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

FORM 10-Q

[X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Quarterly Period Ended September 30, 1996.

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

Commission file number 1-8400.

AMR Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	75-1825172 (I.R.S. Employer Identification No.)
4333 Amon Carter Blvd. Fort Worth, Texas (Address of principal executive offices)	76155 (Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No .

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

Common Stock, $1 par value - 90,972,266 as of October 17, 1996

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AMR CORPORATION

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Revenues				
Airline Group:				
Passenger - American Airlines, Inc.	$3,533	$3,465	$10,330	$ 9,902
- AMR Eagle, Inc.	265	265	798	724
Cargo	165	167	501	503
Other	208	188	615	523
	4,171	4,085	12,244	11,652
The SABRE Group	408	393	1,246	1,161
Management Services Group	158	145	466	427
Less: Intergroup revenues	(175)	(178)	(536)	(518)
Total operating revenues	4,562	4,445	13,420	12,722
Expenses				
Wages, salaries and benefits	1,464	1,465	4,448	4,334
Aircraft fuel	494	416	1,405	1,193
Commissions to agents	323	340	959	981
Depreciation and amortization	302	314	899	947
Other rentals and landing fees	229	229	668	661
Aircraft rentals	146	167	472	504
Food service	177	179	506	507
Maintenance materials and repairs	178	170	516	478
Other operating expenses	661	644	1,972	1,862
Total operating expenses	3,974	3,924	11,845	11,467
Operating Income	588	521	1,575	1,255
Other Income (Expense)				
Interest income	16	15	48	42
Interest expense	(117)	(163)	(386)	(513)
Miscellaneous - net	(23)	10	(28)	(9)
	(124)	(138)	(366)	(480)
Earnings Before Income Taxes and Extraordinary Loss	464	383	1,209	775
Income tax provision	182	150	477	314
Earnings Before Extraordinary Loss	282	233	732	461
Extraordinary Loss, Net of Tax Benefit	-	(4)	-	(17)
Net Earnings	$ 282	$ 229	$ 732	$ 444

Continued on next page.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Earnings (Loss) Per Common Share				
Primary:				
Before extraordinary loss	$ 3.06	$ 3.01	$ 8.53	$ 6.00
Extraordinary loss	-	(0.05)	-	(0.23)
Net Earnings	$ 3.06	$ 2.96	$ 8.53	$ 5.77
Fully Diluted:				
Before extraordinary loss	$ 3.06	$ 2.68	$ 8.11	$ 5.45
Extraordinary loss	-	(0.04)	-	(0.19)
Net Earnings	$ 3.06	$ 2.64	$ 8.11	$ 5.26
Number of shares used in computations				
Primary	92	77	86	77
Fully diluted	92	91	92	91

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

AMR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(In millions)

	September 30, 1996 (Unaudited)	December 31, 1995 (Note 1)
Assets		
Current Assets		
Cash	$ 39	$ 82
Short-term investments	1,309	819
Receivables, net	1,439	1,153
Inventories, net	623	589
Deferred income taxes	358	357
Other current assets	177	137
Total current assets	3,945	3,137
Equipment and Property		
Flight equipment, net	9,355	9,852
Other equipment and property, net	1,899	1,964
	11,254	11,816
Equipment and Property Under Capital Leases		
Flight equipment, net	2,055	1,588
Other equipment and property, net	158	161
	2,213	1,749
Route acquisition costs, net	981	1,003
Other assets, net	1,756	1,851
	$ 20,149	$ 19,556
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 912	$ 817
Accrued liabilities	1,903	1,999
Air traffic liability	1,919	1,466
Current maturities of long-term debt	134	228
Current obligations under capital leases	130	122
Total current liabilities	4,998	4,632
Long-term debt, less current maturities	3,611	4,983
Obligations under capital leases, less current obligations	1,821	2,069
Deferred income taxes	575	446
Other liabilities, deferred gains, deferred credits and postretirement benefits	3,851	3,706
Stockholders' Equity		
Convertible preferred stock	-	78
Common stock	91	76
Additional paid-in capital	3,160	2,239
Retained earnings	2,042	1,327
	5,293	3,720
	$ 20,149	$ 19,556

