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 March 31, 2004.

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

Commission file number 1-8400.

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

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

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). 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 - 159,625,464 shares as of April 16, 2004.

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AMR CORPORATION

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

Three Months
Ended March
31, 2004
2003

~~Revenues~~
~~Passenger -~~
~~American~~
~~Airlines $~~
~~3,678 $~~
~~3,394 -~~
~~Regional~~
~~Affiliates~~
~~420 326~~
~~Cargo 148~~
~~134 Other~~
~~revenues 266~~
~~266 Total~~
~~operating~~
~~revenues~~
~~4,512 4,120~~
~~Expenses~~
~~Wages,~~
~~salaries and~~
~~benefits~~
~~1,640 2,098~~
~~Aircraft~~
~~fuel 808 729~~
~~Depreciation~~
~~and~~
~~amortization~~
~~326 338~~
~~Other~~
~~rentals and~~
~~landing fees~~
~~305 291~~
~~Commissions,~~
~~booking fees~~
~~and credit~~
~~card expense~~
~~288 255~~
~~Maintenance,~~
~~materials~~
~~and repairs~~

~~231 231~~
~~Aircraft~~
~~rentals 153~~
~~190 Food~~
~~service 137~~
~~149 Other~~
~~operating~~
~~expenses 582~~
~~683 Special~~
~~charges - 25~~
~~Total~~
~~operating~~
~~expenses~~
~~4,470 4,989~~
~~Operating~~
~~Income~~
~~(Loss) 42~~
~~(869) Other~~
~~Income~~
~~(Expense)~~
~~Interest~~
~~income 14 13~~
~~Interest~~
~~expense~~
~~(212) (192)~~
~~Interest~~
~~capitalized~~
~~18 19~~
~~Miscellaneous~~
~~- net (28)~~
~~(14) (208)~~
~~(174) Loss~~
~~Before~~
~~Income Taxes~~
~~(166)~~
~~(1,043)~~
~~Income tax -~~
~~- Net Loss $~~
~~(166) $~~
~~(1,043)~~
~~Basic and~~
~~Diluted Loss~~
~~Per Share $~~
~~(1.03) $~~
~~(6.68)~~

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

AMR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (In millions)
March 31,
December 31,
2004 2003
~~Assets~~
~~Current~~
~~Assets Cash $~~
~~152 $ 120~~
~~Short-term~~
~~investments~~
~~3,074 2,486~~
~~Restricted~~
~~cash and~~
~~short-term~~
~~investments~~
~~501 527~~
~~Receivables,~~
~~net 965 796~~
~~Inventories,~~
~~net 490 516~~
~~Other current~~
~~assets 224~~
~~237 Total~~
~~current~~

~~assets 5,406 4,682 Equipment and Property Flight equipment, net 15,264 15,319 Other equipment and property, net 2,383 2,411 Purchase deposits for flight equipment 356 359 18,003 18,089 Equipment and Property Under Capital Leases Flight equipment, net 1,266 1,284 Other equipment and property, net 84 87 1,350 1,371 Route acquisition costs and airport operating and gate lease rights, net 1,245 1,253 Other assets 3,946 3,935 $ 29,950 $ 29,330 Liabilities and Stockholders' Equity (Deficit) Current Liabilities Accounts payable $ 1,022 $ 967 Accrued liabilities 2,072 1,989 Air traffic liability 3,201 2,799 Current maturities of long-term debt 619 603 Current obligations under capital leases 196 201 Total current liabilities 7,110 6,559 Long-term debt, less current maturities 12,403 11,901 Obligations under capital leases, less current obligations 1,174 1,225 Pension and postretirement benefits~~

~~4,720 4,803 Other liabilities, deferred gains and deferred credits 4,678 4,796 Stockholders' Equity (Deficit) Preferred stock - - Common stock 182 182 Additional paid-in capital 2,597 2,605 Treasury stock (1,395) (1,405) Accumulated other comprehensive loss (802) (785) Retained deficit (717) (551) (135) 46 $ 29,950 $ 29,330~~

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

AMR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In millions)
Three Months Ended March 31, 2004 2003 ~~Net Cash Provided (Used) by Operating Activities $ 371 $ (537) Cash Flow from Investing Activities: Capital expenditures, including purchase deposits for flight equipment (213) (229) Net (increase) decrease in short-term investments (588) 731 Net decrease in restricted cash and short-term investments 26 233 Proceeds from sale of equipment and property 18 29 Other (12) 23 Net~~

