

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AMR CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE 75-1825172
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) (I.R.S. EMPLOYER IDENTIFICATION NO.)

P.O. BOX 619616
DALLAS/FORT WORTH AIRPORT, TEXAS 75261-9616
(817) 963-1234
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENTS FOR SERVICE)

ANNE H. MCNAMARA, ESQ. SENIOR VICE PRESIDENT AND GENERAL COUNSEL AMR CORPORATION P.O. BOX 619616 DALLAS/FORT WORTH AIRPORT, TEXAS 75261- 9616 (817) 963-1234	JOHN B. BRADY, JR., ESQ. DEBEVOISE & PLIMPTON 875 THIRD AVENUE NEW YORK, NEW YORK 10022 (212) 909-6000	COPY TO: ROHAN S. WEERASINGHE, ESQ. SHEARMAN & STERLING 599 LEXINGTON AVENUE NEW YORK, NEW YORK 10022 (212) 848-4000
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$1 per share.....	12,915,899 shares(2)	\$87.57	\$1,131,045,275	\$390,020

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c), based on the average high and low sales prices reported on the New York Stock Exchange on April 15, 1996.
- (2) Maximum number of shares issuable upon conversion of \$1,020,356,000 principal amount of the Registrant's 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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12,915,899 SHARES
AMR CORPORATION
COMMON STOCK
(PAR VALUE \$1.00 PER SHARE)

This Prospectus covers the issuance and sale of 12,915,899 shares of Common Stock of AMR Corporation (the "Company") issuable to holders of the Company's outstanding 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024 (the "Debentures") upon conversion of the Debentures or issuable to Goldman, Sachs & Co., CS First Boston Corporation, Merrill Lynch & Co., J.P. Morgan Securities Inc. and Salomon Brothers Inc (collectively, the "Purchasers") under the standby arrangements described herein, and the resale to the public by the Purchasers of any such shares of Common Stock.

The Company is calling for redemption on May 20, 1996 (the "Redemption Date"), all of its outstanding Debentures at a redemption price of 104.2% of the principal amount of Debentures (the "Redemption Price"), plus accrued interest from May 1, 1996 to the Redemption Date. The Debentures (or any portion thereof which is \$1,000 or an integral multiple thereof) may be converted into the Common Stock of the Company at a conversion price of \$79.00 of principal amount of Debentures per share of Common Stock (equivalent to 12.658 shares of Common Stock for each \$1,000 principal amount of Debentures) at any time prior to 5:00 p.m. Eastern Daylight Time on May 17, 1996 (the "Expiration Time"). Cash will be paid in lieu of any fractional shares of Common Stock issuable upon conversion of the Debentures. No payment or adjustment to the conversion price will be made on account of interest on the Debentures accruing after May 1, 1996, and holders that convert Debentures prior to May 1, 1996, must submit with the Debentures being converted an amount equal to the interest payable on such Debentures on May 1, 1996. See "Redemption of Debentures and Alternatives to Redemption". ANY DEBENTURES NOT SO SURRENDERED FOR CONVERSION PRIOR TO THE EXPIRATION TIME WILL BE REDEEMED FOR CASH ON THE REDEMPTION DATE.

The Company has made arrangements with the Purchasers pursuant to which the Purchasers have agreed to purchase from the Company, at the option of the Company, up to the number of shares of Common Stock equal to the number of shares of Common Stock that would have been issuable upon conversion of the Debentures that are either (i) duly surrendered for redemption on or prior to the Redemption Date or (ii) not duly surrendered for conversion on or prior to the Expiration Date or for redemption on or prior to the Redemption Date by persons other than the Purchasers ("Sleeper Debentures"). The purchase price for such shares of Common Stock (the "Purchased Shares") will be an amount equal to a price per share of (i) \$81.54, if there are fewer than 2,583,180 Purchased Shares, (ii) \$81.33, if there are from 2,583,180 to 5,166,359 Purchased Shares, (iii) \$81.12, if there are from 5,166,360 to 7,749,539 Purchased Shares, (iv) \$80.91, if there are from 7,749,540 to 10,332,719 Purchased Shares and (v) \$80.71, if there are 10,332,720 or more Purchased Shares. The Purchasers have agreed to remit to the Company 50% of the amount, if any, by which the aggregate proceeds received by the Purchasers upon resale of the shares of Common Stock that otherwise would have been issued upon conversion of Sleeper Debentures ("Sleeper Shares") exceeds either (x) if the last closing price of the Common Stock on the NYSE on the Expiration Date is equal to or greater than \$86.00 per share, the aggregate purchase price paid by the Purchasers for such Sleeper Shares or (y) if the last closing price of the Common Stock on the NYSE on the Expiration Date is less than \$86.00 per share, \$82.57 multiplied by the number of Sleeper Shares purchased. The Purchasers may also purchase Debentures in the open market or otherwise prior to the Expiration Time and have agreed to surrender for conversion all Debentures so purchased by them and any additional Debentures beneficially owned by them. See "Standby Arrangements" for a description of the Purchasers' compensation and indemnification arrangements with the Company.

On April 18, 1996, the closing price of the Common Stock as reported on the New York Stock Exchange Composite Tape was \$93.375 per share. Based on the closing price of \$93.375 per share, if a holder of \$1,000 principal amount of Debentures on that date had converted such principal amount, such holder would have received Common Stock (and cash in lieu of a fractional share) having a market value equal to \$1,181.94. The market price of the Common Stock received upon conversion is subject to fluctuation, and the holder may incur various transaction costs if the Common Stock is sold. So long as the market price of the Common Stock is greater than \$82.57 per share at the time of conversion, a holder of Debentures who exercises such holder's conversion rights will receive Common Stock, plus cash in lieu of any fractional share, with a market value greater than the amount of cash the holder would otherwise be entitled to receive upon the redemption of the Debentures (before deducting any taxes, commissions and other costs which would likely be incurred on sale of the Common Stock received upon conversion of the Debentures).

(Continued on next page)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

GOLDMAN, SACHS & CO.
CS FIRST BOSTON CORPORATION
MERRILL LYNCH & CO.
J.P. MORGAN SECURITIES, INC.
SALOMON BROTHERS INC

The date of this Prospectus is April 19, 1996.

(Continued from previous page)

Prior to, on or after the Redemption Date, the Purchasers may offer shares of Common Stock pursuant to this Prospectus directly to the public, at prices set from time to time by the Purchasers, including shares acquired through conversion of Debentures acquired by the Purchasers. Prior to the Redemption Date, each such price when set will not exceed the greater of the last sale or current asked price of the Common Stock on the New York Stock Exchange plus the amounts of any concession to dealers, and an offering price on any calendar day will not be increased more than once during such day. In effecting such transactions, the Purchasers may realize profits or losses independent of the compensation referred to under "Standby Arrangements." The Purchasers may also make sales to dealers at prices which represent concessions from the prices at which such shares are then being offered to the public. The amount of such concessions will be determined from time to time by the Purchasers. Any Common Stock so offered is offered subject to prior sale, when, as and if received by the Purchasers, and subject to the Purchasers' right to reject orders in whole or in part. This Prospectus does not constitute an offer to sell any securities other than the Common Stock offered by the Purchasers.

The outstanding shares of Common Stock and any shares acquired through conversion of Debentures are listed, and application will be made for listing of the Purchased Shares, on the New York Stock Exchange.

IN CONNECTION WITH THIS OFFERING, THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE DEBENTURES OR THE COMMON STOCK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

DURING THIS OFFERING, CERTAIN PERSONS AFFILIATED WITH PERSONS PARTICIPATING IN THE DISTRIBUTION MAY ENGAGE IN TRANSACTIONS FOR THEIR OWN ACCOUNTS OR FOR THE ACCOUNTS OF OTHERS IN THE DEBENTURES, COMMON STOCK OR OTHER SECURITIES OF THE COMPANY PURSUANT TO EXEMPTIONS FROM RULES 10B-6, 10B-7, AND 10B-8 UNDER THE SECURITIES EXCHANGE ACT OF 1934.

AVAILABLE INFORMATION

AMR Corporation (the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed with the Commission can be inspected and copied at the Commission's public reference facilities at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, Room 1024; 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can be obtained by mail from the Commission's Public Reference Section at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such reports, proxy statements and other information also can be inspected at the offices of the New York Stock Exchange, Inc. ("NYSE"), 20 Broad Street, New York, New York 10005.

This Prospectus constitutes a part of a registration statement on Form S-3 (together with all amendments and exhibits, referred to as the "Registration Statement") filed by the Company with the Commission under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the securities offered hereby. This Prospectus does not contain all of the information included in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Statements contained herein concerning the provisions of any document do not purport to be complete and, in each instance, are qualified in all respects by reference to the copy of

such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is subject to and qualified in its entirety by such reference. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to the Company and the securities offered hereby.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are hereby incorporated by reference in this Prospectus:

1. Annual Report on Form 10-K for the year ended December 31, 1995.
2. Current Report on Form 8-K dated April 17, 1996.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of the shares of Common Stock hereby shall be deemed to be incorporated herein by reference and to be a part hereof from the respective dates of filing of such documents.

Any statement contained in a document incorporated or deemed incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus and the Registration Statement of which it is a part to the extent that a statement contained herein or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus or such Registration Statement.

This Prospectus incorporates documents by reference which are not presented herein or delivered herewith. The Company will provide without charge to each person, including a beneficial owner, to whom a copy of this Prospectus is delivered, upon the written or oral request of any such person, a copy of any or all of the documents which are incorporated herein by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to the Corporate Secretary of the Company at P.O. Box 619616, Mail Drop 5675, Dallas/Fort Worth Airport, Texas 75261-9616 (Telephone: (817) 963-1234).

THE COMPANY

The Company was incorporated in October 1982. Its principal subsidiary, American Airlines, Inc. ("American"), was founded in 1934. For financial reporting purposes, the Company's operations fall within three major lines of business: the Airline Group, The SABRE Group and the Management Services Group.

More detailed descriptions of the Company's three business units, and their recent operating results, are included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

AIRLINE GROUP

The Airline Group consists primarily of American's Passenger and Cargo divisions, as well as AMR Eagle, Inc. and AMR Leasing Corporation, which are subsidiaries of the Company.

American's Passenger Division is one of the largest scheduled passenger airlines in the world. At the end of 1995, American provided scheduled jet service to more than 160 destinations, primarily throughout North America, the Caribbean, Latin America, Europe and the Pacific.

American's Cargo Division is one of the largest scheduled air freight carriers in the world. The Cargo Division provides a full range of freight and mail services to shippers throughout the airline's system. In addition, through cooperative agreements with other carriers, it has the ability to transport shipments to virtually any country in the world.

AMR Eagle, Inc. owns the four regional airlines which operate as "American Eagle"--Flagship Airlines, Inc., Simmons Airlines, Inc., Executive Airlines, Inc. and Wings West Airlines, Inc. The

American Eagle carriers provide connecting turboprop service from seven of American's high-traffic cities to smaller markets throughout the United States, Canada, the Bahamas and the Caribbean.

AMR Leasing Corporation is a financing subsidiary which leases regional aircraft to subsidiaries of AMR Eagle.

THE SABRE GROUP

The Company formed The SABRE Group in 1993 to capitalize on the synergies of combining its information technology businesses under common management. The SABRE Group consists primarily of four business units--SABRE Travel Information Network ("STIN"), SABRE Computer Services ("SCS"), SABRE Decision Technologies ("SDT") and SABRE Interactive.

STIN markets SABRE--one of the largest privately owned, real-time computer systems in the world--which provides travel distribution and information services to nearly 30,000 travel agencies in 74 countries on six continents.

SCS manages and maintains the Company's technology infrastructure. This includes the planning, installation and operation of the Company's data centers, as well as technology and architectural planning for the Company's other units and for external customers. SCS also provides voice and data communication services to the Company, but is currently in negotiations with a third party to outsource this function.

SDT provides decision support systems, application software packages, systems development and consulting services to other units of the Company and to external companies in the transportation, travel and other industries worldwide.

SABRE Interactive is a distribution strategy division formed by The SABRE Group in 1995 to develop opportunities for consumer-direct travel distribution via personal computer, CD-ROM, interactive television, cable television and other media.

MANAGEMENT SERVICES GROUP

The Management Services Group consists of four subsidiaries of the Company--AMR Services Corporation, Americas Ground Services, Inc. ("AGS"), AMR Investment Services, Inc. and Airline Management Services, Inc. ("AMS").

AMR Services Corporation has six operating divisions: Airline Services, AMR Combs, AMR Distribution Systems, TeleService Resources ("TSR"), Data Management Services ("DMS") and AMR Training Group. The Airline Services division's main lines of business include airline passenger, ramp and cargo handling, cabin service and an array of other air transportation-related services for carriers around the world. AMR Combs is a premier corporate aviation services network of 13 facilities in major business centers in the United States and Mexico. It also is involved in a number of other related businesses, including parts and aircraft sales and operation of one of the world's largest executive charter services. AMR Distribution Systems serves the logistics marketplace and specializes in contract warehousing, trucking and multi-modal freight forwarding services. TSR provides comprehensive telemarketing and reservation services for a wide range of clients. DMS provides data capture and document management services to American and to companies in the insurance, financial services and transportation industries. AMR Training Group provides a wide variety of training services and operates the American Airlines Training & Conference Center, which hosts a multitude of training activities of the Company, and markets its capabilities to other companies.

AGS provides airline ground and cabin service handling at 11 locations in eight countries in the Caribbean and Central and South America.

AMR Investment Services, Inc. serves as an investment advisor to the Company and other institutional investors. It also manages the American AAdvantage Funds, which have both institutional shareholders, including pension funds and bank and trust companies, and individual shareholders. As of December 31, 1995, AMR Investment Services was responsible for management of approximately \$13.7 billion in assets, including direct management of approximately \$4.5 billion in short-term investments.

AMS was formed in 1994 to manage the Company's service contracts with other airlines such as the agreement to provide a variety of management, technical and administrative services to Canadian Airlines International, Ltd. which the Company signed in 1994.

The postal address for the Company's principal executive offices is P.O. Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616 (Telephone: 817-963-1234).

USE OF PROCEEDS

The net proceeds from the sale of the Common Stock to the Purchasers pursuant to the arrangements described under "Standby Arrangements" will be used to redeem any Debentures not surrendered for conversion. Any other amounts received by the Company from the Purchasers pursuant to the profit-sharing arrangement described herein will be used for general corporate purposes. The amount of the proceeds to be received by the Company from the Purchasers is not determinable at this time, because neither the number of shares, if any, that will be sold to the Purchasers nor the amount of profit that the Purchasers will realize upon resale of such shares can be determined at this time.

PRICE RANGE OF COMMON STOCK

The Company's Common Stock is listed on the NYSE. The following table sets forth, for each period shown, the range of high and low sale prices of the Common Stock on the NYSE:

	COMMON STOCK PRICE RANGE	
	HIGH	LOW
1994		
1st Quarter.....	\$71 3/4	\$56 1/2
2nd Quarter.....	60 3/4	52 1/4
3rd Quarter.....	62 7/8	50 3/4
4th Quarter.....	55 1/4	48 1/8
1995		
1st Quarter.....	\$65 3/4	\$54 7/8
2nd Quarter.....	76 1/4	64
3rd Quarter.....	79 3/4	68 1/8
4th Quarter.....	78	64 3/8
1996		
1st Quarter.....	\$93 3/8	\$68
2nd Quarter (through April 18, 1996).....	93 5/8	86 1/8

On April 18, 1996, the last reported sale price for the Company's Common Stock on the NYSE was \$93 3/8 per share.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company at March 31, 1996 and as adjusted to give effect to the assumed conversion of all of the Debentures into approximately 12.9 million shares of Common Stock. (The table does not reflect (a) the pre-tax loss on Debentures that are redeemed rather than converted arising from the excess of the redemption price for such Debentures over their carrying value, which excess as of March 31, 1996 equaled approximately \$231 for each \$1,000 principal amount of Debentures or (b) the possible conversion of Preferred Stock (defined below) into approximately 1 million shares of Common Stock or the redemption of such Preferred Stock, pursuant to a notice of redemption dated April 19, 1996. See "Description of Capital Stock--Preferred Stock.") The financial data at March 31, 1996 in the following table are derived from the Company's unaudited financial statements for the quarter ended March 31, 1996.

	MARCH 31, 1996	AS ADJUSTED
	----- (IN MILLIONS)	----- (IN MILLIONS)
Indebtedness(1)		
Current maturities of long-term debt.....	\$ 148	\$ 148
Current obligations under capital leases.....	146	146
Long-term debt, less current maturities.....	3,896	3,896
Obligations under capital leases, less current obligations.....	1,990	1,990
Debentures.....	834	--
	-----	-----
Total Indebtedness.....	7,014	6,180
	-----	-----
Stockholders' Equity(1)(2)		
Series A Cumulative Convertible Preferred Stock--approximately 159,000 shares issued and outstanding.....	78	78
Common Stock--approximately 77 million and 90 million shares issued and outstanding, respectively.....	77	90
Additional paid-in capital.....	2,263	3,075
Retained earnings.....	1,478	1,478
	-----	-----
Total Stockholders' Equity.....	3,896	4,721
	-----	-----
Total Capitalization.....	\$10,910	\$10,901
	=====	=====

(1) For additional information regarding obligations under capital leases, long-term debt (including repayment requirements), Preferred Stock, Common Stock and retained earnings, see notes 3, 4, 5, 6, 8 and 9 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. See "Incorporation of Certain Documents by Reference."

(2) As of December 31, 1995, 12.9 million shares of Common Stock were reserved for the conversion of the Debentures and 8.1 million shares of Common Stock were reserved for the issuance of stock upon the conversion of convertible preferred stock, the exercise of stock options, and the issuance of restricted stock and deferred stock.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data in the table below for each of the five years in the period ended December 31, 1995 have been derived from audited consolidated financial statements of the Company previously filed with the Commission. The selected consolidated financial data in the table below as of March 31, 1996 and for the three months ended March 31, 1995 and 1996 are unaudited but in the opinion of management include all adjustments necessary for a fair presentation. The following information should be read in conjunction with the consolidated financial statements and related notes of the Company included, or incorporated by reference, in its reports filed under the Exchange Act that are incorporated by reference herein. See "Incorporation of Certain Documents by Reference."