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

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

	Nine Months Ended September 30, 1996	1995
Net Cash Provided by Operating Activities	$1,988	$1,918
Cash Flow from Investing Activities:		
Capital expenditures	(389)	(813)
Net increase in short-term investments	(490)	(328)
Proceeds from sale of equipment and property	232	67
Net cash used for investing activities	(647)	(1,074)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(1,404)	(755)
Other	20	(4)
Net cash used for financing activities	(1,384)	(759)
Net increase (decrease) in cash	(43)	85
Cash at beginning of period	82	23
Cash at end of period	$ 39	$ 108
Cash Payments (Refunds) For:		
Interest	$ 395	$ 503
Income taxes	285	(44)

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

AMR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. The balance sheet at December 31, 1995 has been derived from the audited financial statements at that date. Certain amounts from 1995 have been reclassified to conform with the 1996 presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Corporation (AMR or the Company) Annual Report on Form 10-K for the year ended December 31, 1995.

2. Accumulated depreciation of owned equipment and property at September 30, 1996 and December 31, 1995, was $6.2 billion and $5.8 billion, respectively. Accumulated amortization of equipment and property under capital leases at September 30, 1996 and December 31, 1995, was $962 million and $875 million, respectively.

3. As discussed in the notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995, the Miami International Airport Authority is currently remediating various environmental conditions at Miami International Airport (Airport) and funding the remediation costs through landing fee revenues. Some of the costs of the remediation effort may be borne by carriers currently operating at the Airport, including American Airlines, Inc. (American), through increased landing fees. The ultimate resolution of this matter is not expected to have a significant impact on the financial position or liquidity of AMR.

4. On May 20, 1996, the Company issued 12,915,610 shares of AMR Common Stock upon the conversion of its 6 1/8% Convertible Subordinated Quarterly Income Capital Securities due 2024. The debentures had been called by the Company for redemption on April 19, 1996. The result was an $834 million decrease in long-term debt and increase in stockholders' equity.

5. On May 20, 1996, the Company issued 1,011,164 shares of AMR Common Stock upon the conversion of its $500 Series A Cumulative Convertible Preferred Stock. The preferred stock, which was evidenced by certain Depositary Shares, had been called for redemption on April 19, 1996. The result was a $78 million decrease in convertible preferred stock and increase in common stock and additional paid-in capital.

6. On June 11, 1996, the Company announced its plans to create a worldwide alliance between American Airlines and British Airways Plc. Subject to regulatory approval, the two carriers will coordinate their passenger and cargo activities between the U.S. and Europe, introduce extensive code-sharing across each other's networks and establish full reciprocity between their frequent flyer programs.

7. On July 2, 1996, the Company completed the reorganization of its information technology businesses known as The SABRE Group into a separate, wholly-owned subsidiary of AMR known as The SABRE Group Holdings, Inc. (TSG) and its direct and indirect subsidiaries. On October 17, 1996, TSG completed an initial public offering of 23,230,000 shares of its Class A Common Stock, representing 17.8 percent of the economic interest in TSG, for net proceeds of approximately $593 million.

8. On September 2, 1996, American and the Allied Pilots Association (APA) reached a tentative agreement on a new labor contract. The agreement must be ratified by the APA Board of Directors and, if approved, must be submitted to the APA membership for final ratification. The Company anticipates a final decision on ratification by mid-December 1996.

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

Results of Operations

For the Three Months Ended September 30, 1996 and 1995

Summary AMR recorded net earnings for the three months ended September 30, 1996, of $282 million, or $3.06 per common share (primary and fully diluted). This compares with net earnings of $229 million, or $2.96 per common share ($2.64 fully diluted) for the third quarter of 1995. AMR's operating income improved 12.9 percent or $67 million.

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

On July 2, 1996, the Company completed the reorganization of its information technology businesses known as The SABRE Group into a separate, wholly-owned subsidiary of AMR known as The SABRE Group Holdings, Inc. (TSG) and its direct and indirect subsidiaries (the "Reorganization"). Prior to the Reorganization, most of The SABRE Group's business units were divisions of American. As part of the Reorganization, $850 million of American's long-term debt owed to AMR was repaid through the transfer by American to AMR of an $850 million debenture issued by TSG to American. This will reduce the Airline Group's annual interest costs by approximately $60-70 million and increase The SABRE Group's annual interest costs by an amount dependent upon the outstanding balance of the debenture. On October 17, 1996, The SABRE Group repaid approximately $532 million of this debenture with proceeds from its initial public offering.

