exercisable On and After	Number of Shares
7/25/2006	X,xxx
7/25/2007	X,xxx
7/25/2008	X,xxx
7/25/2009	X,xxx
7/25/2010	X,xxx

provided, that in no event shall this option be exercisable in whole or in part ten years from the date hereof and that the Corporation shall in no event be obligated to issue fractional shares. The right to exercise this option and to purchase the number of shares comprising each such installment shall be cumulative, and once such right has become exercisable it may be exercised in whole at any time and in part from time to time until the date of termination of the Optionee's rights hereunder.

2. Restriction on Exercise. Notwithstanding any other provision hereof, this option shall not be exercised if at such time such exercise or the delivery of certificates representing shares of Common Stock purchased 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. This option may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise pursuant to whatever procedures may be adopted by the Corporation. In the event that at the time of such exercise the shares of Common Stock as to which this option is exercisable have not been registered under the Securities Act of 1933, the Optionee will make a representation that he/she is acquiring the shares of Common Stock for investment only and not with a view to distribution. Subject to compliance by the Optionee with all the terms and conditions hereof, 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. (In the event of a cashless exercise, the Corporation or its agent will pay to the Optionee the appropriate cash amount, less required withholdings.)

4. Termination of Option. This option 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 the option will be accelerated and the option will remain exercisable until its expiration;

(b) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Disability, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after such Disability the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(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, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after Retirement the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(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, the option may thereafter be exercised, to the extent it was 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 option, whichever period is shorter; and

(e) In the event of a Change in Control or a Potential Change in Control of the Corporation, this option shall become exercisable 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, appropriate adjustments may be made by the Board in the number of shares, class or classes of securities and the price per share.

6. Non-Transferability of Option. Unless the Board shall permit (on such terms and conditions as it shall establish), an option may not be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Optionee this option may be exercised only by him or her (unless otherwise determined by the Board).

7. Miscellaneous.

(a) This option (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 option.

(b) If this option is assumed or a new option is substituted therefore in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 425(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 option 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 option forfeited and of no further validity.

(d) In consideration of the Optionee's privilege to participate in the 1998 Plan, the Optionee agrees (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.

8. Securities Law Requirements. The Corporation shall not be required to issue shares upon the exercise of this option 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 may require the Optionee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with the exercise of this option, an agreement, in such form as the Board 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. Option Subject to 1998 Plan. This option 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 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. Amendments to this Agreement may be made by the Corporation, without the Employee'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 Agreement.

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

AMR Corporation

Optionee

Charles D. MarLett
Corporate Secretary

Grant of Stock Options
July 25, 2005

Officer Name	# of Options Granted	Exercise Price
Gerard Arpey	95,000	\$13.665
James Beer	59,200	13.665
Daniel Garton	59,200	13.665
Gary Kennedy	38,500	13.665

Charles Marlett

13,000

13.665

STOCK OPTION
2003 Employee Stock Incentive Plan

STOCK OPTION granted July 25, 2005, by AMR Corporation, a Delaware corporation (the "Corporation"), and FNAME LNAME, employee number 000000, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee").

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Corporation (the "Board"), has approved the 2003 Employee Stock Incentive Plan (such plan, as may be amended from time to time, to be referenced the "2003 Plan"); and

WHEREAS, the 2003 Plan provides for the grant of an option to purchase shares of the Corporation's Common Stock (as later defined) to those individuals selected by the Compensation Committee or, in lieu thereof, the Board of Directors of the Corporation (the "Board"); and

WHEREAS, the Board has determined that the Optionee is eligible under the 2003 Plan and that it is to the advantage and interest of the Corporation to grant the option provided for herein to the Optionee as an incentive for Optionee to remain in the employ of the Corporation or one of its Subsidiaries or Affiliates, and to encourage ownership by the Optionee of the Corporation's Common Stock, \$1 par value (the "Common Stock").