	YEAR ENDED DECEMBER 31					THREE MONTHS ENDED MARCH 31	
	1991	1992	1993	1994	1995	1995	1996
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)							
SELECTED CONSOLIDATED OPERATING DATA(1)(4)							
Total operating revenues.....	\$12,887	\$14,396	\$15,816	\$16,137	\$16,910	\$ 3,970	\$ 4,308
Total operating expenses.....	12,882	14,421	15,126	15,131	15,895	3,718	3,907
Operating income (loss)(2).....	5	(25)	690	1,006	1,015	252	401
Earnings (loss) before extraordinary loss and cumulative effect of accounting changes.....	(240)	(475)	(96)	228	196	37	157
Earnings (loss) before cumulative effect of accounting changes.....	(240)	(475)	(110)	228	167	37	157
Net earnings (loss).....	(240)	(935)	(110)	228	167	37	157
Earnings (loss) per common share before extraordinary loss, cumulative effect of accounting changes, and effect of preferred stock exchange(3)							
Primary.....	(3.54)	(6.35)	(2.05)	2.26	2.48	0.48	2.02
Fully Diluted.....	(3.54)	(6.35)	(2.05)	2.26	2.48	0.48	1.84
Net earnings (loss) per common share							
Primary.....	(3.54)	(12.49)	(2.23)	4.51	2.11	0.48	2.02
Fully Diluted.....	(3.54)	(12.49)	(2.23)	4.51	2.11	0.48	1.84

	DECEMBER 31					MARCH 31	
	1991	1992	1993	1994	1995	1996	
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)							

SELECTED CONSOLIDATED BALANCE SHEET DATA(1)(4)							
Total assets.....	\$16,208	\$18,706	\$19,326	\$19,486	\$19,556	\$19,481	
Long-term debt less current maturities.....	3,951	5,643	5,431	5,603	4,983	4,730	
Obligations under capital leases, less current obligations.....	1,928	2,195	2,123	2,275	2,069	1,990	
Obligation for postretirement benefits.....	--	1,006	1,090	1,254	1,439	1,475	
Preferred stock.....	--	--	1,081	78	78	78	
Common stock and other stockholders' equity.....	3,794	3,349	3,195	3,302	3,642	3,818	
Common shares outstanding at end of period.....	68	75	76	76	76	77	
Book value per common share..	55.50	44.41	42.17	43.50	47.67	49.72	

- (1) No dividends were declared on common shares during any of the periods above.
- (2) Operating income (loss) for 1994 and 1995 includes restructuring costs of \$278 million and \$533 million, respectively.
- (3) Information on the adjustment to the earnings per share computation for the year ended December 31, 1994, for the effect of the preferred stock exchange is included in Note 5 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. See "Incorporation of Certain Documents by Reference."
- (4) Effective January 1, 1992, the Company adopted Statements of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and No. 109, "Accounting for Income Taxes."

RECENT OPERATING RESULTS AND DEVELOPMENTS

RECENT OPERATING RESULTS

The Company recorded net earnings for the three months ended March 31, 1996, of \$157 million, or \$2.02 per common share (\$1.84 fully diluted). This compares to net earnings of \$37 million, or \$0.48 per common share (both primary and fully diluted) for the first quarter of 1995. The Company's operating income improved 59.1 percent, or \$149 million, to \$401 million for the three months ended March 31, 1996.

The Company's improved results for the first quarter reflect better performance by each of the Company's three business units--the Airline Group; The SABRE Group; and the Management Services Group.

AIRLINE GROUP

FINANCIAL HIGHLIGHTS

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(UNAUDITED) (DOLLARS IN MILLIONS)	
Revenues		
Passenger--American Airlines, Inc.	\$ 3,287	\$ 3,090
--AMR Eagle, Inc.....	267	208
Cargo.....	163	158
Other.....	187	155
	-----	-----
	3,904	3,611
Expenses		
Wages, salaries and benefits.....	1,301	1,240
Aircraft fuel.....	441	378
Commission to agents.....	315	320
Depreciation and amortization.....	252	266
Other operating expenses.....	1,348	1,291
	-----	-----
Total operating expenses.....	3,657	3,495
	-----	-----
Operating Income.....	247	116
Other Income (Expenses).....	(134)	(171)
	-----	-----
Earnings (Loss) Before Income Taxes.....	\$ 113	\$ (55)
	=====	=====

The Airline Group's revenues for the quarter ended March 31, 1996 increased \$293 million or 8.1 percent over 1995 first quarter revenues. American's passenger revenues increased by 6.4 percent, or \$197 million. American's yield (the average amount one passenger pays to fly one mile) for the quarter ended March 31, 1996, of 13.34 cents increased by 2.9 percent compared to the same period in 1995. American's traffic or revenue passenger miles (RPMs) increased 3.3 percent to 24.6 billion miles for the quarter ended March 31, 1996 compared to the 1995 first quarter. American's capacity or available seat miles increased 0.4 percent to 37.6 billion miles in the first quarter of 1996. AMR Eagle passenger revenues increased 28.4 percent, or \$59 million, due principally to an increase in traffic of 28.2 percent to 636 million RPMs. The increase in AMR Eagle traffic was due in large part to the Federal Aviation Administration's temporary restrictions on the operation of ATR aircraft during the first quarter of 1995. Other revenues increased 20.6 percent, \$32 million.

The Airline Group's operating expenses increased 4.6 percent, \$162 million. Wages, salaries and benefits rose 4.9 percent, \$61 million, due primarily to contractual wage rate and seniority increases

that are built into the Company's labor contracts and an increase in the provision for profit sharing. Aircraft fuel expense increased 16.7 percent, or \$63 million, due to a 9.1 cent increase in American's average price per gallon, which includes the impact of the October 1995 expiration of the fuel tax exemption for the airline industry. Other operating expenses, consisting of maintenance costs, aircraft rentals, other rentals and landing fees, food service costs, and miscellaneous operating expenses increased 4.4 percent, or \$57 million. Other Income (Expense) decreased 21.6 percent or \$37 million.

THE SABRE GROUP
FINANCIAL HIGHLIGHTS

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(UNAUDITED)	
	(DOLLARS IN MILLIONS)	
Revenues.....	\$ 449	\$ 399
Expenses		
Wages, salaries and benefits.....	119	103
Depreciation and amortization.....	43	45
Other operating expenses.....	156	132
Total operating expenses.....	318	280
Operating Income.....	131	119
Other Income (Expenses).....	(1)	(9)
Earnings Before Income Taxes.....	\$ 130	\$ 110
	=====	=====

Revenues for The SABRE Group for the quarter ended March 31, 1996, increased 12.5 percent, or \$50 million, over the 1995 first quarter, primarily due to higher booking fee prices and increased volumes. Wages, salaries and benefits increased 15.5 percent, or \$16 million, due primarily to an 8.2 percent increase in the average number of equivalent employees. Other operating expenses increased 18.2 percent, \$24 million.

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(UNAUDITED)	
	(DOLLARS IN MILLIONS)	
Revenues.....	\$ 157	\$ 143
Expenses		
Wages, salaries and benefits.....	67	62
Other operating expenses.....	67	64
Total operating expenses.....	134	126
Operating Income.....	23	17
Other Income (Expenses).....	(1)	--
Earnings Before Income Taxes.....	\$ 22	\$ 17
	=====	=====

Revenues for the Management Services Group increased 9.8 percent, or \$14 million. Wages, salaries and benefits increased 8.1 percent, \$5 million.

RECENT DEVELOPMENTS

The Boards of Directors of the Company and American have approved a reorganization of The SABRE Group as a separate, wholly owned subsidiary of the Company, subject to the receipt of a favorable tax ruling and certain other conditions. This reorganization will involve the dividend of American's SABRE Travel Information Network, SABRE Computer Services, SABRE Development Services and SABRE Interactive divisions to the Company. It is anticipated that upon completion of the reorganization approximately \$850 million of American's debt to the Company will be replaced by an equivalent amount of debt owed to AMR by The SABRE Group. The reorganization should be completed sometime during the third quarter.

The Company also continues to study, as it has in the past, other transactions which may involve The SABRE Group, such as strategic partnerships or an initial public offering of a portion of The SABRE Group's stock. No decisions have been made as to these other transactions, however, and the Company could determine that conducting the business activities of The SABRE Group within its new, reorganized structure is in the best interests of the Company's stockholders.

REDEMPTION OF DEBENTURES AND ALTERNATIVES TO REDEMPTION

The Company is calling for redemption on May 20, 1996 (the "Redemption Date"), all of the Company's outstanding Debentures. As of April 18, \$1,020,356,000 principal amount of Debentures was outstanding.

The following alternatives are available to holders of Debentures:

1. Conversion into Common Stock. Holders may convert Debentures (or any portion thereof which is \$1,000 or an integral multiple thereof) into the Common Stock of the Company at a conversion price of \$79.00 of principal amount of Debentures per share of Common Stock (equivalent to 12.658 shares of Common Stock for each \$1,000 principal amount of Debentures). No fractional Shares of Common Stock will be issued upon conversion of Debentures. Instead of issuing any fractional share of Common Stock that would otherwise be issuable upon conversion of any Debenture, the Company will pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the last reported sale price per share of Common Stock, regular way, at the close of business on the Trading Day (defined below) immediately preceding the day of conversion or, if no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, on the NYSE. "Trading Day" means a day on which the NYSE is open for business. The Debentures will not be convertible after 5:00 P.M., Eastern Daylight Time, on May 17, 1996.

Holders of Debentures that convert their Debentures will not be entitled to any payment of interest on such Debentures accruing after May 1, 1996. Holders of Debentures of record on April 15, 1996, will be entitled to receive the payment of interest due on the Debentures on May 1, 1996. Any holder that converts Debentures prior to May 1, 1996, must submit with the Debentures being converted an amount, in New York Clearing House funds or other funds acceptable to the Company, equal to the interest payable on such Debentures on May 1, 1996, and such holder therefore will not receive the economic benefit of such interest payment.

Debentures may be held in book-entry form through the facilities of The Depository Trust Company (the "Depository"). Accordingly, in order for a beneficial owner of an interest in a Debenture to exercise conversion rights, such beneficial owner must comply with the procedures of the Depository, if a participant in the Depository (a "participant"), or if such beneficial owner is not a participant in the Depository, through the procedures of the participant through which such beneficial owner owns its interest in the Debentures, to effect a conversion.

The Company will decide, in its sole discretion, all questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for conversion by the Company of any Debentures. Any defect or irregularity in the surrender or delivery of any document in connection with the conversion of Debentures may result in such Debentures not being converted into Common Stock and, therefore, being redeemed on the Redemption Date.

SINCE IT IS THE TIME OF ACTUAL RECEIPT THAT DETERMINES WHETHER DEBENTURES HAVE BEEN PROPERLY PRESENTED FOR CONVERSION, SUFFICIENT TIME SHOULD BE ALLOWED FOR A BOOK-ENTRY TRANSFER TO BE MADE, PRIOR TO 5:00 P.M., EASTERN DAYLIGHT TIME, ON MAY 17, 1996. DEBENTURES NOT ACTUALLY RECEIVED FOR CONVERSION BY A BOOK-ENTRY TRANSFER PRIOR TO SUCH TIME WILL BE REDEEMED AS SET FORTH BELOW.

2. Sale in Open Market. Holders may sell the Debentures in the open market. Holders of Debentures who wish to sell their Debentures in the open market should consult with their own advisors regarding if and when they should sell their Debentures and the tax consequences thereof. Holders may incur various fees and expenses in connection with any such sale.

3. Redemption. Holders may allow the Debentures to be redeemed on May 20, 1996. Pursuant to the terms of the Indenture between the Company and the First National Bank of Chicago, as Trustee, dated as of November 1, 1994, holders of the Debentures will be entitled to receive upon redemption 104.2% of the principal amount of Debentures (the "Redemption Price"), plus accrued interest from May 1, 1996 to the Redemption Date. The holder of \$1,000 principal amount of Debentures redeemed at the Redemption Price plus accrued interest would receive \$1,045.23 in cash. Payment of the Redemption Price plus accrued interest will be made by the First Chicago Trust Company of New York, as paying and conversion agent (the "Paying and Conversion Agent") upon surrender of Debentures to the Paying and Conversion Agent by holders of Debentures. On and after the Redemption Date, interest will cease to accrue and holders of Debentures will not have any rights as such holders other than the right to receive the Redemption Price, plus accrued interest from May 1 to the Redemption Date, upon such surrender for redemption.

On April 18, 1996, the closing price of the Common Stock as reported on the New York Stock Exchange Composite Tape was \$93 3/8 per share. Based on the closing price of \$93 3/8 per share, if a holder of \$1,000 principal amount of Debentures on that date had converted such principal amount, such holder would have received Common Stock (and cash in lieu of a fractional share) having a market value equal to \$1,181.94, which amount is higher than the amount (\$1,045.23) to be received upon redemption. The market price of the Common Stock received upon conversion, however, is subject to fluctuation, and the holder may incur various transaction costs if such Common Stock is sold. Holders of Debentures are urged to obtain current market quotations for the Common Stock.

SO LONG AS THE MARKET PRICE OF THE COMMON STOCK IS GREATER THAN \$82.57 PER SHARE AT THE TIME OF CONVERSION, A HOLDER OF DEBENTURES WHO EXERCISES SUCH HOLDER'S CONVERSION RIGHTS WILL RECEIVE COMMON STOCK, PLUS CASH IN LIEU OF ANY FRACTIONAL SHARE (DETERMINED AS SET FORTH ABOVE), WITH A MARKET VALUE GREATER THAN THE AMOUNT OF CASH THE HOLDER WOULD OTHERWISE BE ENTITLED TO RECEIVE UPON THE REDEMPTION OF THE DEBENTURES (BEFORE DEDUCTING ANY TAXES, COMMISSIONS AND OTHER COSTS WHICH WOULD LIKELY BE INCURRED ON SALE OF THE COMMON STOCK RECEIVED UPON CONVERSION OF THE DEBENTURES).

For a discussion of certain United States federal income tax considerations, see "Certain Federal Income Tax Considerations".

PAYING AND CONVERSION AGENT AND INFORMATION AGENT

First Chicago Trust Company of New York has been appointed as Paying and Conversion Agent for the redemption and conversion of the Debentures.

The Paying and Conversion Agent:

By Hand or Overnight Courier:

By Mail:

First Chicago Trust Company of New
York
Tenders & Exchanges
Suite 4680--AMR
14 Wall Street, 8th Floor
New York, NY 10005

(registered or certified mail
recommended)
First Chicago Trust Company of New
York
Tenders & Exchanges
P.O. Box 2559, Mail Suite 4660
Jersey City, NJ 07303-2559

D.F. King & Co., Inc. has been retained by the Company as Information Agent to assist in connection with the redemption of the Debentures. Questions and requests for assistance regarding the redemption or the conversion of the Debentures, requests for additional copies of this Prospectus or of the Letter of Transmittal and requests for Notice of Guaranteed Delivery may be directed to the Information Agent at 77 Water Street, New York, New York 10005, telephone (800) 848-3405.

The Company will pay the Paying and Conversion Agent and the Information Agent their reasonable and customary fees for their services and will reimburse them for all their reasonable out-of-pocket expenses in connection therewith.

DESCRIPTION OF CAPITAL STOCK

The following statements with respect to the capital stock of the Company are summaries and are subject to the detailed provisions of the Company's certificate of incorporation, as amended (the "Certificate of Incorporation"), and by-laws, as amended (the "By-Laws"). These statements do not purport to be complete, or to give full effect to the provisions of statutory or common law, and are subject to, and are qualified in their entirety by reference to, the terms of the Certificate of Incorporation and the By-Laws, copies of which are filed as exhibits to the Registration Statement and are incorporated by reference into this Prospectus.

GENERAL

The Certificate of Incorporation authorizes the issuance of 170,000,000 shares of all classes of stock, of which 20,000,000 may be shares of preferred stock, without par value, and 150,000,000 may be shares of Common Stock. On March 31, 1996, approximately 77 million shares of Common Stock were outstanding. The Certificate of Incorporation provides that the Company's Board of Directors (the "Board of Directors") is authorized to provide for the issuance of shares of preferred stock, from time to time, in one or more series, and to fix any voting powers, full or limited, and the designations, preferences and relative, participating, optional or other special rights, applicable to the shares to be included in any such series and any qualifications, limitations or restrictions thereon. No shares of preferred stock of the Company (other than the Preferred Stock (defined below), which has been called for redemption) are outstanding as of the date hereof.

VOTING RIGHTS

Each holder of Common Stock is entitled to one vote for each share registered in his name on the books of the Company on all matters submitted to a vote of shareholders. Except as otherwise provided by law, the holders of Common Stock vote as one class. The shares of Common Stock do

not have cumulative voting rights. As a result, subject to the voting rights, if any, of the holders of any shares of the Company's preferred stock which may at the time be outstanding, the holders of Common Stock entitled to exercise more than 50% of the voting rights in an election of directors can elect 100% of the directors to be elected if they choose to do so. In such event, the holders of the remaining Common Stock voting for the election of directors will not be able to elect any persons to the Board of Directors.

DIVIDEND RIGHTS

Subject to the rights of the holders of any shares of the Company's preferred stock which may at the time be outstanding, holders of Common Stock are entitled to such dividends as the Board of Directors may declare out of funds legally available therefor. Certain of the Company's debt agreements contain restrictive covenants, including a limitation on the declaration of dividends on shares of capital stock. At December 31, 1995, under the terms of such agreements, all of the Company's retained earnings were available for payment of dividends. Certain of American's debt and credit facility agreements also contain certain restrictive covenants, including a cash flow coverage test, a minimum net worth requirement and limitations on indebtedness and limitations on the declaration of dividends. Certain of these restrictions could affect the Company's ability to pay dividends. At December 31, 1995, under the most restrictive provisions of those agreements, approximately \$857 million of American's retained earnings were available for payment of dividends to the Company.

With the exception of the dividend, on February 13, 1986, of certain preferred stock purchase rights (the "Rights"), which have since expired, no dividends have been paid on the Common Stock, and, prior to October 1, 1982 (the date as of which the Company became the parent of American), no dividends had been paid on the common stock of American after the first quarter of 1980.

DELAWARE GENERAL CORPORATION LAW SECTION 203

As a corporation organized under the laws of the State of Delaware, the Company is subject to Section 203 of the Delaware General Corporation Law (the "DGCL") which restricts certain business combinations between the Company and an "interested stockholder" (in general, a stockholder owning 15% or more of the Company's outstanding voting stock) or its affiliates or associates for a period of three years following the time that the stockholder becomes an "interested stockholder." The restrictions do not apply if (i) prior to an interested stockholder becoming such, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction which resulted in any person becoming an interested stockholder, such interested stockholder owns at least 85% of the voting stock of the Company outstanding at the time the transaction commences (excluding shares owned by certain employee stock ownership plans and persons who are both directors and officers of the Company) or (iii) at or subsequent to the time an interested stockholder becomes such, the business combination is both approved by the Board of Directors and authorized at an annual or special meeting of the Company's stockholders, not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock not owned by the interested stockholder.

LIQUIDATION RIGHTS AND OTHER PROVISIONS

Subject to the prior rights of creditors and the holders of any preferred stock which may be outstanding from time to time, including the Preferred Stock, the holders of the Common Stock are entitled in the event of liquidation, dissolution or winding up to share pro rata in the distribution of all remaining assets.

The Common Stock is not liable to any calls or assessments and is not convertible into any other securities. The Certificate of Incorporation provides that the private property of the stockholders shall

not be subject to the payment of corporate debts. There are no redemption or sinking fund provisions applicable to the Common Stock, and the Certificate of Incorporation provides that there shall be no preemptive rights.

The Certificate of Incorporation provides that no director of the Company shall be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. Section 174 of the DGCL specifies conditions under which directors of Delaware corporations may be liable for unlawful dividends or unlawful stock purchases or redemptions.

PREFERRED STOCK

As of April 18, 1996, approximately 159,000 shares of the Company's Series A Cumulative Convertible Preferred Stock of the Company (the "Preferred Stock") were issued and outstanding, which shares are being called for redemption pursuant to a notice of redemption dated April 19, 1996. The Company has not entered into any standby arrangement with respect to such redemption. If none of the outstanding shares of Preferred Stock are surrendered for conversion, the total aggregate redemption price for the Preferred Stock will be approximately \$83,000,000. If all of the outstanding shares of Preferred Stock are surrendered for conversion, the Company will issue approximately 1 million shares of Common Stock. Neither the actual redemption price for the Preferred Stock nor the actual number of shares of Common Stock that the Company will issue upon conversion of any Preferred Stock is determinable at this time, because the number of shares of Preferred Stock that will be surrendered for conversion cannot be determined at this time.