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

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

Results of Operations (continued)

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

	Three Months Ended September 30, 1996	1995
Revenues		
Passenger - American Airlines, Inc.	$3,533	$3,465
- AMR Eagle, Inc.	265	265
Cargo	165	167
Other	208	188
	4,171	4,085
Expenses		
Wages, salaries and benefits	1,271	1,290
Aircraft fuel	494	416
Commissions to agents	323	340
Depreciation and amortization	258	268
Other operating expenses	1,345	1,375
Total operating expenses	3,691	3,689
Operating Income	480	396
Other Income (Expense)	(109)	(138)
Earnings Before Income Taxes and Extraordinary Loss	$ 371	$ 258
Average number of equivalent employees	89,300	89,700

OPERATING STATISTICS

	Three Months Ended September 30, 1996	1995
American Airlines, Inc.		
Jet Airline Operations		
Revenue passenger miles (millions)	27,808	27,814
Available seat miles (millions)	39,134	40,376
Cargo ton miles (millions)	486	498
Passenger revenue yield per passenger mile (cents)	12.71	12.46
Passenger revenue per available seat mile (cents)	9.03	8.58
Cargo revenue yield per ton mile (cents)	33.50	33.09
Operating expenses per available seat mile (cents)	8.72	8.44
Passenger load factor	71.1%	68.9%
Breakeven load factor	60.1%	59.7%
Fuel consumption (gallons, in millions)	707	712
Fuel price per gallon (cents)	67.4	56.3
Operating aircraft at period-end	640	646
AMR Eagle, Inc.		
Revenue passenger miles (millions)	651	693
Available seat miles (millions)	1,111	1,230
Passenger load factor	58.6%	56.3%
Operating aircraft at period-end	208	267

Operating aircraft at September 30, 1996, included:

Jet Aircraft:		Regional Aircraft:	
Airbus A300-600R	35	ATR 42	46
Boeing 727-200	75	Super ATR	33
Boeing 757-200	90	Jetstream 32	3
Boeing 767-200	8	Saab 340B	90
Boeing 767-200 Extended Range	22	Saab 340B Plus	25
Boeing 767-300 Extended Range	41	Shorts 360	11
Fokker 100	75	Total	208
McDonnell Douglas DC-10-10	13		
McDonnell Douglas DC-10-30	5		
McDonnell Douglas MD-11	16		
McDonnell Douglas MD-80	260		
Total	640		

88.3% of the jet aircraft fleet is Stage III, a classification of aircraft meeting the most stringent noise standards promulgated by the Federal Aviation Administration.

Average aircraft age is 8.7 years for jet aircraft and 4 years for regional aircraft.

Results of Operations (continued)

The Airline Group's revenues increased $86 million or 2.1 percent in the third quarter of 1996 versus the same period last year. American's passenger revenues increased by 2.0 percent, $68 million. American's yield (the average amount one passenger pays to fly one mile) of 12.71 cents increased by 2.0 percent compared to the same period in 1995. Domestic yields increased 1.3 percent from third quarter 1995. International yields increased 3.7 percent from third quarter 1995, due primarily to a 6.9 percent increase in Europe.

American's traffic or revenue passenger miles (RPMs) of 27.8 billion miles for the quarter ended September 30, 1996 were comparable to the same period in 1995. American's capacity or available seat miles (ASMs) decreased 3.1 percent to 39.1 billion miles in the third quarter of 1996. Roughly half of this decline was due to approximately ten fewer operating aircraft, partially offset by a 2.1 percent increase in jet stage length. The balance of the decline is attributable to an increased number of flight cancellations due to a temporary shortage of pilots available to fly the schedule. To ensure schedule reliability, American reduced scheduled operations in September. Operations have subsequently returned to normal. American's domestic traffic increased 2.9 percent on capacity decreases of 2.4 percent and international traffic decreased 5.9 percent on capacity decreases of 4.6 percent. The decline in international traffic was driven by a 14.0 percent decrease in traffic to Europe on a capacity decrease of 13.4 percent, partially offset by a 3.3 percent increase in traffic to Latin America on capacity growth of 4.3 percent.