NOW, THEREFORE:

1. Option Grant. The Corporation hereby grants to the Optionee a non-qualified stock option, subject to the terms and conditions hereinafter set forth, to purchase all or any part of an aggregate of 0,000 shares of Common Stock at a price of \$x.xx per share (being the fair market value of the Common Stock on the date hereof), exercisable in approximately equal installments on and after the following dates and with respect to the following number of shares of Common Stock:

Exercisable On and After	Number of Shares
7/25/2006	X,000
7/25/2007	X,000
7/25/2008	X,000
7/25/2009	X,000
7/25/2010	x,000

provided, that in no event shall this option be exercisable in whole or in part ten years from the date hereof and that the Corporation shall in no event be obligated to issue fractional shares. The right to exercise this option and to purchase the number of shares comprising each such installment shall be cumulative, and once such right has become exercisable it may be exercised in whole at any time and in part from time to time until the date of termination of the Optionee's rights hereunder.

2. Restriction on Exercise. Notwithstanding any other provision hereof, this option shall not be exercised if at such time such exercise or the delivery of certificates representing shares of Common Stock purchased 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. This option may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise pursuant to whatever procedures may be adopted by the Corporation. In the event that at the time of such exercise the shares of Common Stock as to which this option is exercisable have not been registered under the Securities Act of 1933, the Optionee will make a representation that he/she is acquiring the shares of Common Stock for investment only and not with a view to distribution. Subject to compliance by the Optionee with all the terms and conditions hereof, 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. (In the event of a cashless exercise, the Corporation or its agent will pay to the Optionee the appropriate cash amount, less required withholdings.)

4. Termination of Option. This option 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 the option will be accelerated and the option will remain exercisable until its expiration;

(b) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Disability, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after such Disability the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(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, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after Retirement the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(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, the option may thereafter be exercised, to the extent it was 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 option, whichever period is shorter; and

(e) In the event of a Change in Control or a Potential Change in Control of the Corporation, this option shall become exercisable in accordance with the 2003 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, appropriate adjustments may be made by the Board in the number of shares, class or classes of securities and the price per share.

6. Non-Transferability of Option. Unless the Board shall permit (on such terms and conditions as it shall establish), an option may not be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Optionee this option may be exercised only by him or her (unless otherwise determined by the Board).

7. Miscellaneous.

(a) This option (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 option.

(b) If this option is assumed or a new option is substituted therefore in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 425(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 option 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 option forfeited and of no further validity.

(d) In consideration of the Optionee's privilege to participate in the 2003 Plan, the Optionee agrees (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.

8. Securities Law Requirements. The Corporation shall not be required to issue shares upon the exercise of this option 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 may require the Optionee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with the exercise of this option, an agreement, in such form as the Board 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. Option Subject to 2003 Plan. This option shall be subject to all the terms and provisions of the 2003 Plan and the Optionee shall abide by and be bound by all rules, regulations and determinations of the Board now or hereafter made in connection with the administration of the 2003 Plan. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 2003 Plan.

10. American Jobs Creation Act. Amendments to this Agreement may be made by the Corporation, without the Employee's consent, in order to ensure compliance with the American Jobs Creation Act of 2004. And, further, amendments may be made to the 2003 Plan to ensure such compliance which amendments may impact this Agreement.

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

AMR Corporation

Optionee

Charles D. MarLett
Corporate Secretary

AMR CORPORATION
2004 DIRECTORS UNIT INCENTIVE PLAN

1. Purposes

The purposes of this AMR Corporation 2004 Directors Unit Incentive Plan (the "Plan") are to enable AMR Corporation (the "Company") to attract, retain and motivate the best qualified directors and to enhance a long-term mutuality of interest between the directors and stockholders of the Company by providing the directors with an interest in the economic well-being of the Company as evidenced by the price of the Company's Common Stock.

2. Definitions

Unless the context requires otherwise, the following words as used in the Plan shall have the meanings ascribed to each below, it being understood that masculine, feminine and neuter pronouns are used interchangeably, and that each comprehends the other.

(a) "Award" shall mean any Unit awarded under the Plan.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) "Common Stock" shall mean the common stock of the Company, par value \$1.00, any common stock into which such common stock may be changed, and any common stock resulting from any reclassification of such common stock.

(e) "Unit" shall mean a contractual right to receive a cash payment equal to the Fair Market Value of one Share at the time and subject to the conditions set forth in Section 6.

(f) "Eligible Director" shall mean a director of the Company who is not an officer or employee of the Company or any of its subsidiaries and who has been elected a director of the Company at its most recent annual meeting of stockholders.