TRANSFER AGENT

The Transfer Agent and Registrar for the Common Stock is First Chicago Trust Company of New York.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain United States federal income tax considerations relevant to the conversion, redemption or sale of Debentures by a beneficial owner of Debentures. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (including Proposed Regulations and Temporary Regulations) promulgated thereunder, Internal Revenue Service ("IRS") rulings, official pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or different interpretations. This summary is applicable only to holders who are United States persons for federal income tax purposes and who hold Debentures as capital assets and who will hold any Common Stock received on conversion of Debentures as capital assets.

This summary does not discuss all the tax consequences that may be relevant to a particular holder in light of the holder's particular circumstances and it is not intended to be applicable in all respects to all categories of investors, some of whom--such as insurance companies, tax-exempt persons, financial institutions, regulated investment companies, dealers in securities or currencies, persons that the Debentures as a position in a "straddle," as part of a "synthetic security," "hedge," "conversion transaction" or other integrated investment or persons whose functional currency is other than United States dollars--may be subject to different rules not discussed below. In addition, this summary does not address any state, local or foreign tax considerations that may be relevant to a particular holder.

Legislative proposals have been under consideration that would reduce the rate of federal income taxation of certain capital gains. Such legislation, if enacted, might apply only to gain realized on dispositions occurring after a date specified in the legislation. It cannot be predicted whether any such legislation ultimately will be enacted and, if enacted, what its effective date will be.

HOLDERS OF DEBENTURES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE CONVERSION, SALE OR REDEMPTION OF THE DEBENTURES IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

CONVERSION OF DEBENTURES

In general, no gain or loss will be recognized on conversion of Debentures solely into Common Stock. The tax basis for the Common Stock received upon such conversion will be equal to the tax basis of the Debentures converted (reduced by the portion of such basis allocable to any fractional Common Stock interest paid in cash). The holding period for the Common Stock generally will include the holding period of the Debentures converted. However, the holding period for the Common Stock allocable to original issue discount accrued during the holder's holding period for the Debentures converted may be treated as commencing on the day after the date of the conversion. A holder generally will recognize gain (or loss) upon a conversion to the extent that any cash paid in lieu of a fractional share of Common Stock exceeds (or is less than) its tax basis in such fractional share.

SALE OR REDEMPTION OF DEBENTURES

Generally, the sale or redemption of a Debenture will result in taxable gain or loss equal to the difference between the amount realized and the holder's adjusted tax basis in the Debentures. Except as discussed below under "Market Discount", such gain or loss will be capital gain or loss and will be long term gain or loss if, at the time of such disposition, the Debentures had been held for more than one year.

MARKET DISCOUNT

Special rules will apply to Debentures acquired with market discount. A market discount note is, generally, a note the stated redemption price at maturity of which exceeds the holder's basis in the note immediately after acquisition. Generally, any gain recognized on the sale or redemption of a market discount note will be treated as ordinary income to the extent of the accrued market discount on such note not previously included in income. Market discount accrues either ratably or at a constant yield to maturity, at the election of the holder. A holder of a market discount note also may elect to take market discount into income as it accrues.

Although the matter is not free from doubt, a holder of a Debenture with market discount should not have to recognize income on the conversion of the Debenture, even with respect to market discount that has accrued but has not been taken into account. Market discount not recognized on conversion will carry over to the Common Stock acquired upon conversion thereof and will be recognized as ordinary income to the extent of gain recognized upon the disposition of such Common Stock, including any deemed disposition of fractional shares of Common Stock for cash at the time of conversion.

SALE OR DISPOSITION OF COMMON STOCK

A holder will recognize gain or loss on the sale or exchange of Common Stock received upon conversion of a Debenture equal to the difference between the amount realized on such sale or exchange and the holder's adjusted tax basis in the Common Stock sold or exchanged. Except as

noted above under "Market Discount", such gain or loss would be long-term capital gain or loss if the holder's holding period for the Common Stock were more than one year. See "Conversion of Debentures".

BACKUP WITHHOLDING

A holder of a Debenture or Common Stock issued upon conversion of a Debenture may be subject to backup withholding at a rate of 31% with respect to dividends on, or the proceeds of a sale, exchange, or redemption of, such Debenture or Common Stock, as the case may be, unless (i) such holder is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable backup withholding rules.

STANDBY ARRANGEMENTS

Under the terms and subject to the conditions of a Standby Agreement (the "Standby Agreement"), the Purchasers have agreed to purchase from the Company, at the option of the Company, up to the number of shares of Common Stock equal to the number of shares of Common Stock that would have been issuable upon conversion of the Debentures that are either (i) duly surrendered for redemption on or prior to the Expiration Date or (ii) Sleeper Debentures. The purchase price for the Purchased Shares will be equal to a price per share of (i) \$81.54, if there are fewer than 2,583,180 Purchased Shares, (ii) \$81.33, if there are from 2,583,180 to 5,166,359 Purchased Shares, (iii) \$81.12, if there are from 5,166,360 to 7,749,539 Purchased Shares, (iv) \$80.91, if there are from 7,749,540 to 10,332,719 Purchased Shares and (v) \$80.71, if there are 10,332,720 or more Purchased Shares.

The Purchasers also may acquire Debentures for their own account in the open market or otherwise on or prior to the Expiration Date in such amounts and at such prices as the Purchasers deem advisable. For the purpose of stabilizing the price of the Common Stock, engaging in certain hedging transactions or otherwise, the Purchasers may make purchases and sales of Common Stock, Debentures or other securities of the Company, in the open market or otherwise, for long or short account, on such terms as the Purchasers deem advisable, and may over-allot in arranging sales, all subject to applicable provisions of the Exchange Act. Such transactions involving Debentures may occur prior to or on the Expiration Date, and such transactions involving Common Stock or other securities of the Company may occur prior to, on or after the Expiration Date. The Purchasers have agreed to surrender for conversion all Debentures so purchased by them and any additional Debentures beneficially owned by them. The Company has agreed to pay to each Purchaser, for each \$1,000 principal amount of Debentures surrendered by such Purchaser for conversion into shares of Common Stock prior to May 1, 1996, an amount equal to (i) \$15.31 minus (ii) the product of (x) \$0.17 times (y) the number of days from and including the date of surrender by such Purchaser of such Debenture to but excluding May 1, 1996.

Prior to, on or after the Redemption Date, the Purchasers may offer shares of Common Stock pursuant to this Prospectus directly to the public, at prices set from time to time by the Purchasers, including shares acquired through conversion of Debentures acquired by the Purchasers. Prior to the Redemption Date, each such price when set will not exceed the greater of the last sale or current asked price of the Common Stock on the New York Stock Exchange plus the amounts of any concession to dealers, and an offering price on any calendar day will not be increased more than once during such day. In effecting such transactions, the Purchasers may realize profits or losses independent of the compensation referred to below. The Purchasers may also make sales to dealers at prices which represent concessions from the prices at which such shares are then being offered to the public. The amount of such concessions will be determined from time to time by the Purchasers. Any Common Stock so offered is offered subject to prior sale, when, as and if received by the Purchasers, and subject to the Purchasers' right to reject orders in whole or in part.

Pursuant to the Standby Agreement, the Company has agreed to pay the Purchasers for the commitments undertaken by them under the Standby Agreement an amount equal to \$9,331,957. If the Purchasers do not purchase any Purchased Shares, the Company has agreed to reimburse the Purchasers for all of their out-of-pocket costs, including the reasonable fees and disbursements of their counsel. The Purchasers have agreed to remit to the Company not less than 50% of the amount, if any, by which the aggregate proceeds received by the Purchasers upon resale of the Sleeper Shares exceeds either (x) if the last closing price of the Common Stock on the NYSE on the Expiration Date is equal to or greater than \$86.00 per share, the aggregate purchase price paid by the Purchasers for such Sleeper Shares or (y) if the last closing price of the Common Stock on the NYSE on the Expiration Date is less than \$86.00 per share, \$82.57 multiplied by the number of Sleeper Shares purchased.

During the period beginning on the date of this Prospectus and continuing to and including the Redemption Date, and, if the Purchasers purchase any Purchased Shares, further continuing and including the date ending 90 days after the Redemption Date, the Company has agreed not to offer, sell, contract to sell or otherwise dispose of, any shares of Common Stock of the Company, any securities of the Company substantially similar to the Common Stock or any securities convertible into or exchangeable for shares of Common Stock or any such substantially similar security (except for any securities issued, offered, sold or disposed of by the Company pursuant to its stock option and other benefit plans maintained for its officers, directors and employees or Common Stock issued or distributed in connection with the conversion of any security of the Company outstanding on the date of the Prospectus) without the Purchasers' prior written consent.

The Company has agreed to indemnify the Purchasers against certain liabilities, including liabilities under the Securities Act.

The Purchasers may assist in the solicitation of conversions by holders of Debentures but will receive no commission or other compensation therefor.

The Purchasers perform investment banking and financial advisory and other financial services for the Company and its affiliates from time to time.

VALIDITY OF THE COMMON STOCK

The validity of the shares of Common Stock will be passed upon for the Company by Debevoise & Plimpton, 875 Third Avenue, New York, New York 10022, and for the Purchasers by Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022. Shearman & Sterling from time to time represents the Company with respect to certain legal matters.

EXPERTS

The consolidated financial statements and schedules of the Company appearing in the Company's Annual Report (Form 10-K) for the year ended December 31, 1995 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements and schedules are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

 NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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 12,915,899 SHARES

AMR CORPORATION

COMMON STOCK
 (PAR VALUE \$1.00 PER SHARE)

 PROSPECTUS

GOLDMAN, SACHS & CO.

CS FIRST BOSTON CORPORATION

MERRILL LYNCH & CO.

J.P. MORGAN SECURITIES, INC.

SALOMON BROTHERS INC

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the sale of the Common Stock being registered hereby, other than underwriting discounts and commissions, are estimated as follows:

Registration Fee*.....	\$390,020
Printing and engraving.....	50,000
Listing Fees.....	12,800
Legal fees and expenses.....	150,000
Accounting fees and expenses.....	40,000
Blue Sky qualifications and related legal fees and expenses.....	5,000
Miscellaneous.....	20,000

Total.....	\$667,820
	=====

* Actual Fee.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law, as amended, provides in regard to indemnification of directors and officers as follows:

(S) 145. Indemnification of officers, directors, employees and agents; insurance

(a) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was

brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made (1) by a majority vote of directors who are not parties to such action, suit or proceeding, even though less than a quorum or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (3) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under this section.

(h) For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith

and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees).

Article VII of the Company's By-Laws provides in regard to indemnification of directors and officers as follows:

Section 1. Nature of Indemnity. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was or has agreed to become a director or officer of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action by reason of the fact that he is or was or has agreed to become an employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful; except that in the case of an action or suit by or in the right of the corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Successful Defense. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 hereof or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. Determination That Indemnification Is Proper. Any indemnification of a director or officer of the corporation under Section 1 hereof (unless ordered by a court) shall be made by the corporation unless a determination is made that indemnification of the director or officer is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Section 1 hereof. Any indemnification of an employee or agent of the corporation under Section 1 hereof (unless ordered by a court) may be made by the corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 hereof. Any such determination shall be made (1) by a majority vote of directors who are not parties to such action, suit or proceeding, even if less than a quorum, or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (3) by the stockholders.

Section 4. Advance Payment of Expenses. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate. The board of directors may authorize the corporation's counsel to represent a director, officer, employee or agent in any action, suit or proceeding, whether or not the corporation is a party to such action, suit or proceeding.

Section 5. Procedure for Indemnification of Directors or Officers. Any indemnification of a director or officer of the corporation under Sections 1 and 2, or advance of costs, charges and expenses of a director or officer under Section 4 of this Article, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer. If the corporation fails to respond within 60 days, then the request for indemnification shall be deemed to be approved. The right to indemnification or advances as granted by this Article shall be enforceable by the director or officer in any court of competent jurisdiction if the corporation denies such request, in whole or in part. Such persons's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 4 of this Article where the required undertaking, if any, has been received by the corporation) that the claimant has not met the standard of conduct set forth in Section 1 of this Article, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 of this Article, nor the fact that there has been an actual determination by the corporation (including its board of directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6. Survival; Preservation of Other Rights. The foregoing indemnification provisions shall be deemed to be a contract between the corporation and each director, officer, employee and agent who serves in such capacity at any time while these provisions as well as the relevant provisions of the Delaware Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit, or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Insurance. The corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the entire board of directors.

Section 8. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

Section 102(b)(7) of the Delaware General Corporation Law, as amended, provides in regard to the limitation of liability of directors and officers as follows:

(b) In addition to the matters required to be set forth in the certificate of incorporation by subsection (a) of this section, the certificate of incorporation may also contain any or all of the following matters:

* * * *

(7) A provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under section 174 of this Title; or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective. All references in this paragraph to a director shall also be deemed to refer (x) to a member of the governing body of a corporation which is not authorized to issue capital stock, and (y) to such other person or persons, if any, who, pursuant to a provision of the certificate of incorporation in accordance with subsection (a) of (S) 141 of this title, exercise or perform any of the powers or duties otherwise conferred or imposed upon the board of directors by this title.

Article Ninth of the Company's Certificate of Incorporation provides in regard to the limitation of liability of directors and officers as follows:

NINTH: No director of the corporation shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not

in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

The Company's directors and officers are also insured against claims arising out of the performance of their duties in such capacities.

Reference is made to Section 8 of the Standby Agreement, filed herewith as Exhibit 1(a) for provisions regarding the indemnification of the Company, its directors and officers, and its controlling persons against certain liabilities, including liabilities under the Securities Act.

ITEM 16. EXHIBITS.

DESCRIPTION

- 1(a) Form of Standby Agreement.
- 4(a) Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 4(a) to the Company's Registration Statement on Form S-4 No. 33-55191).
- 4(b) Certificate of Retirement of Certain Shares of Series A Cumulative Convertible Preferred Stock of the Company, dated January 11, 1995.
- 4(c) By-Laws of the Company, as amended.
- 4(d) Form of Certificate for the Company's Common Stock, par value \$1.00 per share (incorporated by reference to Exhibit 4(c) to the Company's Registration Statement on Form S-3 No. 33-38393).
- 5 Opinion of Debevoise & Plimpton.
- 23(a) Consent of Ernst & Young, L.L.P.
- 23(b) Consent of Debevoise & Plimpton (included in Exhibit 5).
- 24 Powers of Attorney.
- 99(a) Letter of Transmittal.
- 99(b) Form of Notice of Redemption.
- 99(c) Form of Information Agent Agreement.

ITEM 17. UNDERTAKINGS.

(a) Rule 415 Offering Period

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than

20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that the undertakings set forth in paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Company pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) Filings incorporating subsequent Exchange Act documents by reference

The Company hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Request for Acceleration of Effective Date of Filing

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions referred to in Item 15 or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in said Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURE

TITLE

/s/ Christopher F. Edley

Director

CHRISTOPHER F. EDLEY*

/s/ Charles T. Fisher, III

Director

CHARLES T. FISHER, III*

/s/ Earl G. Graves

Director

EARL G. GRAVES*

/s/ Dee J. Kelly

Director

DEE J. KELLY*

/s/ Ann D. McLaughlin

Director

ANN D. MCLAUGHLIN*

/s/ Charles H. Pistor, Jr.

Director

CHARLES H. PISTOR, JR.*

/s/ Joe M. Rodgers

Director

JOE M. RODGERS*

/s/ Maurice Segall

Director

MAURICE SEGALL*

/s/ Eugene F. Williams, Jr.

Director

EUGENE F. WILLIAMS, JR.*

/s/ Anne H. McNamara

*By _____

ANNE H. MCNAMARA
(ATTORNEY-IN-FACT)

Date: April 19, 1996.

EXHIBIT INDEX

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4(d)	Form of Certificate for the Company's Common Stock, par value \$1.00 per share (incorporated by reference to Exhibit 4(c) to the Company's Registration Statement on Form S-3 No. 33-38393).	
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24	Powers of Attorney.	
99(a)	Letter of Transmittal.	
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AMR CORPORATION
COMMON STOCK
(PAR VALUE \$1.00 PER SHARE)

STANDBY AGREEMENT

April __, 1996

Goldman, Sachs & Co.
CS First Boston Corporation
J.P. Morgan Securities Inc.
Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Salomon Brothers Inc.
c/o Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Dear Sirs:

AMR Corporation, a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to redeem on May __, 1996 (the "Redemption Date") all of its outstanding 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024 (the "Debentures"), which are convertible into shares (the "Conversion Shares") of Common Stock, par value \$1.00 per share (the "Common Stock"), of the Company, at a redemption price of 104.2% of the principal amount of Debentures plus accrued interest thereon from May 1, 1996 to the Redemption Date (the "Redemption Price"). The right to convert such Debentures into Common Stock will expire at the close of business on May __, 1996 (the "Expiration Date").

Goldman, Sachs & Co., CS First Boston Corporation, J.P. Morgan Securities Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Brothers Inc. (collectively, the "Purchasers") hereby agree to purchase, severally and not jointly, from the Company up to the number of shares of Common Stock (the "Shares") equal to the number of shares of Common Stock that would have been issuable upon conversion of the Debentures that are either (i) duly surrendered for redemption on or prior to the Redemption Date or (ii) not duly surrendered for conversion on or prior to the Expiration Date or for redemption on or prior to the Redemption Date by persons other than the Purchasers ("Sleeper Debentures").

1. Representations and Warranties. The Company represents and

warrants to, and agrees with, each Purchaser that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933, as amended (the "1933 Act"). The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement (File No. 333-____) on such Form with respect to the registration under the 1933 Act of the Conversion Shares and the Shares. Such registration statement and any post-effective amendment thereto, each in the form heretofore delivered to you and including all documents incorporated by reference therein, have been declared effective by the Commission in such form; no other document with respect to such registration statement or document incorporated by reference therein has heretofore been filed or transmitted for filing with the Commission; no stop orders suspending the effectiveness of such registration statement have been issued and no proceeding for that purpose has been initiated or threatened by the Commission. Such registration statement, including the exhibits thereto and the documents incorporated by reference therein, each as amended at the time such registration statement became effective, and the final prospectus included therein, including the documents incorporated in such prospectus by reference, is herein called the "Registration Statement", and such final prospectus in the form contained in the Registration Statement, including the documents incorporated by reference therein, is herein called the "Prospectus". Any reference herein to the terms "amendment" or "supplement" with respect to the Registration Statement or to the Prospectus shall be deemed to refer to and include any documents filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), after the date hereof and incorporated therein by reference pursuant to Item 12 of Form S-3 under the 1933 Act.

(b) At the time the Registration Statement became effective and at all times subsequent thereto up to and including the Time of Delivery referred to below, the Registration Statement and the Prospectus, and any amendments thereof or supplements thereto, contained and will contain all statements which are required to be included therein in accordance with the 1933 Act and complied and will comply in all material respects with the applicable requirements of the 1933 Act and the rules and regulations of the Commission thereunder (the "1933 Act Regulations"); the Registration Statement and any amendment or supplement thereto at their respective effective dates did not and will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus at the time the Registration Statement became effective or the Prospectus and the letter of transmittal included as an exhibit to the Registration Statement (the "Letter of Transmittal"), together with any amendments thereof or supplements thereto, as of their respective issue dates or

at the Time of Delivery did not and will not include an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that this representation and warranty does not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of you expressly for use in the Registration Statement or the Prospectus or any amendment thereof or supplement thereto.

(c) The consolidated financial statements incorporated by reference in the Registration Statement and Prospectus present fairly the consolidated financial position of the Company as at the dates indicated and the consolidated results of its operations and cash flows for the periods specified and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis during the periods involved, except as indicated therein, and the supporting schedules incorporated by reference in the Registration Statement from the Company's Annual Report on Form 10-K for the year ended December 31, 1995 present fairly the information required to be stated therein.