~~cash (used) provided by investing activities (769) 787 Cash Flow from Financing Activities: Payments on long-term debt and capital lease obligations (199) (247) Proceeds from: Issuance of long-term debt 627 50 Exercise of stock options 2 — Net cash provided (used) by financing activities 430 (197) Net increase in cash 32 53 Cash at beginning of period 120 104 Cash at end of period $ 152 $ 157 Activities Not Affecting Cash Flight equipment acquired through seller financing $ 18 $ 164~~

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 unless otherwise disclosed, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. The condensed consolidated financial statements include the accounts of AMR Corporation (AMR or the Company) and its wholly owned subsidiaries, including its principal subsidiary American Airlines, Inc. (American). For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Annual Report on Form 10-K for the year ended December 31, 2003 (2003 Form 10-K). Certain amounts have been reclassified to conform with the 2004 presentation.

2. The Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Under APB 25, no compensation expense is recognized for stock option grants if the exercise price of the Company's stock option grants is at or above the fair market value of the underlying stock on the date of grant. The Company has adopted the pro forma disclosure features of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." The following table illustrates the effect on net loss and loss per share amounts if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in millions, except per share amounts):

	Three Months Ended March 31, 2004	2003
Net loss, as reported	$(166)	$(1,043)
Add: Stock-based employee compensation expense included in reported net loss	11	(3)
Deduct: Total stock based employee compensation expense determined under fair value based methods for all awards	(27)	(7)
Pro forma net loss	$(182)	$(1,053)
Loss per share:		
Basic and diluted – as reported	$(1.03)	$(6.68)
Basic and diluted – pro forma		

~~$(1.14)~~
~~$(6.74)~~

3. As of March 31, 2004, the Company had commitments to acquire: 27 Embraer regional jets and five Bombardier CRJ-700 regional jets in 2004; an aggregate of 38 Embraer regional jets in 2005 and 2006; and an aggregate of 47 Boeing 737-800s and nine Boeing 777-200ERs in 2006 through 2010. Future payments for all aircraft, including the estimated amounts for price escalation, will approximate $576 million during the remainder of 2004, $699 million in 2005, $685 million in 2006 and an aggregate of approximately $2.0 billion in 2007 through 2010. The Company has pre-arranged financing or backstop financing for all of its regional jet aircraft deliveries through mid-July 2005. These deliveries include the remaining 32 aircraft in 2004 and 20 aircraft in 2005.

The Company is subject to environmental issues at various airport and non-airport locations for which it has accrued, in Accrued liabilities on the accompanying condensed consolidated balance sheets, $75 million and $72 million at March 31, 2004 and December 31, 2003, respectively. Management believes, after considering a number of factors, that the ultimate disposition of these environmental issues is not expected to materially affect the Company's consolidated financial position, results of operations or cash flows. Amounts recorded for environmental issues are based on the Company's current assessments of the ultimate outcome and, accordingly, could increase or decrease as these assessments change.

In 2003, the Company reached concessionary agreements with certain lessors. Certain of these agreements provide that the Company's obligations under the related leases revert to the original terms if certain events occur prior to December 31, 2005, including: (i) an event of default under the related lease (which generally occurs only if a payment default occurs), (ii) an event of loss with respect to the related aircraft, (iii) rejection by the Company of the lease under the provisions of Chapter 11 of the U.S. Bankruptcy Code or (iv) the Company's filing for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. If any one of these events were to occur, the Company would be responsible for approximately $45 million in additional operating lease payments and $65 million in additional payments related to capital leases as of March 31, 2004. This amount will increase to approximately $119 million in operating lease payments and $111 million in payments related to capital leases prior to the expiration of the provision on December 31, 2005. These amounts are being accounted for as contingent rentals and will only be recognized if they become payable.

Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (Interpretation 45), requires disclosures in interim and annual financial statements about obligations under certain guarantees issued by the Company. The disclosures required by Interpretation 45 were included in Notes 4, 5 and 6 to the consolidated financial statements in the 2003 Form 10-K. There have been no significant changes to such disclosures.

4. Accumulated depreciation of owned equipment and property at March 31, 2004 and December 31, 2003 was $8.7 billion and $8.5 billion, respectively. Accumulated amortization of equipment and property under capital leases at March 31, 2004 and December 31, 2003 was $1.1 billion.

5. As discussed in Note 8 to the consolidated financial statements in the 2003 Form 10-K, the Company has a valuation allowance against the full amount of its net deferred tax asset. The Company's deferred tax asset valuation allowance increased $65 million during the three months ended March 31, 2004 to $728 million as of March 31, 2004.