Although not quantifiable, some portion of the passenger revenue increase is attributable to the January 1, 1996 expiration of the ten percent federal excise tax on airline travel. The excise tax was reinstated on August 27, 1996 and is set to expire again on December 31, 1996.

Other revenues increased 10.6 percent, $20 million, primarily due to increases in aircraft maintenance work and airport ground services performed by American for other airlines.

The Airline Group's operating expenses increased 0.1 percent, $2 million. American's Jet Airline cost per ASM increased 3.3 percent to 8.72 cents. Aircraft fuel expense increased 18.8 percent, $78 million, due to a 19.7 percent increase in American's average price per gallon. American expects that the average price per gallon for jet fuel will continue to increase in the fourth quarter of 1996. Other operating expenses decreased by $30 million, approximately $21 million of which is due to a decrease in aircraft rentals resulting from the prepayment of cancelable leases on 12 Boeing 767-300 aircraft during June and July 1996.

Other Income (Expense) decreased 21.0 percent or $29 million. Interest expense decreased $47 million primarily due to the conversion of $1.02 billion in convertible subordinated debentures, the retirement of debt prior to scheduled maturity, and scheduled debt repayments. Other expense in the third quarter of 1996 includes a $21 million provision for a cash payment representing American's share of a multi-carrier travel agency class action litigation settlement.

Results of Operations (continued)

THE SABRE GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Three Months Ended September 30, 1996	1995
Revenues	$ 408	$ 393
Operating Expenses	319	285
Operating Income	89	108
Other Income (Expense)	(15)	1
Earnings Before Income Taxes	$ 74	$ 109
Average number of equivalent employees	7,800	7,400

Revenues
Revenues for The SABRE Group increased 3.8 percent, $15 million, primarily due to an increase in booking volumes worldwide, an overall increase in the price per booking charged to associates and a migration of associates to higher participation levels within SABRE, offset by a reduction in revenues due to the application of the financial terms of the technology services agreement. When results are revised to reflect pro forma adjustments for the new agreement and the impact of certain other transactions resulting from the Reorganization, revenues increased 8.4 percent or $32 million.

Operating Expenses
Operating expenses increased 11.9 percent, $34 million, due primarily to increases in customer incentive expenses and salaries and benefits. Customer incentive expenses increased in order to maintain and grow The SABRE Group's customer base. Salaries and benefits increased due to an increase of approximately five percent in the average number of equivalent employees necessary to support The SABRE Group's revenue growth and new product development. Additionally, the new agreements with American covering air travel and certain marketing services and other changes resulting from the Reorganization increased operating expenses in 1996. When results are revised to reflect pro forma adjustments for the new agreements and the Reorganization, operating expenses increased 9.1 percent or $27 million.

Operating Income
Operating income decreased 17.6 percent, $19 million. When results are revised to reflect pro forma adjustments for the new agreements and the Reorganization, operating income increased 5.9 percent, $5 million.

Other Income (Expense)
Other income (expense) increased $16 million due to interest expense incurred on the $850 million subordinated debenture payable to AMR issued in conjunction with the Reorganization.

Results of Operations (continued)

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Three Months Ended September 30, 1996	1995
Revenues	$ 158	$ 145
Operating Expenses	139	128
Operating Income	19	17
Other Income (Expense)	-	(1)
Earnings Before Income Taxes	$ 19	$ 16
Average number of equivalent employees	14,700	13,800

Revenues
Revenues for the Management Services Group increased 9.0 percent, or $13 million. This increase is due principally to AMR Services Corporation, which experienced higher revenue as a result of increased airline passenger, ramp and cargo handling services provided by its Airline Services division and increased telemarketing services provided by its TeleService Resources division.

Operating Expenses
Operating expenses increased 8.6 percent, $11 million, due primarily to an $8 million increase in wages, salaries and benefits resulting from an increase in the average number of equivalent employees.

Results of Operations (continued)

For the Nine Months Ended September 30, 1996 and 1995

Summary AMR recorded net earnings for the nine months ended September 30, 1996, of $732 million, or $8.53 per common share ($8.11 fully diluted). This compares with net earnings of $444 million, or $5.77 per common share ($5.26 fully diluted) for the same period in 1995. Included in net earnings for the nine months ended September 30, 1995, is an extraordinary loss of $27 million ($17 million net of tax benefit) resulting from the repurchase and retirement of debt prior to scheduled maturity. AMR's operating income improved 25.5 percent or $320 million.