(g) "Fair Market Value" as of any given date shall mean the mean between the highest and lowest quoted selling prices, regular way, of a Share on the New York Stock Exchange on such date or, if no Shares are sold on such date, on the last preceding business day on which any such sale was reported.

(h) "Share" shall mean a share of Common Stock.

3. Effective Date

The effective date of the Plan shall be May 20, 2004.

4. Administration

(a) Powers of the Board. This Plan shall be administered by the Nominating/Corporate Governance Committee, a standing committee of the Board, or its successor (the Committee). These administrative duties include, by way of example: the full authority to interpret this Plan; to establish, amend and rescind rules for carrying out this Plan; to administer this Plan; and to make all other determinations and to take such steps in connection with this Plan as the Committee, in its discretion, deems necessary or desirable. Notwithstanding the first sentence of this Section 4(a), at any time the Board may, by a majority vote of its members, assume the foregoing administrative duties as to the Plan. In the event the Board determines to so assume the

administrative duties as to the Plan, references in this Plan to the Committee, shall thereafter be read as references to the Board.

(b) Delegation. The Corporate Secretary of the Company and any other officer designated by the Chief Executive Officer will assist the Committee in the administration of this Plan.

(c) Agents and Indemnification. The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan, and may rely upon any opinion received from any such counsel or consultant or agent. No member or former member of the Committee or the Corporate Secretary or any other officer designated pursuant to Section 4(b) shall be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law and the Company's Certificate of Incorporation and By-Laws, each member or former member of the Committee or the Corporate Secretary or any other officer designated pursuant to Section 4(b) shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Company) arising from any act or omission to act in connection with this Plan, unless arising from such person's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the person may have as a director or officer under the Company's Certificate of Incorporation or By-Laws. Expenses incurred by the Committee in the engagement of any such counsel, consultant or agent shall be paid by the Company.

5. Units; Adjustment Upon Certain Events

(a) Units Available. The aggregate number of Units that may be issued under this Plan shall not exceed 500,000 Units, except as provided in Section 5(c).

(b) No Limit on Corporate Action. The existence of this Plan and the Units granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting Common Stock, the dissolution or liquidation of the Company or any sale or transfer of all or part of its assets or business, or any other corporate act or proceeding.

(c) Recapitalization and Similar Events. The Units awarded pursuant to the Plan derive their value by reference to Shares of Common Stock as presently constituted, but if and whenever the Company shall effect a subdivision, recapitalization or consolidation of Shares or the payment of a stock dividend on Shares without receipt of consideration, the number and kind of Units to be awarded under Section 6 and the aggregate number of Units previously awarded but not yet paid in cash shall be proportionately adjusted.

(d) No Adjustment If Value Received. Except as hereinafter expressly provided, the issuance by the Company of shares of stock of any class of securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Units to be awarded to a Participant pursuant to Section 6.

6. Unit Awards

(a) Awards to Eligible Directors. Each Eligible Director shall receive an award of Units as follows: For Eligible Directors first elected to the Board prior to May 15, 1996, 2610 Units. For Eligible Directors first elected

to the Board after May 15, 1996, 3320 Units. The date of such awards will be the same date on which the Company makes its annual award of stock-based compensation to its executive officers. If such awards to executive officers have not occurred on or before July 31 of any calendar year during the term of this Plan, the Committee will determine the grant date for the Units for such year.

(b) Distribution of Shares. An Eligible Director who ceases to be a member of the Board (or, in the case of a deceased Eligible Director, the beneficiary or beneficiaries of the Eligible Director) shall receive a cash payment equal to the Fair Market Value of one Share for each of the Eligible Director's Units held by him or her on the date he or she ceased to be a member of the Board. The Fair Market Value shall be determined as of the date the Eligible Director separates from service as a member of the Board and the cash payment contemplated by this Section 6(b) will be made on or after the sixth month anniversary of the Directors separation from service on the Board.

7. Non-transferability of Awards

No Award shall be transferable by the Eligible Director otherwise than by will or under the applicable laws of descent and distribution prior to the time the cash payment is made under Section 6(b). During the period prior to such payment, such Award shall not be sold, assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Upon any attempt to sell, assign, negotiate, pledge or hypothecate any Award, or in the event of any levy upon any Award by reason of any attachment or similar process, in either case contrary to the provisions hereof, such Award shall immediately become null and void.