(d) The documents incorporated by reference in the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations").

(e) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein or contemplated thereby, there has been no material adverse change in the condition, financial or otherwise, results of operations or general affairs of the Company and its subsidiaries taken as a whole.

(f) The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware, has the corporate power and authority under such laws to own its properties and conduct its business as described in the Prospectus and is duly qualified to do business as a foreign corporation in good standing in the state in which its principal place of business is located.

(g) Each of American Airlines, Inc. ("American"), AMR Services Corporation, AMR Leasing Corporation, and The SABRE Group, Inc. is a corporation duly incorporated and validly existing in good standing under the laws of its jurisdiction of incorporation, has full corporate power and authority under such laws to own its properties and to conduct its business as such business is described in the Prospectus and, in the case of American, is duly qualified to do business as a

foreign corporation in good standing in the jurisdictions in the United States of America in which it has intrastate routes or has a principal office or major overhaul facility and, in the case of each other subsidiary, is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which such qualification is required. American is an "air carrier" and a "citizen of the United States" within the meaning of that portion of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, and now primarily codified in Title 49 of the United States Code, as amended (the "Aviation Act"). All of the issued and outstanding capital stock of each such corporation has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any liens, encumbrances, equities or claims.

(h) The Conversion Shares and the Shares have been duly authorized by the Company; the Conversion Shares, when issued as contemplated by the Indenture dated as of November 1, 1994 (the "Indenture") between the Company and First National Bank of Chicago, as Trustee (the "Trustee"), and the Shares, when issued as contemplated by this Agreement, will be validly issued, fully paid and non-assessable; all corporate action required to be taken for authorization, issue and delivery of the Conversion Shares and the Shares has been validly taken; the issuance of the Conversion Shares and the Shares is not subject to the preemptive rights of any stockholder of the Company; and the Conversion Shares and the Shares will conform in all material respects to the descriptions thereof contained in the Prospectus.

(i) At the close of business on April __, 1996, \$_____ principal amount of the Debentures was outstanding; the Company has duly authorized the redemption of all outstanding Debentures on the Redemption Date at the Redemption Price and the Company has taken all action required to be taken through the date hereof under the terms of the Debentures, the Indenture and otherwise to effect such redemption; the Debentures are, and will continue to be, convertible into the Conversion Shares at the conversion price of \$79.00 per share of Common Stock by surrender of Debentures to the Trustee prior to the close of business on the Expiration Date, at which time the conversion right will expire.

(j) The redemption of the Debentures, the issuance and delivery of the Conversion Shares upon the conversion of the Debentures and the issuance and sale of the Shares by the Company to the Purchasers as provided herein, the consummation by the Company of the transactions herein contemplated, and the compliance by the Company with the terms hereof do not and will not conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, the Certificate of Incorporation or By-Laws, as amended, of the Company or American or any of their subsidiaries or any material indenture, mortgage, or other agreement or instrument to

which the Company or American or any of their subsidiaries is a party or by which any of their respective properties is bound, or any applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or American or any of their subsidiaries or any of their respective properties; and no consent, approval, authorization or order of any government, governmental instrumentality or court, domestic or foreign, is required for the redemption of the Debentures, the issuance and delivery of the Conversion Shares upon conversion of the Debentures or the issuance and sale of the Shares by the Company to the Purchasers as provided herein, or the consummation by the Company of the transactions contemplated by this Agreement, except such as are required under the 1933 Act and the securities or Blue Sky laws of the various states and the listing of the Shares on the New York Stock Exchange ("NYSE"), which will be completed prior to the Time of Delivery (as defined in Section 3).

(k) This Agreement has been duly authorized, executed and delivered by the Company and constitutes the valid and binding obligation of the Company.

(l) Ernst & Young LLP., which reported on the annual consolidated financial statements of the Company incorporated by reference in the Registration Statement, are independent auditors as required by the 1933 Act and the 1933 Act Regulations.

2. Purchase and Sale. (a) Subject to the terms and conditions

herein set forth, the Purchasers agree severally, and not jointly, in the respective percentages of the aggregate obligation of the Purchasers set forth in Schedule I, at the option of the Company, to purchase from the Company at the Time of Delivery (as defined herein), such number of Shares as shall be specified in a notice delivered by the Company to the Purchasers not later than [6:00 p.m.], New York City time, on the Expiration Date (the "Purchased Shares") but not in excess of the total number of Shares, at a price per share of \$[81.54], if there are fewer than 2,583,180 Purchased Shares; at a price per share of \$[81.33], if there are from 2,583,180 to 5,166,359 Purchased Shares; at a price per share of \$[81.12], if there are from 5,166,360 to 7,749,539 Purchased Shares; at a price per share of \$[80.91], if there are from 7,749,540 to 10,332,719 Purchased Shares; and at a price per share of \$[80.71], if there are 10,332,720 or more Purchased Shares; and

(b) Payments of the purchase price for, and delivery of, the Shares, shall be made, no later than 10:00 a.m., New York City time, on May ____, 1996 (such time and date being hereinafter referred to as the "Time of Delivery") at the offices of Debevoise & Plimpton, 875 Third Avenue, New York, New York 10022. Payment shall be made to the Company by wire transfer of immediately available funds against delivery to the Purchasers of certificates in definitive form for the Shares to be purchased hereunder. Certificates for

the Shares to be purchased by you shall be in such denominations and registered in such names as you may request, to the extent practicable. The Certificates for the Shares will be made available in The City of New York for examination as soon as practicable prior to the Time of Delivery.

3. Compensation. As compensation to the Purchasers for their

commitment hereunder, the Company agrees to pay the Purchasers as follows:

(a) The Company shall pay to the Purchasers, no later than the Time of Delivery at the offices of Debevoise & Plimpton, 875 Third Avenue, New York, New York 10022, in immediately available funds, payable by wire transferred to an account designated by the Purchasers, [\$9,331,575]; and

(b) The Company shall pay to each Purchaser, for each \$1,000 principal amount Debenture surrendered by such Purchaser for conversion into shares of Common Stock prior to May 1, 1996, an amount equal to (i) [\$15.31] minus (ii) the product of (x) [\$0.17] times (y) the number of days from and including the date of surrender to the Company by such Purchaser of such Debenture to but excluding May 1, 1996, which amount shall be payable in immediately available funds to an account designated by the Purchasers on the first business day following the date of surrender of such Debenture.

4. Agreements. The Company covenants with each Purchaser as

follows:

(a) During the period when a prospectus relating to the Conversion Shares or the Shares is required to be delivered under the 1933 Act, the Company will promptly advise you (i) of the effectiveness of the Registration Statement and any amendment thereto, (ii) of the mailing or the delivery to the Commission for filing of any supplement to the Prospectus or any document that would as a result thereof be incorporated by reference in the Prospectus, (iii) of any request by the Commission for any amendment of the Registration Statement or any amendment or supplement to the Prospectus or for any additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose, and (v) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the institution or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the Shares is required to be delivered under the 1933 Act, any event occurs as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material

fact or omit to state any material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Prospectus to comply with the 1933 Act or the 1933 Act Regulations, the Company promptly will prepare and file with the Commission, subject to paragraph (d) of this Section 4, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance.

(c) At any time when a prospectus relating to the Shares is required to be delivered under the 1933 Act, the Company will give you notice of its intention to file any amendment to the Registration Statement or any amendment or supplement to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish you with copies of any such amendment or supplement or other documents proposed to be filed within a reasonable time in advance of filing, and will not file any such amendment or supplement or other documents in a form to which you shall reasonably object.

(d) The Company has furnished or will furnish to you and your counsel without charge, conformed copies of the Registration Statement as originally filed and of all amendments thereto, whether filed before or after such Registration Statement originally became effective (including exhibits thereto and the documents incorporated therein by reference), and, so long as delivery of a prospectus by an underwriter or dealer may be required by the 1933 Act, as many copies of the Prospectus and any amendments thereof and supplements thereto as you may reasonably request.

(e) The Company will use its best efforts to qualify the Shares for sale under the laws of such jurisdictions as you may reasonably request and will maintain such qualifications in effect so long as required for the distribution of such Shares. The Company, however, shall not be obligated to qualify as a foreign corporation or file any general consent to service of process under the laws of any such jurisdiction or subject itself to taxation as doing business in any such jurisdiction.

(f) The Company, during the period when a prospectus relating to the Shares is required to be delivered under the 1933 Act, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the 1934 Act.

(g) The Company will make generally available to its security holders, in each case as soon as practicable, but not later than 45 days after the end of the twelve-month period beginning at the end of the fiscal quarter of the Company during which the effective date of the Registration Statement occurs (90 days in case the period covered corresponds to a fiscal year of the Company), earnings statements of

the Company which will comply as to form with the provisions of Rule 158 under the 1933 Act covering such twelve-month period.

(h) During the period beginning from the date hereof and continuing to and including the Time of Delivery and, if the Purchasers purchase any Shares hereunder, further continuing to and including the date 90 days after the Redemption Date, the Company will not offer, sell, contract to sell or otherwise dispose of, any shares of Common Stock of the Company, any securities of the Company substantially similar to the Common Stock or any securities convertible into or exchangeable for Common Stock or any substantially similar security (except for any securities issued, offered, sold or disposed of by the Company pursuant to its stock option and other benefit plans maintained for its officers, directors and employees or Common Stock issued or distributed in connection with the conversion of any security of the Company outstanding on the date of the Prospectus) without your prior written consent.

(i) The Company will promptly after the date hereof, in the event it has not already done so, file an application for the listing of the Shares on the New York Stock Exchange and will use its best efforts to cause such Shares to be duly authorized for listing thereon, subject to official notice of issuance.

(j) The Company will cause to be given notice of redemption on the date hereof (the "Effective Date"), such notice to be in accordance with the requirements of Article Ten of the Indenture, and to contain the information called for thereby, and to furnish such copies of such notice to you as you may reasonably request; and, in addition, the Company cause to be given notice of redemption by press release at such times as you and the Company may mutually agree.

(k) The Company will advise you or cause you to be advised on each business day prior to the Time of Delivery of the principal amount of the Securities surrendered on the preceding business day for conversion into shares of Common Stock or for redemption.

(l) The Company will file a post-effective amendment to the Registration Statement after the Redemption Date to reflect any change in the plan of distribution of the Purchased Shares that is required to comply with the 1933 Act, the 1933 Act Regulations or the rules of the Commission.

5. Open Market Transactions. (a) The Purchasers may acquire

Debentures for their own account in the open market or otherwise in such amounts and at such prices as the Purchasers may deem advisable. All Debentures so purchased will be converted into shares of Common Stock. The shares of Common Stock acquired by the

Purchasers pursuant to the provisions of this Section may be sold at any time or from time to time by the Purchasers. It is also understood that, for the purpose of stabilizing the price of the Common Stock, engaging in certain hedging transactions or otherwise, the Purchasers may purchase and sell Common Stock, Debentures or other securities of the Company, in the open market or otherwise, for long or short account, on such terms as the Purchasers deem advisable, and may over-allot in arranging sales of Common Stock, all subject to the applicable provisions of the 1934 Act and the 1934 Act Regulations. Such transactions involving Debentures may occur prior to or on the Expiration Date, and such transactions involving Common Stock or other securities may occur prior to, on or after the Expiration Date.

(b) The Purchasers agree to remit to the Company an amount equal to 50% of the excess, if any, of (i) the aggregate proceeds received upon the resale by the Purchasers of the Sleeper Shares (as defined herein), over (ii) either (a) if the Closing Price of the Common Stock on the NYSE on the Expiration Date is equal to or greater than \$86.00 per share, the aggregate purchase price paid by the Purchasers for such Sleeper Shares hereunder or (b) if the Closing Price of the Common Stock on the NYSE on the Expiration Date is less than \$86.00 per share, \$82.57 times the number of Sleeper Shares. For purposes of this Agreement, the term "Sleeper Shares" shall mean shares of Common Stock that otherwise would have been issued upon conversion of any Sleeper Debenture. On completion of the sale of all of the Sleeper Shares, the Purchasers will furnish the Company a statement setting forth the total proceeds received on the resale of the Sleeper Shares by the Purchasers and the Closing Price of the Common Stock on the NYSE on the Expiration Date. Payment of any amount due under this paragraph will be made by the Purchasers on the second business day following the sale by the Purchasers of all the Sleeper Shares in same-day funds drawn to the order of the Company.

6. Conditions to the Obligations of the Purchasers. The obligations

of the Purchasers to purchase and pay for the Purchased Shares are subject to the accuracy of and compliance with the representations and warranties of the Company contained herein, as of the Effective Date and the Time of Delivery, to the accuracy of the statements of the Company and its officers made in any certificates furnished pursuant to the provisions hereof, to the performance by the Company in all material respects of its covenants and other obligations hereunder theretofore to be performed and to the following additional conditions:

(a) The Registration Statement shall have become effective; and no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings therefor shall have been instituted or threatened by the Commission;

(b) On the Effective Date and the Time of Delivery, you shall have received:

(1) An opinion, dated as of the respective dates of delivery, of Debevoise & Plimpton, as counsel for the Company, in form satisfactory to you and your counsel, to the effect that:

(i) Each of the Company and American has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware and has full corporate power and authority under such laws to own its properties and to conduct its business as described in the Prospectus; the Company is duly qualified to do business as a foreign corporation in good standing in the state in which its principal place of business is located; and American is an "air carrier" and a "citizen of the United States" within the meaning of the Aviation Act;

(ii) The Conversion Shares and the Shares have been duly authorized by the Company; the Conversion Shares, when issued as contemplated by the Indenture, and the Shares, when issued as contemplated by this Agreement, will be validly issued, fully paid and nonassessable; all corporate action required to be taken for authorization, issue and delivery of the Conversion Shares and the Shares has been validly taken; and the issuance of the Conversion Shares and the Shares is not subject to the preemptive rights of any stockholder of the Company;

(iii) The Common Stock conforms in all material respects to the description thereof contained in the Prospectus and such description conforms in all material respects to the rights set forth in the Certificate of Incorporation as amended, and by-laws, as amended, of the Company;

(iv) No authorization, approval, consent or license of any United States federal or State of New York regulatory body or authority is required for the valid authorization, issuance and delivery by the Company of the Conversion Shares and the Shares, except such as have been obtained under the 1933 Act, such as may be required under the securities or Blue Sky laws of the various states of the United States or the securities or similar laws of any foreign jurisdiction and, with respect to the Effective Date, such as may be required with respect to the listing of the Purchased Shares on the NYSE;

(v) The Registration Statement has become effective under the 1933 Act and, to the best knowledge of such counsel, no stop order suspending the effectiveness of such Registration Statement has been issued and no proceedings for that purpose have been instituted or threatened;

(vi) The Registration Statement, the Prospectus and each amendment thereof or supplement thereto (except for the financial statements and other financial and statistical data included or incorporated by reference therein, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations; and each document filed pursuant to the 1934 Act and incorporated by reference in the Prospectus (except for the financial statements and other financial and statistical data included or incorporated by reference therein, as to which such counsel need express no opinion) appeared on its face, as of its respective filing date, to comply as to form in all material respects with the requirements of the 1934 Act and 1934 Act Regulations;

(vii) This Agreement has been duly authorized, executed and delivered by the Company;

(viii) The Debentures are convertible in accordance with their terms and pursuant to the Indenture, and the description of the conversion rights applicable to the Debentures contained in the Prospectus conforms in all material respects to the terms of the Debentures and the Indenture relating to such conversion rights;

(ix) The redemption by the Company on the Redemption Date of all the outstanding Debentures in the manner and upon the terms described in the Prospectus has been duly authorized by all required corporate action and is in compliance with the terms of the Indenture and the Debentures;

(x) The redemption of the Debentures, the issuance and delivery of the Conversion Shares upon conversion of the Debentures or the issuance and sale of the Shares by the Company to the Purchasers as provided herein, the execution and delivery by the Company of this Agreement, the consummation by the Company of the transactions herein contemplated and in the manner herein contemplated, and compliance by the Company with the terms of this Agreement do not and will not conflict with, or result in a breach of,

any of the terms or provisions of, or constitute a default under, the Certificate of Incorporation or By-Laws, as amended, of the Company or American or any indenture or other agreement or instrument known to such counsel to which the Company or American is a party or by which the Company or American is bound or any law, rule, regulation, judgment or order known to such counsel to be applicable to the Company or American of any court, regulatory body, administrative agency, government or governmental body having jurisdiction over the Company or American, except that such counsel need express no opinion or belief as to the accuracy or completeness of the Registration Statement or the Prospectus except for the opinion expressed in clauses (iii) and (viii) above and, to the extent stated therein, the disclosure matters referred to in the immediately following paragraph; and

(xi) The Conversion Shares are duly authorized for listing on the NYSE, and the Shares are duly authorized for listing, subject to official notice of issuance, on the NYSE; provided that the opinion with respect to the Shares need be given only on the Time of Delivery.

and to such further effect with respect to other legal matters relating to this Agreement and the sale of the Shares hereunder as your counsel may reasonably request.

Such counsel shall also state that (i) such counsel have not themselves checked the accuracy or completeness of, or otherwise verified, and are not passing upon, and assume no responsibility for, the accuracy or completeness of the information contained in or incorporated by reference in the Registration Statement or the Prospectus, except with respect to the matters set forth in paragraphs (iii) and (viii) above, but have generally reviewed and discussed such information with certain officers and employees of the Company and American and the auditors for the Company and American, and (ii) in the course of such review and discussion, but without independent check or verification, no facts have come to the attention of such counsel which have caused them to believe (A) that the Registration Statement or any amendment thereto at their respective effective dates (except for the financial statements and other financial and statistical data included or incorporated by reference therein, as to which such counsel need express no belief), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (B) that the Prospectus and the Letter of Transmittal, together with any amendments or supplements thereto, at their respective issue dates and at the

respective dates of the opinion (except for the financial statements and other financial and statistical data included or incorporated by reference therein, as to which such counsel need express no belief), contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The opinion of Debevoise & Plimpton shall also confirm that the statements made in the Registration Statement and Prospectus under the heading "Certain Federal Income Tax Considerations", to the extent such statements purport to summarize Federal laws of the United States referred to thereunder, fairly summarize such laws in all material respects. In giving the opinions required by this Section 6(b)(1), Debevoise & Plimpton may state that such opinion is limited to the laws of the State of New York, the corporate laws of the State of Delaware and the Federal laws of the United States, except that such counsel expresses no opinion as to the securities laws of any state. In giving the opinions required by this Section 6(b)(1), Debevoise & Plimpton may rely as to the opinions expressed in paragraphs (i), (iv) and (x), insofar as they involve matters relating to the Aviation Act, upon the opinion referred to in Section 6(b)(2) hereof, in which case the opinion shall state that they believe that they and you are entitled so to rely. In rendering the opinions set forth above, such counsel may rely upon certificates of officers of the Company and American and of public officials as to matters of fact.