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

	Nine Months Ended September 30,	
	1996	1995
Revenues		
Passenger - American Airlines, Inc.	$10,330	$9,902
- AMR Eagle, Inc.	798	724
Cargo	501	503
Other	615	523
	12,244	11,652
Expenses		
Wages, salaries and benefits	3,878	3,823
Aircraft fuel	1,405	1,193
Commissions to agents	959	981
Depreciation and amortization	757	804
Other operating expenses	4,019	3,976
Total operating expenses	11,018	10,777
Operating Income	1,226	875
Other Income (Expense)	(348)	(469)
Earnings Before Income Taxes and Extraordinary Loss	$ 878	$ 406
Average number of equivalent employees	89,000	89,500

Results of Operations (continued)

OPERATING STATISTICS

	Nine Months Ended September 30, 1996	1995
American Airlines, Inc.		
Jet Airline Operations		
Revenue passenger miles (millions)	79,119	77,660
Available seat miles (millions)	115,128	116,516
Cargo ton miles (millions)	1,504	1,519
Passenger revenue yield per passenger mile (cents)	13.06	12.75
Passenger revenue per available seat mile (cents)	8.97	8.50
Cargo revenue yield per ton mile (cents)	32.83	32.71
Operating expenses per available seat mile (cents)	8.84	8.55
Passenger load factor	68.7%	66.7%
Breakeven load factor	59.5%	59.5%
Fuel consumption (gallons, in millions)	2,057	2,065
Fuel price per gallon (cents)	65.8	55.7
Operating aircraft at period-end	640	646
AMR Eagle, Inc.		
Revenue passenger miles (millions)	1,962	1,834
Available seat miles (millions)	3,350	3,316
Passenger load factor	58.6%	55.3%
Operating aircraft at period-end	208	267

Results of Operations (continued)

The Airline Group's revenues increased $592 million or 5.1 percent during the first nine months of 1996 versus the same period last year. American's passenger revenues increased by 4.3 percent, $428 million. American's yield (the average amount one passenger pays to fly one mile) of 13.06 cents increased by 2.4 percent compared to the same period in 1995. Domestic yields increased 2.9 percent from the first nine months of 1995. International yields increased 1.4 percent over the first nine months of 1995, due primarily to a 4.1 percent increase in Europe.

American's traffic or revenue passenger miles (RPMs) increased 1.9 percent to 79.1 billion miles for the nine months ended September 30, 1996. American's capacity or available seat miles (ASMs) decreased 1.2 percent to 115.1 billion miles in the first nine months of 1996, primarily as a result of approximately 12 fewer operating aircraft, partially offset by increases in jet stage length and aircraft productivity. Jet stage length increased 5.0 percent and aircraft productivity, as measured by miles flown per aircraft per day, increased 2.3 percent compared with the first nine months of 1995. American's domestic traffic increased 2.4 percent on capacity decreases of 1.5 percent and international traffic grew 0.7 percent on capacity decreases of 0.4 percent. The increase in international traffic was driven by a 5.0 percent increase in traffic to Latin America on capacity growth of 4.9 percent, partially offset by a 3.5 percent decrease in traffic to Europe on a capacity decrease of 5.8 percent.

Although not quantifiable, some portion of the passenger revenue increase is attributable to the January 1, 1996 expiration of the ten percent federal excise tax on airline travel. The excise tax was reinstated on August 27, 1996 and is set to expire again on December 31, 1996.

Passenger revenues of the AMR Eagle carriers increased 10.2 percent, $74 million, due principally to an increase in traffic of 7.0 percent to 2.0 billion RPMs. In the first quarter of 1995, AMR Eagle redeployed its fleet of ATR aircraft in response to the FAA's temporary restrictions on the operation of ATR aircraft. The fleet disruption adversely impacted AMR Eagle's results in the first and second quarters of 1995.

Other revenues increased 17.6 percent, $92 million, primarily due to increases in aircraft maintenance work and airport ground services performed by American for other airlines and increased employee travel service charges.