6. During the three-month period ended March 31, 2004, AMR Eagle borrowed approximately $146 million (net of discount), under various debt agreements, related to the purchase of regional jet aircraft, including certain seller financed agreements. These debt

agreements are secured by the related aircraft, have interest rates which are either fixed or variable based on LIBOR plus a spread, and mature over various periods of time through 2020. As of March 31, 2004, the effective interest rates on these agreements range up to 4.75 percent. These debt agreements are guaranteed by AMR.

In addition, in February 2004, American issued $180 million of Fixed Rate Secured Notes due 2009. These notes are secured by certain spare parts (with a net book value of $224 million as of March 31, 2004) and bear interest at 7.25 percent.

Also in February 2004, the Company issued $324 million principal amount of 4.50 percent senior convertible notes due 2024. Each note is convertible into AMR common stock at a conversion rate of 45.3515 shares per $1,000 principal amount of notes (which represents an equivalent conversion price of $22.05 per share), subject to adjustment in certain circumstances. The notes are convertible under certain circumstances, including if (i) the closing sale price of the Company's common stock reaches a certain level for a specified period of time, (ii) the trading price of the notes as a percentage of the closing sale price of the Company's common stock falls below a certain level for a specified period of time, (iii) the Company calls the notes for redemption, or (iv) certain corporate transactions occur. Holders of the notes may require the Company to repurchase all or any portion of the notes on February 15, 2009, 2014 and 2019 at a purchase price equal to the principal amount of the notes being purchased plus accrued and unpaid interest to the date of purchase. The Company may pay the purchase price in cash, common stock or a combination of cash and common stock. After February 15, 2009, the Company may redeem all or any portion of the notes for cash at a price equal to the principal amount of the notes being redeemed plus accrued and unpaid interest as of the redemption date. These notes are guaranteed by American. If the holders of these notes or the 4.25 percent senior convertible notes due 2023 require the Company to repurchase all or any portion of the notes on the repurchase dates, it is the Company's present intention to satisfy the requirement in cash.

As of March 31, 2004, AMR has issued guarantees covering approximately $932 million of American's tax-exempt bond debt and American has issued guarantees covering approximately $1.3 billion of AMR's unsecured debt. In addition, as of March 31, 2004, AMR and American have issued guarantees covering approximately $484 million of AMR Eagle's secured debt, and AMR has issued guarantees covering an additional $2.1 billion of AMR Eagle's secured debt.

7. The following table provides the components of net periodic benefit cost for the three months ended March 31, 2004 and 2003 (in millions):

Other
Postretirement
Pension
Benefits
Benefits 2004
2003 2004
2003
~~Components of~~
~~net periodic~~
~~benefit cost~~
~~Service cost~~
~~$ 89 $ 109 $~~
~~19 $ 24~~
~~Interest cost~~
~~142 152 51 56~~
~~Expected~~
~~return on~~
~~assets (142)~~
~~(118) (3) (2)~~
~~Amortization~~
~~of: Prior~~
~~service cost~~
~~4 7 (3) (2)~~
~~Unrecognized~~
~~net loss 14~~

~~32 2 5 Net periodic benefit cost $ 107 $ 182 $ 66 $ 81~~

The Company expects to contribute a minimum of approximately $433 million and $412 million to its defined benefit pension plans in 2004 and 2005, respectively. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004, which was enacted in April 2004. Of the $433 million minimum amount the Company expects to contribute to its defined benefit pension plans in 2004, the Company contributed approximately $213 million during the three months ended March 31, 2004 and an additional $106 million on April 15, 2004.

In December 2003, the President signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Modernization Act), which introduces a prescription drug benefit under Medicare into law. In January 2004, the Financial Accounting Standards Board (FASB) issued a FASB Staff Position which permits companies to elect to defer accounting for the effects of the Modernization Act. The Company has not elected this deferral and has recognized the effect of the Modernization Act in the calculation of its postretirement benefit liability as of December 31, 2003. The effect of the Modernization Act was to reduce the Company's accumulated postretirement benefit obligation (APBO) by $415 million by decreasing unrecognized net actuarial losses. This decrease is due to a reduction in the expected per capita claims cost along with a reduction in the expected rates of participation in the plan. The decrease in the APBO is reflected in the Company's 2004 postretirement benefits expense through amortization of unrecognized gains/losses. Additionally, the service and interest cost components of the Company's 2004 postretirement benefits expense have been reduced as a result of the Modernization Act. The effect of the Modernization Act was to decrease the Company's full year 2004 postretirement benefits expense by approximately $60 million. Final authoritative guidance on accounting for the Modernization Act has not been issued and could require the Company to change previously reported information.