8. Rights as a Stockholder

An Eligible Director shall have no rights as a stock holder with respect to any Units.

9. Determinations

Each determination, interpretation or other action made or taken pursuant to the provisions of this Plan by the Committee shall be final and binding for all purposes and upon all persons, including, without limitation, the Company, the directors, officers and other employees of the Company, the Eligible Director and their respective heirs, executors, administrators, personal representatives and other successors in interest.

10. Termination, Amendment and Modification

(a) Termination and Amendment. This Plan shall terminate at the close of business on May 20, 2024, unless sooner terminated by action of the stockholders of the Company, and no Awards shall be granted under this Plan thereafter.

(b) No Effect on Existing Rights. Except as required by law, no termination, amendment or modification of this Plan may, without the consent of an Eligible Director or the permitted transferee of an Award, alter or impair the rights and obligations arising under any then outstanding Award.

11. Non-Exclusivity

The adoption of this Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other compensatory arrangements as it may, in its discretion, deem desirable.

12. General Provisions

(a) No Right to Serve as a Director. This Plan shall not impose any obligations on the Company to retain any Eligible Director as a director nor shall it impose any obligation on the part of any Eligible Director to remain as a director of the Company, provided that each Eligible Director by accepting each Award shall represent to the Company that it is his/her good faith intention to continue to serve as a director of the Company until the next annual meeting of stockholders and that he/she intends to do so unless a change in circumstances arises.

(b) No Right to Particular Assets. Nothing contained in this Plan and no action taken pursuant to this Plan shall create or be construed to create a trust of any kind or any fiduciary relationship between the Company and any Eligible Director, the executor, administrator or other personal representative or designated beneficiary of such Eligible Director, or any other persons. Any reserves that may be established by the Company in connection with this Plan shall continue to be part of the general funds of the Company, and no individual or entity other than the Company shall have any interest in such funds until paid to an Eligible Director. To the extent that any Eligible Director or his executor, administrator, or other personal representative, as the case may be, acquires a right to receive any payment from the Company pursuant to this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company.

(c) Notices. Each Eligible Director shall be responsible for furnishing the Corporate Secretary with the current and proper address for the mailing of notices and payments in respect of Units. Any notices required or permitted to be given shall be deemed given if directed to the person to whom addressed at such address and mailed by regular United States mail, first-class and prepaid. If any item mailed to such address is returned as undeliverable to the addressee, mailing will be suspended until the Eligible Director furnishes the proper address.

(d) Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or un-enforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provision had not been included.

(e) Incapacity. Any benefit payable to or for the benefit of an incompetent person or other person incapable of acknowledging such benefit shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Board, the Company and other parties with respect thereto.

(f) Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

(g) Controlling Law. This Plan shall be construed and enforced according to the laws of the State of Texas.

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Unit Awards
July 25, 2005

For David L. Boren, Edward A. Brennan, Armando M. Codina,
Earl G. Graves, Ann M. Korologos and Joe M. Rodgers: 2,610
Units

For John W. Bachmann, Michael A. Miles, Philip J. Purcell,
Judith Rodin, Matthew K. Rose and Roger T. Staubach: 3,320
Units

CAREER PERFORMANCE SHARES
DEFERRED STOCK AWARD AGREEMENT

This AGREEMENT made as of July 25, 2005 (the "Grant Date"), by and between AMR Corporation, a Delaware corporation (the "Corporation"), and Gerard J. Arpey ("Arpey").

WHEREAS, the 1998 Long Term Incentive Plan was approved by the shareholders of the Corporation at the Corporation's annual meeting held on May 20, 1998 (such Plan, as may be amended from time to time, is referenced the "1998 Plan"); and

WHEREAS, the Board of Directors of the Corporation (the "Board") and the Board's Compensation Committee has determined that it is in the best interests of the Corporation and its stockholders to align Arpey's long term interests with those of the Corporation's stockholders and to provide incentives for Arpey to remain with the Corporation as its Chairman, President and/or Chief Executive Officer (collectively, the "CEO"); and

WHEREAS, the Committee has determined to make initial grants to Arpey of deferred stock (subject to the terms of the 1998 Plan and this Agreement), as the first steps to induce Arpey to remain as the CEO and to motivate him during his tenure as the CEO.