The Airline Group's operating expenses increased 2.2 percent, $241 million. American's Jet Airline cost per ASM increased by 3.4 percent to 8.84 cents. Aircraft fuel expense increased 17.8 percent, $212 million, due to an 18.1 percent increase in American's average price per gallon. American expects that the average price per gallon for jet fuel will continue to increase in the fourth quarter of 1996.

Other Income (Expense) decreased 25.8 percent or $121 million. Interest expense decreased $125 million due primarily to scheduled debt repayments, the retirement of debt prior to scheduled maturity, and the conversion of $1.02 billion in convertible subordinated debentures during the second quarter of 1996. Other expense in the third quarter of 1996 includes a $21 million provision for a cash payment representing American's share of a multi-carrier travel agency class action litigation settlement.

Results of Operations (continued)

THE SABRE GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Nine Months Ended September 30, 1996	1995
Revenues	$1,246	$1,161
Operating Expenses	960	834
Operating Income	286	327
Other Income (Expense)	(17)	(9)
Earnings Before Income Taxes	$ 269	$ 318
Average number of equivalent employees	7,900	7,300

Revenues
Revenues for The SABRE Group increased 7.3 percent, $85 million, primarily due to an increase in booking volumes worldwide, an overall increase in the price per booking charged to associates and a migration of associates to higher participation levels within SABRE, offset by a reduction in revenues due to the application of the financial terms of the technology services agreement. When results are revised to reflect pro forma adjustments for the new agreement and the impact of certain other transactions resulting from the Reorganization, revenues increased 11.4 percent or $127 million.

Operating Expenses
Operating expenses increased 15.1 percent, $126 million, due primarily to increases in salaries and benefits and customer incentive expenses. Salaries and benefits increased due to an increase of approximately eight percent in the average number of equivalent employees necessary to support the SABRE Group's revenue growth and new product development. Customer incentive expenses increased in order to maintain and grow The SABRE Group's customer base. Additionally, the new agreements with American covering air travel and certain marketing services and other changes resulting from the Reorganization increased operating expenses in 1996. When results are revised to reflect pro forma adjustments for the new agreements and the Reorganization, operating expenses increased 11.8 percent or $101 million.

Operating Income
Operating income decreased 12.5 percent, $41 million. When results are revised to reflect pro forma adjustments for the new agreements and the Reorganization, operating income increased 10.3 percent, $26 million.

Other Income (Expense)
Other income (expense) increased $8 million due to interest expense incurred on the $850 million subordinated debenture payable to AMR issued in conjunction with the Reorganization, partially offset by a reduction in the losses from joint ventures in which The SABRE Group owns an interest accounted for under the equity method.

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Nine Months Ended September 30, 1996	1995
Revenues	$ 466	$ 427
Operating Expenses	403	374
Operating Income	63	53
Other Income (Expense)	(1)	(2)
Earnings Before Income Taxes	$ 62	$ 51
Average number of equivalent employees	14,300	13,000

Revenues
Revenues for the Management Services Group increased 9.1 percent, or $39 million. This increase is due principally to AMR Services Corporation, which experienced higher revenue as a result of increased airline passenger, ramp and cargo handling services provided by its Airline Services division and increased telemarketing services provided by its TeleService Resources division.

Operating Expenses
Operating expenses increased 7.8 percent, $29 million, due primarily to a $20 million increase in wages, salaries and benefits resulting from an increase in the average number of equivalent employees.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities in the nine month period ended September 30, 1996, was $2.0 billion, an increase of $70 million over the same period in 1995. Capital expenditures for the first nine months of 1996 were $389 million, and included the acquisition of four Boeing 757-200 aircraft. These capital expenditures were financed with internally generated cash. Proceeds from the sale of equipment and property of $232 million for the first nine months of 1996 include proceeds received upon the delivery of three of American's McDonnell Douglas MD-11 aircraft to Federal Express Corporation in accordance with the 1995 agreement between the two parties.

During June and July 1996, American prepaid cancelable leases it had on 12 of its Boeing 767-300 aircraft totaling $565 million.

As a result of its initial public offering, TSG received net proceeds of approximately $593 million. TSG used approximately $532 million of these proceeds to repay a portion of its $850 million debenture payable to AMR. AMR anticipates that it will use the proceeds from such repayment for its general corporate purposes. The remaining net proceeds of the initial public offering will be used by The SABRE Group for its general corporate purposes.