8. During the last three years, as a result of the events of September 11, 2001 and the Company's continuing restructuring activities, the Company has recorded a number of special charges related to aircraft charges, facility exit costs and employee charges. Special charges for the three months ended March 31, 2003 included employee severance charges related to the Company's 2002 restructuring initiatives. The following table summarizes the changes in the remaining accruals for these charges (in millions):

	Aircraft Charges	Facility Exit Costs	Employee Charges	Total
~~Remaining accrual at December 31, 2003~~	~~$ 197~~	~~$ 56~~	~~$ 26~~	~~$ 279~~
~~Payments~~	~~(27)~~	~~(2)~~	~~(4)~~	~~(33)~~
~~Remaining accrual at March 31, 2004~~	~~$ 170~~	~~$~~		

~~54 $ 22~~
~~$ 246~~

Cash outlays related to the accruals, as of March 31, 2004, for aircraft charges, facility exit costs and employee charges will occur through 2014, 2018 and 2004, respectively.

9. The Company includes changes in the fair value of certain derivative financial instruments that qualify for hedge accounting, changes in minimum pension liabilities and unrealized gains and losses on available-for-sale securities in comprehensive loss. For the three months ended March 31, 2004 and 2003, comprehensive loss was $183 million and $1.1 billion, respectively. The difference between net loss and comprehensive loss for the three months ended March 31, 2004 and 2003 is due primarily to the accounting for the Company's derivative financial instruments.

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

	Three Months Ended March 31, 2004	2003
Numerator:		
Net loss – numerator for basic and diluted loss per share	$ (166)	$ (1,043)
Denominator:		
Denominator for basic and diluted loss per share – weighted-average shares	160	156
Basic and diluted loss per share	$(1.03)	$ (6.68)

For the three months ended March 31, 2004, approximately 26 million shares were not added to the denominator because inclusion of such shares would be antidilutive. In addition, for the three months ended March 31, 2004, approximately 32 million shares issuable upon conversion of the Company's 4.50 percent convertible notes (discussed in Note 6) and its 4.25 percent convertible notes were not added to the denominator because the contingent conversion conditions have not been met. For the three months ended March 31, 2003, shares excluded from the denominator because inclusion of such shares would be antidilutive were insignificant.

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

Forward-Looking Information

Statements in this report contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "believes," and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, the Company's expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs, future financing needs, overall economic conditions, plans and objectives for future operations, and the impact on the Company of its results of operations for the past three years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to a number of risk factors that could cause actual results to differ materially from our expectations. The following factors, in addition to other possible factors not listed, could cause the Company's actual results to differ materially from those expressed in forward-looking statements: changes in economic, business and financial conditions; the Company's substantial indebtedness; high fuel prices and the availability of fuel; the residual effects of the war in Iraq; conflicts in the Middle East or elsewhere; the highly competitive business environment faced by the Company, with increasing competition from low cost carriers and historically low fare levels; the ability of the Company to implement its restructuring program and the effect of the program on operational performance and service levels; uncertainties with respect to the Company's international operations; changes in the Company's business strategy; actions by U.S. or foreign government agencies; the possible occurrence of additional terrorist attacks; another outbreak of a disease (such as SARS) that affects travel behavior; uncertainties with respect to the Company's relationships with unionized and other employee work groups; the inability of the Company to satisfy existing financial or other covenants in certain of its credit agreements; the availability of future financing; and increased insurance costs and potential reductions of available insurance coverage. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Overview

AMR's net loss was $166 million for the first quarter of 2004, an improvement of $877 million over its $1.0 billion net loss for the first quarter of 2003. AMR's operating income was $42 million for the first quarter of 2004, an improvement of $911 million over its operating loss of $869 million for the first quarter of 2003.

The year-over-year improvement in the Company's operating results reflects the benefit of the cost reduction initiatives in the Company's restructuring program, which is described more fully under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. In addition, passenger traffic (revenue passenger miles) in the first quarter of 2004 exceeded the Company's expectations, reflecting continuing improvement in the U.S. economy and increasing demand for air travel. However, yield and unit revenues (passenger revenues per available seat mile) remain depressed relative to historical measures because of the Company's reduced pricing power, resulting mainly from greater cost sensitivity on the part of travelers, especially business travelers, and intensifying competition arising in part from the growth of low-cost carriers and in part from the effects of significant increases in overall industry capacity in 2004. In addition, fuel prices remained high relative to the past several years.