NOW, THEREFORE, the Corporation and Arpey hereby agree as follows:

1. Grant of Award (a) As of the date hereof Arpey is granted 58,000 deferred shares of the Corporation's Common Stock, \$1.00 par value (such shares to be referenced as "Deferred Shares" and the grant to be referenced as the "2005 Award"). The 2005 Award and the Subsequent Awards (as later defined in this Agreement) will be collectively referenced as the "Awards" and may be individually referenced as an "Award".

(b) Any Award will vest in accordance with Sections 2 and 4 of this Agreement.

2. Performance Period/Vesting The Awards will vest, if at all, on July 25, 2015 (the "Vesting Date") (subject to earlier vesting as detailed in Sections 3 and 4 of this Agreement). Prior to any vesting of the Awards pursuant to this Section 2, but as soon as feasible after the Vesting Date, the Committee will determine that the performance criteria (the "Criteria") established for the Awards have been satisfied, in whole or in part. Based upon the foregoing determination, the number of Deferred Shares for each Award will vest on a percentage basis from 0% to 175%. The Criteria to be used by the Committee in determining the vesting of each Award are set forth in Appendix A to this Agreement. Provided Arpey has paid all applicable taxes with respect to each Award, the shares of Common Stock that vest pursuant to this Section 2 will be issued and delivered to Arpey as soon as feasible following the determination of the Committee as to satisfaction of the Criteria. Upon delivery of the Common Stock to Arpey, this Agreement will terminate.

3. Early Termination (a) For purposes of this Agreement, an Early Termination is the occurrence of one of the following events prior to the Vesting Date:

(i) Arpey ceases to be the Corporation's CEO due to an approved Early Retirement (which is defined as retirement from employment with the Corporation, or a Subsidiary or Affiliate thereof, at or after age 55 but before the age of 60 and with the express approval of the then existing Board);

(ii) Arpey ceases to be the Corporation's CEO due to his death or Disability (as Disability is defined in section 401A(a)(2)(C) of the Internal Revenue Code of 1986, as amended, (the "IRC");

(iii) The Board replaces Arpey as the Corporation's CEO for reasons other than for Cause;

(iv) Arpey resigns as CEO for Good Reason (as such term is defined in this Section 3); or

(v) A Change in Control (as such term is defined in Section 10 of this Agreement) of the Corporation.

(b) As used in this Agreement, "Good Reason" means one of the following has occurred without Arpey's consent prior to the Vesting Date: (i) his base salary in effect as of the Grant Date is reduced (provided, a reduction in Arpey's base salary that is part of a salary reduction program that affects the other senior officers of the Corporation, will not qualify as Good Reason); (ii) Arpey suffers a significant reduction in the authority, duties and responsibilities as CEO and he concludes in good faith that he can no longer perform the duties of CEO as was contemplated on the Grant Date; and (iii) the material benefits provided Arpey as of the Grant Date are materially reduced. Upon an event of Good Reason occurring, Arpey will provide the Board with written notice of such occurrence. If the Board has not taken action to cure such an event of Good Reason within 30 days following its receipt of Arpey's written notice, then Arpey's subsequent resignation (provided it occurs within 60 days of his written notice to the Board), will be deemed conclusively to be for Good Reason. Any notice to the Board as contemplated by this paragraph, will be sent to the Board via the Corporation's Corporate Secretary.

(c) Upon the occurrence of an Early Termination, the Early Termination Date will be deemed to be, as appropriate: the date of Early Retirement; the date of death; the date of Disability; the date Arpey is replaced as CEO; or the date of his resignation for Good Reason; or the date of the Change in Control of the Corporation. Notwithstanding the foregoing, the determination by the Board of the Early Termination Date will in all cases be determinative.