Results of Operations (continued)

OTHER

On October 17, 1996, TSG completed an initial public offering of 23,230,000 shares of its Class A Common Stock, representing 17.8 percent of the economic interest in TSG, for net proceeds of approximately $593 million. AMR anticipates recording a significant gain in the fourth quarter of 1996 related to the initial public offering.

In accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," AMR periodically reviews its investments to determine their recoverability. The Company is currently reviewing its $192 million investment in the cumulative mandatorily redeemable convertible preferred stock of Canadian Airlines International Limited. At September 30, 1996, this investment has an estimated fair value of $32 million; the unrealized loss of $160 million has been recorded as a reduction in equity, net of tax benefit. If the Company determines that the decline in fair value is other than temporary, the Company will be required to take a charge to 1996 earnings to reflect the decline in the value of this investment.

On September 2, 1996, American and the Allied Pilots Association (APA) reached a tentative agreement on a new labor contract. One of the provisions of the tentative agreement is that the pilots will initially receive options to buy 3 million shares of AMR stock at $10 less than its market value per share at the grant date. The grant of these options would occur shortly after the ratification of the agreement. To mitigate some or all of the dilutive effect of the exercise of these stock options, AMR is contemplating a share repurchase plan.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

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

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

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

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

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

On February 10, 1995, American capped travel agency commissions for one-way and round trip domestic tickets at $25 and $50, respectively. Immediately thereafter, numerous travel agencies, and two travel agency trade association groups, filed class action lawsuits against American and other major air carriers (Continental, Delta, Northwest, United, USAir and TWA) that had independently imposed similar limits on travel agency commissions. The suits were transferred to the United States District Court for the District of Minnesota, and consolidated as a multi-district litigation captioned In Re: Airline Travel Agency Commission Antitrust Litigation. On September 3, 1996, American reached a tentative settlement with plaintiffs whereby American agreed, inter alia, to pay $21.3 million in exchange for a release from all claims. A hearing has been scheduled for November 15, 1996, at which time the court will consider approval of the settlement.

PART II

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

11 Computation of earnings per share.

27 Financial Data Schedule.

Signature

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

AMR CORPORATION

Date: October 25, 1996   BY: /s/ Gerard J. Arpey
Gerard J. Arpey
Senior Vice President and Chief Financial Officer

EXHIBIT 11

AMR CORPORATION
Computation of Earnings Per Share
(In millions, except per share amounts)

	Three Months Ended September 30, 1996	Three Months Ended September 30, 1995	Nine Months Ended September 30, 1996		Nine Months Ended September 30, 1995
Primary:					
Earnings applicable to common shares	$ 282	$ 229	$ 732		$ 444
Average shares outstanding	91	76	85		76
Add shares issued upon assumed conversion of dilutive options, stock appreciation rights and warrants and shares assumed issued for deferred stock granted	3	4	3		3
Less assumed treasury shares purchased	(2)	(3)	(2)		(2)
Total primary shares	92	77	86		77
Primary earnings per share	$ 3.06	$ 2.96	$ 8.53		$ 5.77
Fully diluted:					
Earnings applicable to common shares	282	229	732		444
Adjustments:					
Add interest upon assumed conversion of 6.125% convertible subordinated debentures, net of tax	-	10	14	(a)	31
Add dividends upon assumed conversion of convertible preferred stock	-	2	1	(a)	4
Earnings as adjusted	$ 282	$ 241	$ 747		$ 479
Average shares outstanding	91	76	85		76
Add shares issued upon:					
Assumed conversion of 6.125% convertible subordinated debentures	-	13	5		13
Assumed conversion of preferred stock	-	1	1		1
Assumed conversion of dilutive options,stock appreciation rights and warrants and shares assumed issued for deferred stock granted	3	4	3		4
Less assumed treasury shares purchased	(2)	(3)	(2)		(3)
Total fully diluted shares	92	91	92		91
Fully diluted earnings per share	$ 3.06	$ 2.64	$ 8.11		$ 5.26

(a) Through date of actual conversion.

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1,000,000

9-MOS
DEC-31-1996
SEP-30-1996
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623
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20622
7155
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4998
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91
5202
20149
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13420
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11845
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0
386
1209
477
732
0
0
0
732
8.53
8.11