(2) An opinion, dated as of the respective dates of delivery, from Anne H. McNamara, Esq., Senior Vice President and General Counsel of the Company, in form satisfactory to you and your counsel, to the effect that:

(i) American is an "air carrier" and a "citizen of the United States" within the meaning of the Aviation Act; such counsel has no reason to believe that the statements in the Registration Statement and the Prospectus with respect to statutes, administrative orders and regulations and legal and governmental proceedings do not fairly and accurately present the information required to be set forth therein; and there are, to the best of such counsel's knowledge, no statutes, administrative orders or regulations or legal or governmental proceedings required to be described in the Registration Statement or the Prospectus which are not described as required, nor any contracts or documents of a character required to be described in the Registration Statement or the Prospectus, or to be filed as exhibits to the Registration Statement, that are not so described or filed as required;

(ii) The statements in the Prospectus as to the routes which American presently operates or is authorized to operate are correct in all material respects and the routes presently operated are being operated pursuant to valid Certificates or Exemption Orders issued by the Civil Aeronautics Board or its successor, the Department of Transportation, and no such Certificate or Exemption Order is the subject of any "show cause" or other order of, or any proceeding before, or any investigation by, the Civil Aeronautics Board or its successor, the Department of Transportation (other than proceedings for the renewal of temporary rights), which in the opinion of such counsel might reasonably result in a final order impairing the validity of such Certificates or Exemption Orders;

(iii) The shares of issued and outstanding Common Stock have been duly authorized and validly issued and are fully paid and non-assessable;

(iv) No authorization, approval, consent or license of any U.S. Federal or State of Delaware (with respect only to the corporate laws of such state) or Texas regulatory body or authority is required for the redemption of the Debentures or the valid authorization, issuance and delivery by the Company of the Conversion Shares and the Shares, except such as have been obtained under the 1933 Act and such as may be required under the securities or Blue Sky laws of the various states of the United States or the securities or similar laws of any foreign jurisdiction;

(v) The redemption of the Debentures, the issuance and delivery by the Company of the Conversion Shares upon conversion of the Debentures or the issuance and sale of the Shares by the Company to the Purchasers as provided herein, the execution and delivery by the Company of this Agreement, the consummation by the Company of the transactions herein contemplated and in the manner herein contemplated and compliance by the Company with the terms of this Agreement do not and will not conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, the Certificate of Incorporation or By-Laws, as amended, of the Company or American or any of their subsidiaries or any indenture or other agreement or instrument known to such counsel to which the Company or American or any of their subsidiaries is a party or by which the Company or American or any of their subsidiaries is bound or any law, rule, regulation, judgment or order known to such counsel to be applicable to

the Company or American or any of their subsidiaries of any court, regulatory body, administrative agency, government or governmental body having jurisdiction over the Company or American or any of their subsidiaries, except that such counsel need express no opinion or belief as to the accuracy or completeness of the Registration Statement or the Prospectus except for the opinions expressed in clauses (i) and (ii) above; and

(vi) Each of American, AMR Services Corporation, AMR Leasing Corporation and The SABRE Group, Inc. has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is incorporated and has full corporate power and authority under such laws to own its properties and to conduct its business as described in the Prospectus; and all of the issued and outstanding shares of capital stock of each such subsidiary have been duly authorized and validly issued and are fully paid and non-assessable and are owned by the Company, directly or through subsidiaries, free and clear of any liens, encumbrances, equities or claims.

In giving such opinion, Anne H. McNamara may state that such opinion is limited to the laws of the State of Texas, the corporate laws of the State of Delaware and the Federal laws of the United States, except that such counsel expresses no opinion as to the securities laws of any state.

(3) An opinion, dated as of the respective dates of delivery, from Shearman & Sterling, your counsel, to the effect that the opinions delivered pursuant to subsections (b)(1) and (b)(2) of this Section 6 appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you and with respect to the issuance and sale of the Shares, the Registration Statement, the Prospectus and such other related matters as you may reasonably require.

(c) (1) There shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change in the condition, financial or otherwise, of the Company and its subsidiaries considered as one enterprise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business and you shall have received a certificate of the President, an Executive Vice President, a Senior Vice President or a Vice President of the Company, dated as of the Effective Date and the Time of Delivery, to the

effect that there has been no such material adverse change and to the effect that the representations and warranties of the Company contained in Section 1 hereof are true and correct with the same force and effect as though made on the Effective Date and the Time of Delivery.

[(2) Subsequent to the execution and delivery of this Agreement and prior to the Time of Delivery, neither Standard & Poor's Corporation nor Moody's Investors Service, Inc. shall have downgraded its rating accorded to any of the Company's senior, unsecured taxable debt securities with maturities greater than one year;]

(d) You shall have received the letter specified in Schedule II at the Effective Date, the date of any post-effective amendment to the Registration Statement and the Time of Delivery.

(e) The Company shall have furnished to you and your counsel, in form and substance satisfactory to them, such other documents, certificates and opinions as such counsel may reasonably request for the purpose of enabling such counsel to pass upon the matters referred to in subsection (b)(3) of this Section 6 and in order to evidence the accuracy and completeness of any of the representations, warranties or statements, the performance of any covenant by the Company theretofore to be performed, or the compliance with any of the conditions herein contained.

(f) The Conversion Shares shall be listed on the NYSE, and the Shares to be sold by the Company at the Time of Delivery shall have been duly authorized for listing on the NYSE, subject only to official notice of issuance.

All such opinions, certificates, letters and documents shall be deemed to be in compliance with provisions hereof only if they are in all respects satisfactory to you and your counsel.

If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, other than by reason of any default by the Purchasers, such failure to fulfill a condition may be waived by you, or this Agreement may be terminated by you by notice to the Company at any time at or prior to the Time of Delivery, and such termination shall be without liability of any party to any other party, except as provided in Sections 7, 8 and 9 hereof, which provisions shall remain in effect notwithstanding such termination.

7. Payment of Expenses. The Company will pay or cause to be paid

all costs and expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing, filing and distribution of the Prospectus, the Registration Statement and any amendments thereof or supplements thereto, (ii) the

preparation, printing and distribution of any agreement among underwriters, this Agreement, the Conversion Shares and the Shares, the Blue Sky survey or publishing notice of redemption of the Debentures and related letters of transmittal, notice of guaranteed delivery and any other documents in connection with the redemption or conversion of the Debentures and the offering, purchase and sale of the Conversion Shares and the Shares, (iii) the issuance and delivery of the Shares to the Purchasers, (iv) the fees and disbursements of the Company's counsel and accountants, (v) the expenses of qualifying the Shares under state securities laws in accordance with Section 4(e), including filing fees and fees and disbursements of counsel for the Purchasers in connection therewith and in connection with the Blue Sky survey, (vi) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee, in connection with the Indenture and the redemption of the Debentures, (vii) the fees and expenses, if any, incurred in connection with the listing of the Shares on the New York Stock Exchange; and (viii) if the Purchasers do not purchase any Shares hereunder the reasonable fees and disbursements of counsel to the Purchasers.

If this Agreement is terminated by you in accordance with the provisions of Section 6 or clause (i) of Section 10 hereof, the Company shall reimburse the Purchasers for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Purchasers, in connection with the offering contemplated by this Agreement.

8. Indemnification. (a) The Company agrees to indemnify and hold

harmless each Purchaser and each person who controls any Purchaser within the meaning of the 1933 Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the 1933 Act, the 1934 Act, or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or in any amendment thereof, or in the Prospectus, or in any amendment thereof, or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that (i) the Company will not be liable in any such case to

the extent that any such loss, claim, damage, or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of any Purchaser specifically for use in connection with the preparation thereof and (ii) the Company will not be liable for any loss, liability or expense of any settlement of any pending or threatened litigation, any pending or threatened governmental agency investigation or proceeding if such settlement is effected without the prior written consent of the Company.

This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Purchaser severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, and each person who controls the Company within the meaning of the 1933 Act, to the same extent as the foregoing indemnity from the Company to each Purchaser, but only with reference to written information relating to such Purchaser furnished to the Company by or on behalf of such Purchaser specifically for use in the preparation of the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Purchaser may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under the Section 8, notify the indemnifying party or parties in writing of the commencement thereof; but the omission so to notify the indemnifying party or parties will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 8. In case any such action is brought against any indemnified party and it notifies the indemnifying party or parties of the commencement thereof, the indemnifying party or parties will be entitled to participate therein, and to the extent that it may elect, by written notice delivered to such indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if,

in the judgment of such indemnified party, a conflict of interest exists where it is advisable for such indemnified party to be represented by separate counsel, the indemnified party shall have the right to employ separate counsel in any such action in which event the fees and expenses of such separate counsel shall be borne by the indemnifying party or parties. Upon receipt of notice from the indemnifying party or parties to such indemnified party of the election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party or parties will not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party or parties shall not be liable for the expenses of more than one such separate counsel representing the indemnified parties under subparagraph (a) of this Section 8 who are parties to such action), (ii) the indemnifying party or parties shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party or parties have authorized the employment of counsel for the indemnified party at the expense of the indemnifying party or parties; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii). It is understood that all such fees

and expenses of counsel for the indemnified party for which the indemnifying party is liable shall be reimbursed as they are incurred. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in subparagraph (a) of this Section 8 is due in accordance with its terms but is for any reason held by a court to be unavailable from the Company, the Company on the one hand and the Purchasers on the other shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) to which the Company and one or more of the Purchasers may be subject in such proportions that (i) the Purchasers are responsible for that proportion of such losses, claims, damages and liabilities which the total compensation received by the Purchasers pursuant to Section 3 bears to the market value of the Common Stock issuable upon conversion of the Debentures on the last Trading Day (as defined in Section 11) immediately preceding the date of this Agreement (calculated based on the Closing Price of the Common Stock) and (ii) the Company is responsible for the balance; provided, however, that (y) in no case shall any Purchaser be

 responsible for any amount in excess of such Purchaser's total compensation received by the Purchasers pursuant to Section 3 and (z) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls a Purchaser within the meaning of the 1933 Act shall have the same rights to contribution as such Purchaser, and each person who controls the Company within the meaning of the 1933 Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to clauses (y) and (z) of this subparagraph (d). Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this subparagraph (d), notify such party or parties from whom contribution may be sought, but the omission to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this subparagraph (d).

9. Representations, Warranties, Indemnities and Agreements to

 Survive Delivery. All representations, warranties, indemnities and agreements

 contained in this Agreement, or contained in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation

made by or on behalf of the Company or any Purchaser or controlling person and shall survive delivery of any Shares to the Purchasers.

10. Termination of Agreement. This Agreement may be terminated

 immediately upon notice from you to the Company at any time at or prior to the Time of Delivery (i) if there has been, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change in the condition, financial or otherwise, of the Company and its subsidiaries considered as one enterprise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any outbreak or escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States of America is such as to make it, in your reasonable judgment, impracticable to market the Purchased Shares or enforce contracts for the sale of the Purchased Shares, or (iii) if trading in the securities of the Company has been suspended by the Commission or a national securities exchange, or if trading generally on the NYSE has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by said exchange or by order of the Commission or any other governmental authority, or if a banking moratorium has been declared by either Federal or New York authorities. In the event of any such termination, the provisions of Sections 7, 8 and 9 shall remain in effect.

11. Notices. All notices and other communications hereunder shall be

 in writing and effective only upon receipt, and, if sent to the Purchasers, will be mailed or transmitted by any standard form of telecommunications to the Purchasers as set forth in Schedule I or, if sent to the Company, will be mailed or transmitted by any standard form of telecommunications to it at P.O. Box 619616, Dallas/Fort Worth International Airport, Texas 75261-9616, attention of the Treasurer.

12. Certain Definitions. For purposes of this Agreement, "Trading

 Day" means a day on which the Common Stock is traded on the NYSE, and "Closing Price" means the reported last sale price regular way per share of the Common Stock, or in case no such reported sale take place on such day, the average of the reported closing bid and asked prices regular way, in either case on the NYSE.

13. Reimbursement of Out-of-Pocket Expenses. If for any reason after

 the notice pursuant to Section 2(a) has been delivered, Shares included in such notice are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Purchasers for all out-of-pocket expenses, including fees and disbursements of counsel, reasonably incurred by the Purchasers in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to the Purchasers in respect of the Shares not so delivered except as provided in Sections 5 and 8 hereof.

14. Parties. This Agreement shall inure to the benefit of and be

binding upon the Purchasers and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons referred to in Section 8 and their successors, heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties and their respective successors and said controlling persons and their successors, heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Shares from any Purchaser shall be deemed to be a successor by reason merely of such purchase.

15. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF

THE STATE OF NEW YORK.

16. Counterparts. This Agreement may be executed in one or more

counterparts and when a counterpart has been executed by each party hereto all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement between the Company and each Purchaser in accordance with its terms.

Very truly yours,

AMR CORPORATION

By: _____
Name:
Title:

Confirmed and accepted as of
the date first above written:

GOLDMAN, SACHS & CO.

By: _____
(Goldman, Sachs & Co.)

SCHEDULE I
to
Standby
Agreement

Dated: _____, 1996

AMR CORPORATION

Purchasers -----	Percentage of Purchased Shares -----
Goldman, Sachs & Co.	
CS First Boston Corporation	
J.P. Morgan Securities Inc.	
Merrill Lynch & Co.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Salomon Brothers Inc.	

Address for Notices:

Attention: Syndicate Department

SCHEDULE II
to
Standby
Agreement

Dated: _____, 1996

AMR CORPORATION

Matters to be Covered by Letter or Letters of
Independent Auditors

Ernst & Young LLP shall have furnished to you the following letter, dated the Effective Date, the date of any post-effective amendment to the Registration Statement and the Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) They are independent certified public accountants with respect to the Company within the meaning of the Securities Act of 1933 (the "Act") and the applicable published rules and regulations thereunder;

(ii) In their opinion, the audited consolidated financial statements and financial statement schedules incorporated by reference in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Act and the Securities Exchange Act of 1934 (the "Exchange Act") and the related published rules and regulations thereunder;

(iii) On the basis of a reading of the unaudited consolidated financial statements of the Company contained in the Company's most recent Quarterly Report on Form 10-Q incorporated by reference in the Registration Statement, if applicable, a reading of the latest unaudited consolidated financial statements made available by the Company, a reading of the minutes of the Board of Directors of the Company and American and any committees thereof and the stockholders of the Company and the sole stockholder of American, since the date of the latest audited consolidated financial statements incorporated by reference in the Registration Statement, inquiries of officials of the Company responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, which do not constitute an audit in accordance with generally accepted auditing standards and which would not necessarily reveal matters of significance with respect to the comments set forth in such letter, nothing came to their attention that caused them to believe that:

(A) the unaudited consolidated financial statements incorporated by reference in the Registration Statement do not comply as to form in all

material respects with the applicable accounting requirements of the Exchange Act and the rules and regulations thereunder as they apply to Form 10-Q or any material modifications should be made to the unaudited consolidated financial statements incorporated by reference in the Registration Statement for them to be in conformity with generally accepted accounting principles;

(B) as of a specified date not more than five business days prior to the date of delivery of such letter, there has been any change in the consolidated capital stock or consolidated long-term debt of the Company, or any decrease in consolidated net current assets or consolidated stockholders' equity of the Company or other items specified by you, in each case as compared with amounts shown in the latest consolidated balance sheet of the Company incorporated by reference in the Registration Statement, except in each case for changes or decreases which the Registration Statement discloses have occurred or may occur or which are described in such letter; and

(C) for the period from the date of the latest consolidated financial statements of the Company incorporated by reference in the Registration Statement to a specified date not more than five business days prior to the date of delivery of such letter, there were any decreases in consolidated total operating revenues, consolidated operating income or consolidated net earnings or primary or fully diluted per common share amounts of consolidated net earnings of the Company, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length reasonably specified by you, except in each case for decreases which the Registration Statement discloses have occurred or may occur or which are described in such letter; and

(iv) They have performed certain procedures specified in their letter for the purpose of determining whether certain amounts, percentages and financial information with respect to the Company and its consolidated subsidiaries appearing or incorporated by reference in the Registration Statement and specified in said letter agrees with indicated amounts, percentages and financial information in the applicable financial statements or accounting records of the Company and its subsidiaries.

CERTIFICATE OF RETIREMENT OF CERTAIN SHARES OF
SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK

OF

AMR CORPORATION

Pursuant to Section 243 of the General
Corporation Law of the State of Delaware

We, Anne H. McNamara, Senior Vice President and General Counsel, and Charles D. MarLett, Corporate Secretary, of AMR Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 243 thereof, DO HEREBY CERTIFY:

FIRST: That 2,040,738 shares (the "Retired Shares") of Series A Cumulative Convertible Preferred Stock ("Series A Convertible Preferred Stock") have been reacquired by the Corporation and that, pursuant to the Certificate of Designation filed with the Secretary of State of the State of Delaware on February 3, 1993, the Retired Shares have been retired as such series and have the status of authorized but unissued shares of the Corporation's capital stock.

SECOND: That the Certificate of Designation provides that the Retired Shares may be reissued as the Corporation's preferred stock but prohibits reissuance of the Retired Shares as part of the Series A Convertible Preferred Stock.

THIRD: This Certificate shall be effective upon its filing with the Secretary of State of the State of Delaware in accordance with Section 103 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury, this 11th day of January, 1995.

[Seal]

/s/ Anne H. McNamara

Anne H. McNamara
Senior Vice President and
General Counsel

ATTEST:

/s/ Charles D. MarLett

Charles D. MarLett
Corporate Secretary

AMR CORPORATION

BYLAWS

(As amended March 15, 1995)

ARTICLE I

Offices

The registered office of the corporation in the State of Delaware is to be located in the City of Wilmington, County of New Castle. The corporation may have other offices within and without the State of Delaware.

ARTICLE II

Meetings of Stockholders

Section 1. Annual Meetings. An annual meeting of stockholders to elect

directors and to take action upon such other matters as may properly come before the meeting shall be held on the third Wednesday in May of each year, or on such other day, and at such time and at such place, within or without the State of Delaware, as the board of directors or the chairman of the board may from time to time fix.

Any stockholder wishing to bring a matter before an annual meeting must notify the secretary of the corporation of such fact not less than sixty nor more than ninety days before the date of the meeting. Such notice shall be in writing and shall set forth the business proposed to be brought before the

meeting, shall identify the stockholder and shall disclose the stockholder's interest in the proposed business.

Section 2. Special Meetings. A special meeting of stockholders shall be

called by the secretary upon receipt of a request in writing of the board of directors, the chairman of the board or the president. Any such meeting shall be held at the principal business office of the corporation unless the board shall name another place therefor, at the time specified by the body or persons calling such meeting.

Section 3. Nominees For Election As Director. Nominations for election as

director, other than those made by or at the direction of the board of directors, must be made by timely notice to the secretary, setting forth as to each nominee the information required to be included in a proxy statement under the proxy rules of the Securities and Exchange Commission. If such election is to occur at an annual meeting of stockholders, notice shall be timely if it meets the requirements of such proxy rules for proposals of security holders to be presented at an annual meeting. If such election is to occur at a special meeting of stockholders, notice shall be timely if received not less than ninety days prior to such meeting.

Section 4. Notice of Meetings. Written notice of each meeting of

stockholders shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is

called. Unless otherwise provided by law, such notice shall be mailed, postage prepaid, to each stockholder entitled to vote at such meeting, at his address as it appears on the records of the corporation, not less than ten nor more than sixty days before the date of the meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty days or a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. Chairman and Secretary at Meetings. At any meeting of

stockholders the chairman of the board, or in his absence, the president, or if neither such person is available, then a person designated by the board of directors, shall preside at and act as chairman of the meeting. The secretary, or in his absence a person designated by the chairman of the meeting, shall act as secretary of the meeting.

Section 6. Proxies. Each stockholder entitled to vote at a meeting of

stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 7. Quorum. At all meetings of the stockholders the holders of

one-third of the number of shares of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum requisite for the election of directors and the transaction of other business, except as otherwise provided by law or by the certificate of incorporation or by any resolution of the board of directors creating any series of Preferred Stock.

If holders of the requisite number of shares to constitute a quorum shall not be present in person or represented by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time until a quorum shall be present or represented. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Voting. At any meeting of stockholders, except as otherwise

provided by law or by the certificate of incorporation or by any resolution of the board of directors creating any series of Preferred Stock:

(a) Each holder of record of a share or shares of stock on the record date for determining stockholders entitled to vote at such meeting shall be entitled to one vote in person or by proxy for each share of stock so held.