4. Vesting for Early Termination (a) Upon the occurrence of an Early Termination, an Award that has been granted to Arpey prior to the Early Termination Date will be deemed to have vested as of such Early Termination Date. Thereafter, the Committee will review the Criteria to determine whether and to what extent the Criteria have been satisfied as of the Early Termination Date. Based upon the foregoing determination, the Committee may, in its sole discretion, adjust the number of Deferred Shares vesting for each such Award by a percentage factor between 0% and 175% (the vested portion of each such Award as so determined by the Committee will, in the aggregate, be referenced as the "Vested Award").

(b) In the event of an Early Termination on account of Early Retirement (Section 3(a)(i)), replacement without Cause (Section 3(a)(iii)) or termination for Good Reason (Section 3(a)(iv)), and provided that Arpey has paid all applicable taxes with respect to the Vested Award, shares of the Corporation's Common Stock, \$1.00 par value, in an amount equal to the Vested Award, will be delivered to Arpey on or after the sixth month anniversary of the date of Arpey's separation from employment as a result of such Early Termination. Upon delivery of the Common Stock to Arpey, this Agreement will terminate.

(c) In the event of an Early Termination on account of death or Disability (Section 3(a)(ii)) or Change in Control of the Corporation (Section 3(a)(v)), and provided that Arpey has paid all applicable taxes with respect to the Vested Award, shares of the Corporation's Common Stock, \$1.00 par value, in an amount equal to the Vested Award, will be delivered to Arpey within 30 days of such Early Termination Date. Upon delivery of the Common Stock to Arpey, this Agreement will terminate.

5. Subsequent Awards Provided Arpey remains an employee of the Corporation, he will receive a minimum of 58,000 Deferred Shares in each of the succeeding four years after 2005 (collectively, the "Subsequent Awards" and individually a "Subsequent Award"). The grant date for each Subsequent Award will be the first Monday following the regular meeting of the Board in July of such succeeding year. In the event the Board does not meet in July of any succeeding year, the grant date for the Subsequent Award in that year will be deemed to be the last business day of July. Vesting of a Subsequent Award will be in accordance with Sections 2, 3 and 4 of this Agreement and the number of Deferred Shares vesting for each Subsequent Award may range from 0% to 175%.

6. Termination for Cause; Other If prior to the Vesting Date and provided there has been no event of Early Termination, then in the event (a) the Board decides to replace Arpey as the Corporation's CEO for reasons of Cause or (b) Arpey resigns as CEO for reasons other than Good Reason, each Award made prior to such replacement or resignation will be forfeited in its entirety and this Agreement will terminate immediately.

7. Transfer Restrictions This Award is non-transferable otherwise than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and will not be subject to execution, attachment or similar process. Upon any attempt by Arpey (or his successor in interest after his death) to effect any such disposition, or upon the commencement of any such process, the Award will immediately become null and void, at the discretion of the Committee.

8. Miscellaneous This Agreement (a) will be binding upon and inure to the benefit of any successor of the Corporation, (b) will be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and Arpey. No contract or right of employment will be implied by this Agreement. If Arpey does not forward to the Corporation, within the applicable period, required taxes with respect to any shares of Common Stock which have vested pursuant to this Agreement, the Corporation may withhold from any payments to be made to him by the Corporation (or any Subsidiary or Affiliate thereof), an amount(s) equal to such taxes or it may withhold the delivery of any shares of the Common Stock, \$1.00 par value, as contemplated by Sections 2 or 4, until such time as such required taxes have been paid.

9. Securities Law Requirements (a) The Corporation will not be required to issue shares pursuant to this Award unless and until (i) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered; and (ii) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

(b) The Board may require Arpey to furnish to the Corporation, prior to the issuance of any shares of Common Stock, \$1.00 par value, in connection with this Agreement, an agreement, in such form as the Board may from time to time deem appropriate, in which he represents that the shares acquired by him are being acquired for investment and not with a view to the sale or distribution thereof.

10. Incorporation of 1998 Plan Provisions This Agreement is made pursuant to the 1998 Plan and is subject to all of the terms and provisions of the 1998 Plan as if the same were fully set forth herein. Capitalized terms not otherwise defined herein will have the meanings set forth for such terms in the 1998 Plan. For purposes of this Agreement, (a) the term "Change in Control" will mean a "change in ownership or effective control", or a "change in ownership of assets" of the Corporation as determined pursuant to Internal Revenue Service Notice 2005-1 (or successor guidance thereto under Section 409A of the IRC) and (b) "Cause" will have the meaning set forth in the 1998 Plan. Notwithstanding the provisions of the 1998 Plan, (y) Arpey cannot defer payment of an Award and (z) the payment of an Award cannot be accelerated by the Committee or the Corporation, except as provided in this Agreement.