(b) Directors shall be elected by a plurality of the votes cast by the holders of Common Stock, present in person or by proxy.

(c) Each other question properly presented to any meeting of stockholders shall be decided by a majority of the votes cast on the question entitled to vote thereon.

(d) Elections of directors shall be by ballot but the vote upon any other question shall be by ballot only if so ordered by the chairman of the meeting or if so requested by stockholders, present in person or represented by proxy, entitled to vote on the question and holding at least 10% of the shares so entitled to vote.

Section 9. Action By Written Consent. Any stockholder seeking to act by

written consent of stockholders shall notify the secretary in writing of such intent and shall request the board of directors to fix a record date for determining the stockholders entitled to vote by consent. The notice shall specify the actions sought to be taken and, if the election of one or more individuals as director is sought, shall include as to each nominee the information required to be included in a proxy statement under the proxy rules of the Securities and Exchange Commission. Such record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors.

The board of directors shall promptly, but in all events within ten (10) days after the date on which the written request for fixing a record date was received by the secretary, adopt a resolution fixing the record date. If no record date has been fixed by the board of directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to vote by consent, when no prior action by the board of directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken was delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by applicable law, the record date for determining stockholders entitled to vote by consent shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action.

Section 10. List of Stockholders. At least ten days before every meeting

of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alpha-

betical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder shall be prepared. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 11. Judges of Election. Whenever a vote at a meeting of

stockholders shall be by ballot, or whenever written consent to action is sought, the proxies and ballots or consents shall be received and taken charge of, and all questions touching on the qualification of voters and the validity of proxies and consents and the acceptance and rejection of votes shall be decided by two judges of election. In the case of a meeting of stockholders, such judges of election shall be appointed by the board of directors before or at the meeting, and if no such appointment shall have been made, then by the stockholders at the meeting. In the case of a solicitation of consents, such judges of election shall be appointed by the board of directors on or before the record date for determining the stockholders entitled

to vote by consent, and if no such appointment shall have been made, then by the chairman of the board or the president. If for any reason either of the judges of election previously appointed shall fail to attend or refuse or be unable to serve, a judge of election in place of any so failing to attend or refusing or unable to serve, shall be appointed by the board of directors, the stockholders at the meeting, the chairman of the board or the president.

ARTICLE III

Directors: Number, Election, Etc.

Section 1. Number. The board of directors shall consist of such number of -----
members, not less than three, as the board of directors may from time to time determine by resolution, plus such additional persons as the holders of the Preferred Stock may be entitled from time to time, pursuant to the provisions of any resolution of the board of directors creating any series of Preferred Stock, to elect to the board of directors.

Section 2. Election, Term, Vacancies. Directors shall be elected each -----
year at the annual meeting of stockholders, except as hereinafter provided, and shall hold office until the next annual election and until their successors are duly elected and qualified. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may

be filled by a majority of the directors then in office, although less than a quorum.

Section 3. Resignation. Any director may resign at any time by giving

written notice of such resignation to the board of directors, the chairman of the board, the president or the secretary. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon the receipt thereof by the board of directors or one of the above-named officers and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal. Any director may be removed from office at any time,

with or without cause, by a vote of a majority of a quorum of the stockholders entitled to vote at any regular meeting or at any special meeting called for the purpose.

Section 5. Fees and Expenses. Directors shall receive such fees and

expenses as the board of directors shall from time to time prescribe.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the board of directors

shall be held at the principal office of the corporation, or at such other place (within or without the State of Delaware), and at such time, as may from time to time be prescribed by the board of directors or stockholders. A regular

annual meeting of the board of directors for the election of officers and the transaction of other business shall be held on the same day as the annual meeting of the stockholders or on such other day and at such time and place as the board of directors shall determine. No notice need be given of any regular meeting.

Section 2. Special Meetings. Special meetings of the board of directors

may be held at such place (within or without the State of Delaware) and at such time as may from time to time be determined by the board of directors or as may be specified in the call and notice of any meeting. Any such meeting shall be held at the call of the chairman of the board, the president, a vice president, the secretary, or two or more directors. Notice of a special meeting of directors shall be mailed to each director at least three days prior to the meeting date, provided that in lieu thereof, notice may be given to each director personally or by telephone, or dispatched by telegraph, at least one day prior to the meeting date.

Section 3. Waiver of Notice. In lieu of notice of meeting, a waiver

thereof in writing, signed by the person or persons entitled to said notice whether before or after the time stated therein, shall be deemed equivalent thereto. Any director present in person at a meeting of the board of directors shall be deemed to have waived notice of the time and place of meeting.

Section 4. Action Without Meeting. Unless otherwise restricted by the

certificate of incorporation, any action

required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board of directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the board of directors or of such committee.

Section 5. Quorum. At all meetings of the board, one-third of the total

number of directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by law.

If at any meeting there is less than a quorum present, a majority of those present (or if only one be present, then that one), may adjourn the meeting from time to time without further notice other than announced at the meeting until a quorum is present. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally scheduled.

Section 6. Business Transacted. Unless otherwise indicated in the notice

of meeting or required by law, the certificate of incorporation or bylaws of the corporation, any and all business may be transacted at any directors' meeting.

ARTICLE V

Powers of the Board of Directors

The management of all the property and business of the corporation and the regulation and government of its affairs shall be vested in the board of directors. In addition to the powers and authorities by these bylaws and the certificate of incorporation expressly conferred on them, the board of directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by law, or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

ARTICLE VI

Committees

Section 1. Executive Committee. The board of directors may, by

resolution passed by a majority of the whole board, designate an executive committee, to consist of five or more members. The chief executive officer plus three other members of the executive committee shall constitute a quorum.

The executive committee shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, with the exception of such powers and authority as may be specifically reserved to the board of directors by law or by resolution adopted by the board of directors.

Section 2. Audit Committee. The board of directors may, by

resolution passed by a majority of the whole board, designate an audit committee, to consist of two or more members, none of the members of which shall be employees or officers of the corporation. A majority of the members of the audit committee shall constitute a quorum.

The audit committee shall from time to time review and make recommendations to the board of directors with respect to the selection of independent auditors, the fees to be paid such auditors, the adequacy of the audit and accounting procedures of the corporation, and such other matters as may be specifically delegated to the committee by the board of directors. In this connection the audit committee shall, at its request, meet with representatives of the independent auditors and with the financial officers of the corporation separately or jointly.

Section 3. Compensation/Nominating Committee. The board of directors

may, by resolution passed by a majority of the whole board, designate a compensation/nominating committee, to consist of each member of the board of directors, except that no member of the compensation/nominating committee may be an employee or officer of the corporation. A majority of the members of the compensation/nominating committee shall constitute a quorum.

The compensation/nominating committee shall from time to time review and make recommendations to the board of directors

with respect to the management remuneration policies of the corporation including but not limited to salary rates and fringe benefits of elected officers, other remuneration plans such as incentive compensation, deferred compensation and stock option plans, directors' compensation and benefits and such other matters as may be specifically delegated to the committee by the board of directors.

In addition, the compensation/nominating committee shall make recommendations to the board of directors (i) concerning suitable candidates for election to the board, (ii) with respect to assignments to board committees, and (iii) with respect to promotions, changes and succession among the senior management of the corporation, and shall perform such other duties as may be specifically delegated to the committee by the board of directors.

Section 4. Committee Procedure, Seal.

(a) The executive, compensation/nominating, and audit committees shall keep regular minutes of their meetings, which shall be reported to the board of directors, and shall fix their own rules of procedures.

(b) The executive, compensation/nominating, and audit committees may each authorize the seal of the corporation to be affixed to all papers which may require it.

(c) In the absence or disqualification of a member of any committee, the members of that committee present at any

meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of such absent or disqualified member.

Section 5. Special Committees. The board of directors may, from time

to time, by resolution passed by a majority of the whole board, designate one or more special committees. Each such committee shall have such duties and may exercise such powers as are granted to it in the resolution designating the members thereof. Each such committee shall fix its own rules of procedure.

ARTICLE VII

Indemnification

Section 1. Nature of Indemnity. The corporation shall indemnify any

person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was or has agreed to become a director or officer of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party

or is threatened to be made a party to such an action by reason of the fact that he is or was or has agreed to become an employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful; except that in the case of an action or suit by or in the right of the corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for

such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, ----- shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Successful Defense. To the extent that a director, ----- officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 hereof or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. Determination That Indemnification Is Proper. Any ----- indemnification of a director or officer of the corporation under Section 1 hereof (unless ordered by a court) shall be made by the corporation unless a determination is made that indemnification of the director or officer is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Section 1 hereof. Any indemnification of an employee or agent of the corporation under Section 1 hereof

(unless ordered by a court) may be made by the corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 hereof. Any such determination shall be made (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (3) by the stockholders.

Section 4. Advance Payment of Expenses. Expenses (including

attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate. The board of directors may authorize the corporation's counsel to represent a director, officer, employee or agent in any action, suit or proceeding, whether or not the corporation is a party to such action, suit or proceeding.

Section 5. Procedure for Indemnification of Directors or Officers.

Any indemnification of a director or officer of the corporation under Sections 1 and 2, or advance of costs, charges and expenses of a director or officer under Section 4 of this Article, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer. If the corporation fails to respond within 60 days, then the request for indemnification shall be deemed to be approved. The right to indemnification or advances as granted by this Article shall be enforceable by the director or officer in any court of competent jurisdiction if the corporation denies such request, in whole or in part. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 4 of this Article where the required undertaking, if any, has been received by the corporation) that the claimant has not met the standard of conduct set forth in Section 1 of this Article, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances

because he has met the applicable standard of conduct set forth in Section 1 of this Article, nor the fact that there has been an actual determination by the corporation (including its board of directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6. Survival; Preservation of Other Rights.

The foregoing indemnification provisions shall be deemed to be a contract between the corporation and each director, officer, employee and agent who serves in such capacity at any time while these provisions as well as the relevant provisions of the Delaware Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit, or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another

capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Insurance. The corporation shall purchase and maintain

insurance on behalf of any person who is or was or has agreed to become a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which

determination shall be made by a vote of a majority of the entire board of directors.

Section 8. Savings Clause. If this Article or any portion hereof

shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, includ-

ing an action by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE VIII

Officers

Section 1. General. The officers of the corporation shall be the

chairman of the board, president, one or more vice presidents (including executive vice presidents and senior vice presidents), a secretary, a controller, a treasurer, and such other subordinate officers as may from time to time be designated and elected by the board of directors.

Section 2. Other Offices. The chairman of the board shall be chosen

by the board of directors from among their own number. The other officers of the corporation may or may not be directors.

Section 3. Term. Officers of the corporation shall be elected by the

board of directors and shall hold their respective offices during the pleasure of the board and any officer may be removed at any time, with or without cause, by a vote of the majority of the directors. Each officer shall hold office from the time of his appointment and qualification until the next annual election of officers or until his earlier resignation or removal except that upon election thereof a shorter term may be

designated by the board of directors. Any officer may resign at any time upon written notice to the corporation.

Section 4. Compensation. The compensation of officers of the

corporation shall be fixed, from time to time, by the board of directors.

Section 5. Vacancy. In case any office becomes vacant by death,

resignation, retirement, disqualification, removal from office, or any other cause, the board of directors may abolish the office (except that of president, secretary and treasurer) or elect an officer to fill such vacancy.

ARTICLE IX

Duties of Officers

Section 1. Chairman of the Board, President. The chairman of the

board shall be the chief executive officer of the corporation. He shall have general supervisory powers over all other officers, employees and agents of the corporation for the proper performance of their duties and shall otherwise have the general powers and duties of supervision and management usually vested in the chief executive officer of a corporation. The president shall have the general powers and duties of supervision and management of the corporation as the chairman shall assign. The chairman of the board shall preside at and act as chairman of all meetings of the board of directors. The president shall preside at any meeting of the board of directors in the event of

the absence of the chairman of the board. The offices of chairman of the board and president may be filled by the same individual.

Section 2. Vice Presidents. Each vice president shall perform such

duties as shall be assigned to him by the board of directors, the chairman of the board or the president.

Section 3. Secretary. The secretary shall record all proceedings of

the meetings of the corporation, its stockholders and the board of directors and shall perform such other duties as shall be assigned to him by the board of directors, the chairman of the board, or the president. Any part or all of the duties of the secretary may be delegated to one or more assistant secretaries.

Section 4. Controller. The controller shall perform such duties as

shall be assigned to him by the chairman of the board, the president or such vice president as may be responsible for financial matters. Any or all of the duties of the controller may be delegated to one or more assistant controllers.

Section 5. Treasurer. The treasurer shall, under the direction of

the chairman of the board, the president or such vice president as may be responsible for financial matters, have the custody of the funds and securities of the corporation, subject to such regulations as may be imposed by the board of directors. He shall deposit, or have deposited, all monies and

other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors or as may be designated by the appropriate officers pursuant to a resolution of the board of directors. He shall disburse, or have disbursed, the funds of the corporation as may be ordered by the board of directors or properly authorized officers, taking proper vouchers therefor. If required by the board of directors he shall give the corporation bond in such sum and in such form and with such security as may be satisfactory to the board of directors, for the faithful performance of the duties of his office. He shall perform such other duties as shall be assigned to him by the board of directors, the chairman of the board, the president or such vice president as may be responsible for financial matters. Any or all of the duties of the treasurer may be delegated to one or more assistant treasurers.

Section 6. Other Officers' Duties. Each other officer shall perform

such duties and have such responsibilities as may be delegated to him by the superior officer to whom he is made responsible by designation of the chairman of the board or the president.

Section 7. Absence or Disability. The board of directors or the

chairman of the board may delegate the powers and duties of any absent or disabled officer to any other officer or to any director for the time being. In the event of the

absence or temporary disability of the chairman of the board, the president shall assume his powers and duties while he is absent or so disabled.

ARTICLE X

Stock

Section 1. Certificates. -----
Certificates of stock of the corporation

shall be signed by, or in the name of the corporation by, the chairman of the board, the president or a vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation. If such certificate is countersigned, (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, then any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 2. Transfers. Shares of stock shall be transferable on the -----

books of the corporation by the holder of record thereof in person or by his attorney upon surrender of such certificate with an assignment endorsed thereon or attached

thereto duly executed and with such proof of authenticity of signatures as the corporation may reasonably require. The board of directors may from time to time appoint such transfer agents or registrars as it may deem advisable and may define their powers and duties. Any such transfer agent or registrar need not be an employee of the corporation.

Section 3. Record Holder. The corporation may treat the holder of

record of any shares of stock as the complete owner thereof entitled to receive dividends and vote such shares, and accordingly shall not be bound to recognize any interest in such shares on the part of any other person, whether or not it shall have notice thereof.

Section 4. Lost and Damaged Certificates. The corporation may issue

a new certificate of stock to replace a certificate alleged to have been lost, stolen, destroyed or mutilated upon such terms and conditions as the board of directors may from time to time prescribe.

Section 5. Fixing Record Date. In order that the corporation may

determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action,

the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

ARTICLE XI

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the corporation shall

begin upon the first day of January and terminate upon the 31st day of
December, in each year.

Section 2. Stockholder Inspection of Books and Records. The board of

directors from time to time shall determine whether and to what extent and at
what times and places and under what conditions and regulations the accounts and
books of the corporation, or any of them, shall be open to the inspection of a
stockholder and no stockholder shall have any right to inspect any account, book
or document of the corporation except as conferred by statute or authorized by
resolution of the board of directors.

Section 3. Seal. The corporate seal shall be circular in form and

have inscribed thereon the name of the corporation and the words "Corporate
Seal, Delaware."

ARTICLE XII

Amendments to Bylaws

Subject to the provisions of any resolution of the board of directors
creating any series of Preferred Stock, the

board of directors shall have power from time to time to make, alter or repeal bylaws, but any bylaws made by the board of directors may be altered, amended or repealed by the stockholders at any annual meeting of stockholders, or at any special meeting provided that notice of such proposed alteration, amendment or repeal is included in the notice of such special meeting.

[LETTERHEAD OF DEBEVOISE & PLIMPTON]

April __, 1996

AMR Corporation
P.O. Box 619616
Dallas/Fort Worth Airport,
Texas 75261-9616

Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to AMR Corporation, a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act"), of a Registration Statement on Form S-3 (the "Registration Statement"), relating to the public offering by the Company of up to 12,915,899 shares of its Common Stock, par value \$1.00 per share (the "Shares").

In so acting, we have examined and relied upon the originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below.

Based upon the foregoing, we are of the following opinion:

1. The issuance of the Shares has been duly authorized by the Company.
2. Each of the Shares to be issued pursuant to the Registration Statement, when issued and delivered as contemplated by the Prospectus constituting part of the Registration Statement, will be validly issued, fully paid and non-assessable.

Our opinion expressed above is limited to the laws of the State of New York, the corporate laws of the State of Delaware and the Federal laws of the United States of America.

We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement and to the use of our name under the caption "Validity of the Common Stock" in the Prospectus. In giving such consent, we do not thereby concede that we are within the category of persons whose consent is required under Section 7 of the 1933 Act or the Rules and Regulations of the Commission thereunder.

Very truly yours,

/s/ Debevoise & Plimpton

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CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions "Experts" in this Registration Statement (Form S-3) and the related Prospectus of AMR Corporation for the registration of 12,915,899 shares of common stock and to the incorporation by reference of our report dated January 15, 1996, with respect to the consolidated financial statements and schedule of AMR Corporation included in its Annual Report (Form 10-K) for the year ended December 31, 1995, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Dallas, Texas
April 19, 1996

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. Marlett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

(a) one or more Registration Statements of the Corporation on an appropriate form proposed to be filed with the Securities and Exchange Commission (the "SEC") for the purpose of registering under the Securities Act of 1933, as amended (the "Securities Act"), 12,915,899 shares of Common Stock of the Corporation issuable to holder of the Corporation's outstanding 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024 (the "Debentures") upon conversion of the Debentures or issuable to one or more investment banks, as purchasers (collectively, the "Purchasers") under the standby arrangements to be entered into between the Purchasers and the Corporation in connection with the call for redemption of the Debentures by the Corporation (the "Redemption"), and the resale to the public by the Purchasers of any such shares of Common Stock; and

(b) any and all supplements and amendments (including, without limitation, post-effective amendments) to such Registration Statements;

and any and all other documents and instruments in connection with the Redemption, the issuance of such Common Stock or the performance of such standby arrangements which such attorneys-in-fact and agents, or any one of them, deem necessary or advisable to enable the Corporation to comply with (a) the

Securities Act, the Securities Exchange Act of 1934, as amended, and the other federal securities laws of the United States of America and the rules, regulations and requirements of the SEC in respect of any thereof, (b) the

securities or Blue Sky laws of any state or other governmental subdivision of the United States of America and (c) the securities or similar applicable laws

of Canada, Mexico and any other foreign jurisdiction; and the undersigned does hereby ratify and confirm as his own acts and deeds all that such attorneys-in-fact and agents, and each of them, shall do or cause to be done by virtue hereof. Each one of such attorneys-in-fact and agents shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Howard P. Allen

Howard P. Allen

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ David L. Boren

David L. Boren

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Edward A. Brennan

Edward A. Brennan

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Armando M. Codina

Armando M. Codina

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, Chairman, President and Chief Executive Officer of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Robert L. Crandall

Robert L. Crandall

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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Securities Act, the Securities Exchange Act of 1934, as amended, and the other federal securities laws of the United States of America and the rules, regulations and requirements of the SEC in respect of any thereof, (b) the

securities or Blue Sky laws of any state or other governmental subdivision of the United States of America and (c) the securities or similar applicable laws

of Canada, Mexico and any other foreign jurisdiction; and the undersigned does hereby ratify and confirm as his own acts and deeds all that such attorneys-in-fact and agents, and each of them, shall do or cause to be done by virtue hereof. Each one of such attorneys-in-fact and agents shall have, and may exercise, all of the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Christopher F. Edley

Christopher F. Edley

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

(a) one or more Registration Statements of the Corporation on an appropriate form proposed to be filed with the Securities and Exchange Commission (the "SEC") for the purpose of registering under the Securities Act of 1933, as amended (the "Securities Act"), 12,915,899 shares of Common Stock of the Corporation issuable to holder of the Corporation's outstanding 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024 (the "Debentures") upon conversion of the Debentures or issuable to one or more investment banks, as purchasers (collectively, the "Purchasers") under the standby arrangements to be entered into between the Purchasers and the Corporation in connection with the call for redemption of the Debentures by the Corporation (the "Redemption"), and the resale to the public by the Purchasers of any such shares of Common Stock; and

(b) any and all supplements and amendments (including, without limitation, post-effective amendments) to such Registration Statements;

and any and all other documents and instruments in connection with the Redemption, the issuance of such Common Stock or the performance of such standby arrangements which such attorneys-in-fact and agents, or any one of them, deem necessary or advisable to enable the Corporation to comply with (a) the

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Charles T. Fisher, III

Charles T. Fisher, III

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Earl G. Graves

Earl G. Graves

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Dee J. Kelly

Dee J. Kelly

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as her true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in her name and on her behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Ann D. McLaughlin

Ann D. McLaughlin

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Charles H. Pistor, Jr.

Charles H. Pistor, Jr.

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Joe M. Rodgers

Joe M. Rodgers

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Maurice Segall

Maurice Segall

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, a director of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara, Gerard J. Arpey and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Eugene F. Williams, Jr.

Eugene F. Williams, Jr.

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

POWER OF ATTORNEY

The undersigned, Senior Vice President and Chief Financial Officer of AMR Corporation, a Delaware corporation (the "Corporation"), does hereby constitute and appoint Donald J. Carty, Anne H. McNamara and Charles D. MarLett, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, to execute and deliver in his name and on his behalf:

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IN WITNESS WHEREOF, the undersigned has hereunto subscribed this power of attorney this 17th day of April, 1996.

/s/ Gerard J. Arpey

Gerard J. Arpey

Witness:

/s/ Charles D. MarLett

Charles D. MarLett

If you wish to convert your Debentures by means of this Letter of Transmittal, then your Debentures and this Letter of Transmittal must be RECEIVED by the Paying and Conversion Agent listed below PRIOR TO 5:00 P.M., EASTERN DAYLIGHT TIME, ON May 17, 1996. This Letter of Transmittal is to be used only if Debentures are to be forwarded herewith. Debenture holders wishing to convert their Debentures whose Debentures are not immediately available or who cannot deliver their Debentures and all other documents required hereby to the Paying and Conversion Agent prior to 5:00 p.m., Eastern Daylight Time, on May 17, 1996 must elect to convert their Debentures according to the instructions for guaranteed delivery set forth in Instruction 7 hereof.

AMR CORPORATION

LETTER OF TRANSMITTAL
(TO ACCOMPANY 6 1/8% CONVERTIBLE SUBORDINATED QUARTERLY
INCOME CAPITAL SECURITIES
DUE NOVEMBER 1, 2024)

PAYING AND CONVERSION AGENT:

FIRST CHICAGO TRUST COMPANY OF NEW YORK

BY MAIL OR BY HAND TO:

By Hand or Overnight Courier:
First Chicago Trust Company of New York
Tenders & Exchanges
Suite 4680 - AMR
14 Wall Street, 8th Floor
New York, NY 10005

By Mail:
(registered or certified mail recommended)
First Chicago Trust Company of New York
Tenders & Exchanges
P.O. Box 2559, Mail Suite 4660
Jersey City, NJ 07303-2559

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTION VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

Enclosed herewith are 6 1/8% Convertible Subordinated Quarterly Income Capital Securities Due November 1, 2024 (the "Debentures") of AMR Corporation (the "Company") numbered and registered as listed below:

ITEMS A, B, E AND F OF THIS LETTER OF TRANSMITTAL MUST BE COMPLETED IN ALL CASES.

ITEM A.

(MUST BE COMPLETED BY ALL HOLDERS OF DEBENTURES)

DESCRIPTION OF DEBENTURES PRESENTED

Name and Address of Registered Holder
(If the name and address shown are not correct,
please indicate any changes necessary.)

Debentures Transmitted
(Please fill in numbers and amounts and attach
signed list if space below is inadequate.)

Debentures Number(s)

Principal Amount

Total Principal
Amount:

ITEM B.

(MUST BE COMPLETED BY ALL HOLDERS OF DEBENTURES)

THE ABOVE DEBENTURES ARE SURRENDERED FOR THE ACTION INDICATED BELOW.

- CONVERSION into shares of Common Stock of the Company ("Shares") at the conversion price of \$79.00 of principal amount of Debentures per Share (equivalent to 12.658 Shares per \$1,000 principal amount of Debentures), with cash in lieu of fractional Shares. Such payment of cash will be in the form of a check drawn on an account of the Paying Agent and Conversion Agent. (See Instruction 2.) Complete Items C and E.

Holders of Debentures that convert their Debentures will not be entitled to any payment of interest on such Debentures accruing after May 1, 1996. Holders of Debentures of record on April 15, 1996, will be entitled to receive the payment of interest due on the Debentures on May 1, 1996. Any holder that converts Debentures prior to May 1, 1996, must submit with the Debentures being converted an amount, in New York Clearing House funds or other funds acceptable to the Company, equal to the interest payable on such Debentures on May 1, 1996, and such holder therefore will not receive the economic benefit of such interest payment.

SO LONG AS THE MARKET PRICE OF THE COMMON STOCK IS GREATER THAN \$82.57 PER SHARE AT THE TIME OF CONVERSION, A HOLDER OF DEBENTURES WHO EXERCISES SUCH HOLDER'S CONVERSION RIGHTS WILL RECEIVE COMMON STOCK, PLUS CASH IN LIEU OF ANY FRACTIONAL SHARE (DETERMINED AS SET FORTH IN INSTRUCTION 2 BELOW), WITH A MARKET VALUE GREATER THAN THE AMOUNT OF CASH THE HOLDER WOULD OTHERWISE BE ENTITLED TO RECEIVE UPON THE REDEMPTION OF THE DEBENTURES (BEFORE DEDUCTING ANY TAXES, COMMISSIONS AND OTHER COSTS WHICH WOULD LIKELY BE INCURRED ON SALE OF SHARES RECEIVED UPON CONVERSION OF THE DEBENTURES).

- REDEMPTION at a price of \$1,042.00 per \$1,000 principal amount of Debentures, plus accrued and unpaid interest to the Redemption Date of May 20, 1996 of \$3.23, for a total redemption price of \$1,045.23 per \$1,000 principal amount of Debentures. (See Instruction 3.) Complete Items D and E.

- PARTIAL CONVERSION/PARTIAL REDEMPTION, If this box is checked you must indicate (1) the principal amount of Debentures you wish to convert into Shares on Item C and (2) the principal amount of Debentures you wish to have redeemed on Item D. If this box is checked and no additional instructions are provided, the delivery of Debentures prior to 5:00 p.m., Eastern Daylight Time, on May 17, 1996, will be treated by the Paying and Conversion Agent as instructions to convert such Debentures into Shares. Complete Items C, D and E.

- CHECK HERE IF DEBENTURES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE PAYING AND CONVERSION AGENT.
-

IF NO BOX IS CHECKED AND THE ABOVE DEBENTURES ARE RECEIVED BY THE PAYING AND CONVERSION AGENT PRIOR TO 5:00 P.M., EASTERN DAYLIGHT TIME, ON MAY 17, 1996, SUCH DEBENTURES WILL BE DEEMED SURRENDERED FOR CONVERSION INTO SHARES. IF ANY DEBENTURES ARE RECEIVED AFTER THAT TIME, SUCH DEBENTURES WILL BE REDEEMED REGARDLESS OF WHICH OR WHETHER ANY CHOICE IS INDICATED.

ITEM C.

CONVERSION

DEBENTURE HOLDERS PLEASE COMPLETE

1. If the stock certificate(s) evidencing Shares of Common Stock and/or check (if any) are to be issued in the name of a person other than as indicated in Item A above, fill in this space. See Instructions 4 and 5.

ISSUE TO:

Name:

Address

Zip Code

Social Security Number or Taxpayer I.D. Number

2. If stock certificate(s) evidencing Shares of Common Stock and/or check (if any) are to be mailed to an address other than as indicated in Item A above, fill in this space.

MAIL TO:

Name:

Address

Zip Code

Amount of Debentures Surrendered for Conversion: \$

ITEM D.

REDEMPTION

DEBENTURE HOLDERS PLEASE COMPLETE

1. If the check is to be issued to a person other than as indicated in item A above, fill in this space. See instructions 4 and 5.

ISSUE TO:

Name

Address

Zip Code

Social Security Number or Taxpayer I.D. Number

2. If the check is to be mailed to an address other than as indicated in Item A above, fill in this space.

MAIL TO:

Name

Address

Zip Code

Amount of Debentures Surrendered for Redemption: \$

ITEM E.

(MUST BE COMPLETED BY ALL HOLDERS OF DEBENTURES)

REQUIRED SIGNATURE

The signature(s) on this Letter of Transmittal must correspond exactly with the name(s) of the (1) registered owners of the Debentures surrendered, or (2) persons to whom such Debentures have been properly assigned or transferred, in which case evidence of transfer must accompany this letter. See Instructions 1, 4, 5 & 6 below.

Dated:

Signature:

Signature:

Telephone:

Social Security Number or Taxpayer I.D. Number:

SIGNATURE GUARANTEE
(IF APPLICABLE)

If stock certificate(s) are to be issued in a name other than that of the registered owner of the Debentures surrendered or persons to whom such Debentures have been properly assigned or transferred, or if a check is to be made payable to a different name, the signature of the holder must be guaranteed by either a bank or trust company, a broker or dealer which is a member of the National Association of Securities Dealers, Inc., or a recognized member of a Medallion Signature Guarantee Program who may also be a member of a national securities exchange. See Instructions 4 and 5.

Signature Guarantee:

Dated:

(Name of Firm issuing Guarantee)

(Signature of Officer)

(Title of Officer Signing This Guarantee)

(Address of Guaranteeing Firm)

ITEM F.

(MUST BE COMPLETED BY ALL HOLDERS OF DEBENTURES)

REQUIRED SIGNATURE
IMPORTANT TAX INFORMATION

COMPLETE AND SIGN SUBSTITUTE FORM W-9 IN ADDITION TO THE SIGNATURE(S) REQUIRED
IN ITEM E.

(SEE INSTRUCTION 11)

PAYER'S NAME: FIRST CHICAGO TRUST COMPANY OF NEW YORK

NAME AS SHOWN ON ACCOUNT (IF JOINT ACCOUNT, LIST FIRST AND CIRCLE NAME OF THE
PERSON OR ENTITY WHOSE NUMBER YOU ENTER IN PART 1 BELOW)

ADDRESS (IF ADDRESS IS NOT COMPLETED, SIGNATURE WILL CONSTITUTE A CERTIFICATION
THAT THE ABOVE ADDRESS IS CORRECT.)

CITY, STATE AND ZIP CODE

SUBSTITUTE	PART 1 -- PLEASE PROVIDE YOUR TAXPAYER IDENTIFICATION NUMBER IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	SOCIAL SECURITY NUMBER OR EMPLOYER IDENTIFICATION NUMBER

FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE	PART 2 -- I AM NOT SUBJECT TO BACKUP WITHHOLDING BECAUSE (I) I AM EXEMPT FROM BACKUP WITHHOLDING, OR (II) I HAVE NOT BEEN NOTIFIED BY THE IRS THAT I AM SUBJECT TO BACKUP WITHHOLDING AS A RESULT OF A FAILURE TO REPORT ALL INTEREST OR DIVIDENDS, OR (III) THE INTERNAL REVENUE SERVICE HAS NOTIFIED ME THAT I AM NO LONGER SUBJECT TO BACKUP WITHHOLDING. (YOU MUST CROSS OUT THIS PART 2 IF YOU ARE CURRENTLY SUBJECT TO BACKUP WITHHOLDING BECAUSE OF UNDERREPORTING OF INTEREST OR DIVIDENDS ON YOUR TAX RETURN.)[_]	FOR PAYEES EXEMPT FROM BACKUP WITHHOLDING WRITE "EXEMPT" IF YOU ARE EXEMPT FROM BACKUP WITHHOLDING
PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER ("TIN")		

CERTIFICATION -- UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PROVIDED ON THIS FORM IS TRUE, CORRECT AND COMPLETE.

SIGNATURE _____ DATE

PART 3 --

AWAITING TAXPAYER IDENTIFICATION NUMBER [_]

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (b) I intend to mail or deliver an application in the near future. I understand that, notwithstanding that I have checked the box on Part 3 (and have completed this Certificate of Awaiting Taxpayer Identification Number), all reportable payments made to me prior to the time I provide the Paying Agent with a properly certified taxpayer identification number will be subject to a 31% backup withholding tax.

SIGNATURE _____ DATE _____

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31 PERCENT OF ANY PAYMENT MADE TO YOU. PLEASE REVIEW THE ENCLOSED "GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9" FOR ADDITIONAL DETAILS.

INSTRUCTIONS

1. GENERAL

Please do not send Debentures directly to the Company. The Debentures, together with the signed and completed Letter of Transmittal and any required supporting documents (see Instruction 2 below), should be mailed in the enclosed addressed envelope or otherwise delivered to First Chicago Trust Company of New York, the Paying and Conversion Agent, at the address indicated on the front of this Letter of Transmittal. The method of transmitting the Debentures and the Letter of Transmittal is at the sole option and sole risk of the Debenture holder but, if mail is used, it is recommended that registered mail, properly insured, be used as a precaution against loss. Consideration should be given to using some form of express delivery service as the conversion alternative discussed below expires at 5:00 p.m., Eastern Daylight Time, on May 17, 1996.

ITEMS A, B, E AND F OF THIS LETTER OF TRANSMITTAL MUST BE COMPLETED IN ALL CASES.

2. IF YOU WISH TO CONVERT YOUR DEBENTURES

If you wish to convert your Debentures into Shares of Common Stock, then prior to 5:00 p.m., Eastern Daylight Time, on May 17, 1996 you must deposit with the Paying and Conversion Agent (i) the Debentures, (ii) a properly completed Letter of Transmittal and (iii) any other documents required by this Letter of Transmittal. If your Debenture Certificates are not immediately available, please see Instruction 7.

Holders of Debentures that convert their Debentures will not be entitled to any payment of interest on such Debentures accruing after May 1, 1996. Holders of Debentures of record on April 15, 1996, will be entitled to receive the payment of interest due on the Debentures on May 1, 1996. Any holder that converts Debentures prior to May 1, 1996, must submit with the Debentures being converted an amount, in New York Clearing House funds or other funds acceptable to the Company, equal to the interest payable on such Debentures on May 1, 1996 (\$15.31 for each \$1,000 principal amount of Debentures), and such holder therefore will not receive the economic benefit of such interest payment.

Instead of issuing any fractional share of Common Stock that would otherwise be issuable upon conversion of any Debenture, the Company will pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the last reported sale price per share of Common Stock, regular way, at the close of business on the Trading Day (defined below) immediately preceding the day of conversion or, if no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, on the New York Stock Exchange. "Trading Day" means a day on which the New York Stock Exchange is open for business. Such cash in lieu of fractional share will be in the form of a check drawn on an account of the Paying Agent and Conversion Agent.

Debentures may be held in book-entry form through the facilities of The Depository Trust Company or the Philadelphia Depository Trust Company (each of the foregoing are herein referred to as a "Depository"). Accordingly, in order for a beneficial owner of an interest in a Debenture to exercise conversion rights, such beneficial owner must comply with the procedures of the Depository where such beneficial owner's Debentures are held, if a participant in such Depository (a "participant"), or if such beneficial owner is not a participant in a Depository, through the procedures of the participant through which such beneficial owner owns its interest in the Debentures, to effect a conversion.

SINCE IT IS THE TIME OF ACTUAL RECEIPT THAT DETERMINES WHETHER DEBENTURES HAVE BEEN PROPERLY PRESENTED FOR CONVERSION, SUFFICIENT TIME SHOULD BE ALLOWED FOR A BOOK-ENTRY TRANSFER TO BE MADE, PRIOR TO 5:00 P.M., EASTERN DAYLIGHT TIME, ON MAY 17, 1996. DEBENTURES NOT ACTUALLY RECEIVED FOR CONVERSION BY A BOOK-ENTRY TRANSFER PRIOR TO SUCH TIME WILL BE REDEEMED AS SET FORTH BELOW.

SO LONG AS THE MARKET PRICE OF THE COMMON STOCK IS GREATER THAN \$82.57 PER SHARE AT THE TIME OF CONVERSION, A HOLDER OF DEBENTURES WHO EXERCISES SUCH HOLDER'S CONVERSION RIGHTS WILL RECEIVE COMMON STOCK, PLUS CASH IN LIEU OF ANY FRACTIONAL SHARE (DETERMINED AS SET FORTH ABOVE), WITH A MARKET VALUE GREATER THAN THE AMOUNT OF CASH THE HOLDER WOULD OTHERWISE BE ENTITLED TO RECEIVE UPON THE REDEMPTION OF THE DEBENTURES (BEFORE DEDUCTING ANY TAXES, COMMISSIONS AND OTHER COSTS WHICH WOULD LIKELY BE INCURRED ON SALE OF THE SHARES RECEIVED UPON CONVERSION OF THE DEBENTURES).

If the stock certificate(s) and cash in lieu of fractional Shares, if any, are to be issued in the same name(s) as that in which the surrendered Debentures are registered and mailed to the same address as given in Item A, complete Items A, B, E and F.

If the stock certificate(s) and cash in lieu of fractional Shares, if any, are to be issued in the name or names of a different person(s), see Instruction 4, 5 and 6 and complete Items A, B, C, E and F.

If the stock certificate(s) and cash in lieu of fractional Shares, if any, are to be mailed to an address different from that given in Item A, complete Items A, B, C, E and F.

If more than one Debenture is surrendered for conversion at any one time under the same Letter of Transmittal or other notice by the same holder, the number of Shares issuable upon conversion of such Debentures will be computed upon the basis of the aggregate principal amount of Debentures so surrendered. Holders are also entitled to convert fewer than all Debentures they hold, provided that any conversions are for amounts of Debentures in integral multiples of \$1,000.

A single Common Stock certificate will be issued unless you give written instructions to the contrary. The Common Stock certificate and cash in lieu of fractional Shares will be mailed as soon as possible after receipt of your Debentures.

3. IF YOU WISH TO REDEEM YOUR DEBENTURES

If you wish your Debentures to be redeemed by the Company, deliver your Debentures and this Letter of Transmittal, properly completed, to the Paying and Conversion Agent. A check for \$1,045.23 per \$1,000 principal amount of Debentures will be sent to you when the Debentures have been received by the Paying and Conversion Agent, but in no event earlier than the Redemption Date, May 20, 1996.

If the check is to be issued in the same name(s) as that in which the surrendered Debentures are registered and mailed to the same address as given in Item A, complete Items A, B, E and F.