GERARD J. ARPEY

AMR CORPORATION

C. D. MarLett
Corporate Secretary

Appendix A to that CAREER PERFORMANCE SHARE PROGRAM DEFERRED STOCK AWARD AGREEMENT dated July 25, 2005, between AMR Corporation and Gerard J. Arpey (the "Agreement")

The Agreement, Sections 2 and 4, contemplates the existence of performance criteria that will be considered by the Committee when determining the vesting of Award.

In making its vesting determination the Committee will consider the following performance criteria:

1. The Corporation's overall cash flow;
2. The Corporation's earnings (operating, net or otherwise);
3. The per share price of the Common Stock;
4. The operating performance of the Corporation and its Subsidiaries (including safety and other issues concerning regulatory compliance);
5. The rate of return on investment and/or equity;
6. Measures of employee engagement and/ or satisfaction;
7. The overall state of relations between the Corporation and the representatives of organized labor groups;
8. The Corporation's balance sheet;
9. The overall state of relations between the Corporation and its largest shareholders;
10. The Corporation's revenues; and
11. Such other factors as the Committee may in its discretion deem material.

In making its vesting determination, the Committee may, in its discretion, consider the foregoing factors (a) on a relative basis vis-a-vis the Corporation's major competitors or (b) on a stand-alone basis. Furthermore, the Committee may, in its discretion, consider each criterion equally or may assign greater significance to certain criterion.

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Business Considerations

Reference: a) Purchase Agreement No. 1977 between
The Boeing Company (Boeing) and American
Airlines, Inc. (Customer) relating to
Model 737-823 Aircraft

b) Letter Agreement No. 6-1162-AKP-074R1,
dated July 17, 1998, Same Subject

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Reference (a) Purchase Agreement. Furthermore, this Letter Agreement cancels and supersedes in full the Reference (b) Letter Agreement. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Model 737-823

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Model 737-723 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

If Customer purchases one or more Model 737-723 Aircraft pursuant to Letter Agreement No. 6-1162-AKP-075, then Boeing will [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Model 737-623 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

If Customer purchases one or more Model 737-623 Aircraft pursuant to Letter Agreement No. 6-1162-AKP-075, then Boeing will [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1 If Customer purchases one or more Model 737-823 Aircraft after the date of this Letter Agreement, Boeing shall [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2 If Customer purchases one or more Model 737-723 Aircraft after the date of this Letter Agreement, Boeing shall [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.3 At the execution of this revised Letter Agreement, Boeing has not [CONFIDENTIAL PORTION

OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Application [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Customer will be entitled to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By [Lyn A. Johnson]

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 5 , 2005

AMERICAN AIRLINES, INC.

By [Beverly Goulet]

Its Vice President - Corp. Dev. & Treasurer

AMR CORPORATION
 Computation of Ratio of Earnings to Fixed Charges
 (in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Earnings (loss):				
Earnings (loss) before income taxes	\$ 58	\$ 6	\$(104)	\$(160)
Add: Total fixed charges (per below)	438	441	891	876
Less: Interest capitalized	24	20	47	38
Total earnings before income taxes	\$ 472	\$ 427	\$ 740	\$ 678
Fixed charges:				
Interest	\$ 208	\$ 205	\$ 428	\$ 406
Portion of rental expense representative of the interest factor	212	221	428	441
Amortization of debt expense	18	15	35	29
Total fixed charges	\$ 438	\$ 441	\$ 891	\$ 876
Ratio of earnings to fixed charges	1.08	-	-	-
Coverage deficiency	\$ -	\$ 14	\$ 151	\$ 198

I, Gerard J. Arpey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMR Corporation;
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: July 25, 2005

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

I, James A. Beer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMR Corporation;
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: July 25, 2005

/s/ James A. Beer
James A. Beer
Senior Vice President and Chief
Financial Officer