If the check is to be issued in a different name or names, see Instructions 4 and 5 and complete Items A, B, D, E and F.

If the check is to be mailed to an address different from that given in Item A, complete Items A, B, D, E and F.

4. CERTIFICATE OR CHECK TO BE ISSUED IN A DIFFERENT NAME

Unless instructions are given in Item C or D, the Shares or a check are to be issued in the same name as that of the record holder inscribed on the surrendered Debenture. If the Shares or a check are to be issued in a name other than that of the record holder of the listed Debenture please be guided by the following:

- (a) Endorsement and Guarantee: The Debentures surrendered must be properly endorsed (or accompanied by one or more appropriate powers properly executed by the record holder of such Debentures to the person who is to receive the Common Stock certificates). The signature of the record holder on the endorsement or stock powers must correspond with the name as written upon the face of the Debentures surrendered in every particular and must be guaranteed by a recognized member of a Medallion Signature Program who may also be a commercial bank or trust company, a broker or dealer which is a member of the National Association of Securities Dealers, Inc. or by a member of a national securities exchange (an "Eligible Institution").
- (b) Transferee's Signature: This Letter of Transmittal must be signed by the person to whom the transfer or assignment is made, or by his agent, and should not be signed by the person transferring or assigning the Debentures. The signature of such transferee, assignee, or agent must be guaranteed as provided in Instruction 4(a).
- (c) Correction of or Change in Name. For a name correction, or for a change in name which does not involve a change of ownership, proceed as follows. For a correction in name the listed Debentures should be endorsed for example, "James E. Brown, incorrectly inscribed as J. E. Brown," with the signature guaranteed as described in Instruction 4(a). For a change in name by marriage, the surrendered Debentures should be endorsed for example, "Mary Doe, now by marriage, Mrs. Mary Jones" with the signature guaranteed as described in Instruction 4(a).

5. SIGNATURE BY FIDUCIARY OR OTHER THAN REGISTERED HOLDER

If this Letter of Transmittal is signed by the registered holder(s) of the Debentures transmitted herewith, the signature(s) must correspond exactly with the name(s) of such registered holder(s).

If the Letter of Transmittal is signed in Item E by an executor, administrator, trustee, guardian, attorney or the like, such person should so indicate when signing, and the Letter of Transmittal and Debentures must be accompanied by evidence, satisfactory to the Paying and Conversion Agent and the Company, of the authority of such person to sign the Letter of Transmittal and the signature(s) must be properly guaranteed by an Eligible Institution.

If the Letter of Transmittal is signed in Item E by a person other than the registered holder, who is not a person described in the preceding paragraph, the Debentures must be properly endorsed or be accompanied by appropriate stock powers, properly executed by the registered holder(s), so that such endorsement or powers are signed exactly as the name(s) of the registered holder(s) appears on the Debentures and the signatures to the endorsement or on the stock power must be properly guaranteed by an Eligible Institution.

If the Debentures are endorsed by, or accompanied by stock powers signed by, trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or other persons acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper

evidence satisfactory to the Company of their authority so to act must be submitted, and the signature(s) must be properly guaranteed by an Eligible Institution.

If you have completed Item C or D regarding special issuance instructions, the signature on this Letter of Transmittal must be guaranteed, in the space provided in Item E on the front hereof, by an Eligible Institution.

6. JOINT HOLDERS OR DEBENTURES REGISTERED IN DIFFERENT NAMES

If Debentures are tendered by joint holders or owners, all such persons must sign the Letter of Transmittal in Item E. If Debentures are registered in different names or forms of ownership, separate Letters of Transmittal must be completed, signed and returned for each different registration. See Instruction 5 above.

7. NOTICE OF GUARANTEED DELIVERY

Debenture holders wishing to convert their Debentures whose Debentures are not immediately available or who cannot deliver their Debentures and all other documents required hereby to the Paying and Conversion Agent on or prior to 5:00 p.m., Eastern Daylight Time, on May 17, 1996 may elect to convert their Debentures pursuant to the following procedures: (i) such election to convert must be made by or through a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States, (ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company must be received by the Paying and Conversion Agent on or prior to 5:00 p.m., Eastern Daylight Time, on May 17, 1996, and (iii) the Debentures in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal or facsimile thereof and all other documents required by this Letter of Transmittal, must be received by the Paying and Conversion Agent within five business days after the date such Notice of Guaranteed Delivery is received by the Paying and Conversion Agent. Notwithstanding the foregoing, Shares will be issued in respect of Debentures surrendered for conversion only after timely receipt by the Paying and Conversion Agent of the Debentures, a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal.

8. TRANSFER TAXES

It is not anticipated that any transfer taxes will be payable in connection with the issuance of certificates evidencing Shares upon conversion of the Debentures. If, however, it should develop that in certain circumstances such taxes may be payable, conversion of Debentures will be effected without charge to the converting holder for any such stock transfer tax, except in the following cases. If stock certificates issued upon conversion are to be registered in the name of any person other than the registered owner of Debentures, the amount of any stock transfer taxes (whether imposed on the registered owner(s) of the certificate(s) transmitted herewith or such person(s)) payable on account of the transfer to such person(s) must accompany this Letter of Transmittal or evidence must be submitted as to the payment of such taxes, or exemption therefrom. The Company will not be required to issue or deliver stock certificates in any such case until such person(s) has made payment or submitted such evidence.

9. LOST OR DESTROYED DEBENTURES

If your Debentures have been either lost or destroyed, notify the Trustee of this fact immediately by telephone at 1-800-524-9472 or by mail at The First National Bank of Chicago, 1 North State St., 9th Floor, Attn. Investor Relations, Chicago, IL 60602. In order to retain your rights to convert your

Debentures which have been lost or destroyed, the procedures set forth in Item 7(i) and (ii) of these instructions must be followed. You will then be instructed as to the steps you must take in order to convert or have redeemed the Debentures that you own. This form and related documents cannot be processed until the missing Debentures have been replaced. You must act immediately if you wish to safeguard your rights.

10. QUESTIONS AND ADDITIONAL COPIES

All questions regarding appropriate procedures for converting Debentures and requests for additional copies of the Notice of Redemption, Letter of Transmittal and Notice of Guaranteed Delivery should be directed to D. F. King & Co., as Information Agent, at 77 Water Street, New York, New York 10005, Tel. (800) 848-3405.

11. SUBSTITUTE FORM W-9

Each Debenture holder is required to provide the Paying and Conversion Agent with a correct taxpayer identification number ("TIN") on Substitute Form W-9 which is provided under Item F, and to indicate that the Debenture holder is not subject to backup withholding by checking the box in Part 2 of the form. Failure to provide the information on the form may subject the Debenture holder to 31 percent (31%) backup withholding on the payments made to the Debenture holder or other payee with respect to Debentures redeemed or amounts paid for fractional Shares. The box in Part 3 of the form may be checked if the Debenture holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and the Paying and Conversion Agent is not provided with a TIN within sixty (60) days, the Paying and Conversion Agent will withhold 31 percent (31%) on all such payments until a TIN is provided.

IMPORTANT TAX INFORMATION

Under federal income tax law, a Debenture holder whose Debentures are redeemed or who receives cash for fractional shares is required by law to provide the Paying and Conversion Agent with such Debenture holder's correct TIN on Substitute Form W-9. If such Debenture holder is an individual, the TIN is his or her social security number. If the Paying and Conversion Agent is not provided with the correct TIN, the Debenture holder or other payee may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition payments that are made to such Debenture holder or other payee with respect to Debentures redeemed or with respect to amounts paid for fractional shares may be subject to backup withholding.

Certain Debenture holders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, that Debenture holder must submit a Form W-8, signed under penalties of perjury, attesting to that individual's exempt status. Such statements can be obtained from the Paying and Conversion Agent.

If backup withholding applies, the Paying and Conversion Agent is required to withhold 31 percent (31%) of any such payments made to the Debenture holder or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments made to a Debenture holder or other payee, the Debenture holder is required to notify the Paying and Conversion Agent of the Debenture holder's correct TIN by completing the form, certifying that the TIN provided on Substitute Form W-9 is correct or that such Debenture holder is awaiting a TIN and that (1) the Debenture holder has not been notified by the Internal Revenue Service that the Debenture holder is subject to backup withholding as a result of failure to report all interest or dividends or (2) the Internal Revenue Service has notified the Debenture holder that the Debenture holder is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE PAYING AND CONVERSION AGENT

The Debenture holder is required to give the Paying and Conversion Agent the TIN (e.g., social security number or employer identification number) of the registered holder of the Debentures. If the Debentures are in more than one name or are not in the name of the actual owner, consult the enclosed guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report.

HOLDERS OF DEBENTURES ARE ADVISED TO READ THE PROSPECTUS AND TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE CONVERSION OR REDEMPTION OF THE DEBENTURES IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

NOTICE OF REDEMPTION

TO THE HOLDERS OF

AMR CORPORATION

6 1/8% CONVERTIBLE SUBORDINATED QUARTERLY INCOME
CAPITAL SECURITIES DUE 2024

CUSIP 001765 AY 2/*/

REDEMPTION DATE: MAY 20, 1996

CONVERSION RIGHT EXPIRES 5 P.M.,
EASTERN DAYLIGHT TIME, MAY 17, 1996

NOTICE IS HEREBY GIVEN that in accordance with Article 10 of the Indenture, dated as of November 1, 1994 (the "Indenture"), between AMR Corporation (the "Company") and The First National Bank of Chicago, as Trustee (the "Trustee"), the Company has elected to redeem all of the Company's 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024 (the "Debentures") on May 20, 1996 (the "Redemption Date"). Capitalized terms used herein and not defined are used as defined in the Indenture.

The Debentures will be redeemed at a redemption price of \$1,042 per \$1,000 principal amount of Debentures (the "Redemption Price"), plus accrued interest of \$3.23 per \$1,000 principal amount of Debentures from May 1, 1996 to the Redemption Date. On the Redemption Date, the Redemption Price will become due and payable upon each Debenture, or portion thereof, to be redeemed and interest will cease to accrue on and after such date.

Debentures (or any portion thereof which is \$1,000 or an integral multiple thereof) may be converted into Common Stock of the Company at a conversion price of \$79.00 principal amount of Debentures per share of Common Stock (equivalent to 12.658 shares of Common Stock for each \$1,000 principal amount of Debentures). THE COMPANY WILL DELIVER CASH IN LIEU OF ANY FRACTIONAL SHARE OF COMMON STOCK. THE DEBENTURES WILL NOT BE CONVERTIBLE AFTER 5:00 P.M., EASTERN DAYLIGHT TIME, ON MAY 17, 1996.

/*/ The CUSIP number referenced above has been assigned by Standard & Poor's Corporation and is included solely for the convenience of holders of the Debentures. Neither the Company nor The First National Bank of Chicago shall be responsible for the selection or use of this CUSIP number, nor is any representation made as to its correctness on the Debentures or as indicated in any redemption notice.

Debentures must be surrendered to the First Chicago Trust Company of New York, as Paying and Conversion Agent (the "Paying Agent"), to collect the Redemption Price, plus accrued interest, or to convert the Debentures. A Letter of Transmittal must be used in connection with the surrender of Debentures for conversion. Debentures are to be surrendered for conversion or redemption at the office of the Paying Agent shown below:

By Hand or Overnight Courier:
First Chicago Trust Company of New York
Tenders & Exchanges
Suite 4680 - AMR
14 Wall Street, 8th Floor
New York, NY 10005

By Mail:
(registered or certified mail recommended)
First Chicago Trust Company of New York
Tenders & Exchanges
P.O. Box 2559, Mail Suite 4660
Jersey City, NJ 07303-2559

This Notice of Redemption, a Letter of Transmittal and a prospectus have been sent to each holder of record of Debentures. Debenture holders should read the prospectus and Instructions to the Letter of Transmittal carefully.

If any holder requires assistance, has questions or would like to obtain copies of the redemption materials, please contact D.F. King & Co., as Information Agent, at 77 Water Street, New York, New York 10005, Tel. (800) 848-3405.

AMR CORPORATION

Dated: April 19, 1996

April [18], 1996

AMR Corporation
4333 Amon Carter Blvd. - MD 5662
Fort Worth, TX 76155

Ladies and Gentlemen:

This Letter Agreement sets forth the terms and conditions pursuant to which AMR Corporation (the "Company") has retained D. F. King & Co., Inc. ("King") in connection with a proposed redemption.

The Company proposes to redeem all its outstanding 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024 (the "Debentures"), subject to the terms and conditions set forth in the Prospectus referred to below. Such redemption of the Debentures is herein referred to as the "Redemption".

On any date prior to the Redemption, each Debenture holder may convert the Debentures into shares of the Company's Common Stock, par value \$1.00 per share, by remitting a Letter of Transmittal. Such conversion of the Debentures is herein referred to as the "Conversion" and, collectively with the Redemption, is herein referred to as the "Transaction".

1. The Company hereby retains King as Information Agent for advisory and consulting services in connection with the Transaction and requests and authorizes King to contact, and to provide information with respect to the Transaction to holders of the Debentures. For this purpose, King is authorized to use, and will be supplied by the Company with as many copies as King may reasonably request of, the following materials filed with the Securities and Exchange Commission (the "Commission") or publicly released (or to be filed or publicly released) by the Company in connection with the Transaction (collectively, the "Transaction Materials"): (i) a Prospectus; (ii) the Letter of Transmittal; (iii) Notice of Guaranteed Delivery; (iv) a Notice of Redemption; (v) press releases and newspaper advertisements, if any; (vi) letter to securities dealers, banks and trust companies, and letter from securities dealers, banks and trust companies to their customers, if any; and (vii) any and all amendments or supplements to any of the foregoing.

2. The Company agrees to pay King as compensation for its services a fee of \$5,000, plus \$3.00 per telephone call received from each Debenture holder regarding the transaction, which is due upon the completion, expiration or termination of the Transaction. The Company further agrees to reimburse King for all out-of-pocket expenses incurred by King in retention hereunder. The Company further agrees and acknowledges that its obligation under this paragraph 2 is not in any way conditional upon the successful consummation of the Transaction.

3. The Company agrees that King shall have the right to pass upon and approve any and all references to King in the Transaction Materials. The Company shall not file with the Commission, any other governmental or regulatory authority or body or any court, or otherwise make public, any document containing any reference to King unless and until King shall have approved such reference. King hereby confirms its approval of the references to King in the Transaction Materials included in the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on April 19, 1996 and the exhibits thereto and to any further references in the Transaction Materials consistent with such references.

4. The Company represents and warrants to King that:

(i) this letter agreement is a valid and binding agreement on the Company's part;

(ii) all necessary corporate action will be duly taken by the Company prior to the commencement of the Transaction to authorize the Transaction;

(iii) all Transaction Materials will comply, in all material respects, with the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, and none of the Transaction Materials, taken as a whole, will contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(iv) any action by the Company in connection with the Transaction will comply, in all material respects, with all applicable requirements of law including the applicable rules or regulations of any governmental or regulatory authority or body, and no material consent or approval of, or filing with, any governmental or regulatory authority or body is required in connection with any such action (or, if any such material consent, approval or filing is required it will be duly obtained or made); and

(v) the Transaction and the execution, delivery and performance of this letter agreement, will not conflict with or result in a breach of or constitute a default under the Company's certificate of incorporation or by-laws, or any material agreement, indenture, mortgage, note or other instrument by which the Company is bound.

5. King represents and warrants that this letter agreement is a valid and binding agreement on King's part and agrees that all actions taken by King in connection with the Transaction will comply, in all material respects, with all applicable requirements of law including the applicable rules or regulations of any governmental or regulatory authority or body. King agrees that it will not provide to any person any information in connection with the Transaction in addition to or inconsistent with the information contained in the Transaction Materials. In no event will King make any recommendation to anyone regarding whether to convert or redeem the Debentures. If such advice is requested, King will respond that it is not authorized to give such advice and shall recommend to the person requesting such advice that such person consult with his or her financial advisor or broker.

6. The Company will advise King promptly of the occurrence of any event which causes it not to proceed with, or to withdraw or abandon, the Transaction. The Company will also advise King promptly of any amendment or supplement to any of the Transaction Materials.

7. The Company hereby agrees to indemnify and hold harmless King, King's controlling persons, officers, directors, employees, agents and representatives (collectively, the "Indemnified Persons") from and against any and all losses, claims, damages, liabilities and expenses what-

soever (including but not limited to, all reasonable counsel fees, disbursements and other out-of-pocket expenses) incurred by such Indemnified Persons in investigating, preparing to defend or defending (or appearing or preparing for appearance as a witness in connection with) any claim, litigation, proceeding, investigation, or governmental or stock exchange inquiry, commenced or threatened arising out of or based upon facts or circumstances constituting violation of, or in conflict with, any of the representations and warranties set forth in paragraph 4 above, except to the extent such loss, claim, damage, liability or expense results from any Indemnified Person's willful misconduct or gross negligence or a violation of any representation, warranty, or covenant set forth in paragraph 5 above. The Company shall reimburse such Indemnified Persons for such counsel fees and disbursements and other out-of-pocket expenses at such time as they are paid or incurred by such Indemnified Persons. The foregoing indemnity shall be in addition to any liability which the Company might otherwise have to the Indemnified Persons.

8. King agrees to notify the Company promptly of the assertion of any claim against any of the Indemnified Persons in connection with the Transaction and in respect of which a claim for indemnity is to be made hereunder. At the Company's election, unless there is a conflict of interest, the defense of the Indemnified Persons shall be conducted by the Company's counsel. Notwithstanding the Company's election to assume the defense of such action or proceeding, an Indemnified Person may employ separate counsel to represent it or defend it in such action or proceeding and the Company will pay the reasonable fees and expenses of such counsel as set forth above if such Indemnified Person reasonably determines that there are defenses available to such Indemnified Person which are different from, or in addition to, those available to the Company, or if a conflict of interest exists which makes representation by counsel chosen by the Company not advisable; provided however, unless there are actual or potential conflicts of interest among the Indemnified Persons, the Company will not be required to pay the fees and expenses of more than one separate counsel for all Indemnified Persons in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which the Company assumes, the Indemnified Persons shall nevertheless be entitled to participate in such action or

proceeding and retain its own counsel at such Indemnified Person's own expense. The Company shall not settle or compromise any such action or proceeding without the Indemnified Person's prior written consent, unless the terms of the settlement or compromise include an unconditional release of any such Indemnified Person from all liability or loss arising out of such action or proceeding.

9. The representations and warranties contained in paragraphs 4 and 5 above and the indemnity agreement contained in paragraphs 7 and 8 above shall remain operative and in full force and effect regardless of: (i) the termination or consummation of the Transaction; and (ii) any investigation made by or on behalf of any party.

10. This agreement shall be construed and enforced in accordance with the laws of the State of New York. It is agreed that any action, suit or proceeding arising out of or based upon this agreement shall be brought in the United States District Court for the Southern District of New York or any court of the State of New York of competent jurisdiction located in such District, and the parties hereto hereby consent to the in personam jurisdiction and venue of any such court and to service of process by certified mail, return receipt requested.

If any provision of this agreement shall be held illegal or invalid by any court, this agreement shall be construed and enforced as if such provision had not been contained herein and shall be deemed an agreement between the parties hereto to the fullest extent permitted by law.

If the foregoing correctly sets forth the understanding between the Company and King, please indicate acceptance thereof in the space provided below for the purpose, whereupon this letter and the Company's acceptance

shall constitute a binding agreement between the parties hereto.

D. F. KING & CO., INC.

By: _____
Name:
Title:

Accepted as of the date first above written:

AMR Corporation

By: _____
Title: Corporate Secretary