The Company continues to need to see improvement in the revenue environment, additional cost reductions and further productivity improvements before it can return to sustained profitability at acceptable levels. In addition, the Company's ability to return to sustained profitability at acceptable levels will depend on a number of risk factors, many of which are largely beyond the Company's control. Some of the risk factors that have had and/or may have a negative impact on the Company's business and financial results are referred to under "Forward-Looking Information" above and are discussed in the Risk Factors listed in Item 7 (on pages 36-38) in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. In particular, if the revenue environment deteriorates beyond normal seasonal trends, or the Company is unable to access the capital markets to raise additional capital, it may be unable to fund its obligations and sustain its operations in the long-term.

LIQUIDITY AND CAPITAL RESOURCES

Significant Indebtedness and Future Financing

During 2001, 2002 and 2003, the Company raised an aggregate of approximately $10.0 billion of financing mostly to fund capital commitments (mainly for aircraft and ground properties) and operating losses. During the three months ended March 31, 2004, the Company raised an additional $645 million of financing to fund capital commitments and for general corporate purposes, and ended the quarter with $3.2 billion of unrestricted cash and short-term investments. The Company believes that it has sufficient liquidity to fund its operations for the foreseeable future, including capital expenditures and other contractual obligations. However, to maintain sufficient liquidity over the long-term as the Company seeks to return to sustained profitability at acceptable levels, the Company will need continued access to additional funding. The Company's possible future financing sources include: (i) a limited amount of additional secured aircraft debt (virtually all of the Company's Section 1110-eligible aircraft are encumbered), (ii) debt secured by other assets, (iii) securitization of future operating receipts, (iv) sale-leaseback transactions of owned aircraft, (v) the potential sale of certain non-core assets, (vi) unsecured debt and (vii) equity and/or equity-like securities. However, the availability and level of these financing sources cannot be assured, particularly in light of the fact that the Company has fewer unencumbered assets available than it has had in the past.

The Company's significant indebtedness could have important future consequences, such as (i) limiting the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes, (ii) requiring the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, (iii) making the Company more vulnerable to economic downturns, (iv) limiting its ability to withstand competitive pressures and reducing its flexibility in responding to changing business and economic conditions, and (v) limiting the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates.

Credit Facility Covenants

American has a fully drawn $834 million bank credit facility secured by aircraft that expires December 15, 2005, which contains a liquidity covenant and an EBITDAR (generally, earnings before interest, taxes, depreciation, amortization and rentals, adjusted for certain non-cash items) to fixed charges (generally, interest and total rentals) ratio covenant. The required EBITDAR to fixed charges ratio was 1.1 to 1.0 for the three-month period ending March 31, 2004, and increases on a quarterly basis up to 1.5 to 1.0 for each four consecutive quarters ending after December 31, 2004. The liquidity covenant requires American to maintain a minimum level of $1.0 billion of unrestricted cash and short-term investments. The Company was in compliance with these covenants as of March 31, 2004 and expects to be able to continue to comply with these covenants. However, there are no assurances that it will continue to be able to do so through the expiration of the facility. Failure to comply with these covenants would result in a default under this facility and could result in a default under a significant amount of the Company's other debt.

Financing Activity

The Company, or its subsidiaries, issued the following debt during the three months ended March 31, 2004 (in millions):

7.25% secured notes due 2009	$ 180
4.50% senior convertible notes due 2024 (net of discount)	319
Various debt agreements related to the purchase of regional jet aircraft (effective interest rates ranging up to 4.75%) (various maturities through 2020) (net of discount)	146
	$ 645

See Note 6 to the accompanying condensed consolidated financial statements for additional information regarding the debt issuances listed above.

Other Operating and Investing Activities

The Company's cost savings initiatives resulted in improved cash flow from operations during the three months ended March 31, 2004, compared to the same period in 2003. Net cash provided by operating activities in the three-month period ended March 31, 2004 was $371 million, an increase of $908 million over the same period in 2003. Net cash used for operating activities for the three months ended March 31, 2003 included the receipt of a $572 million federal tax refund offset by $216 million of redemption payments under operating leases for special facility revenue bonds.

Capital expenditures for the first three months of 2004 were $231 million, $18 million of which was seller financed, and included the acquisition of nine Embraer 145 and one Bombardier CRJ-700 aircraft.

Pension Funding Obligation

The Company expects to contribute a minimum of approximately $433 million and $412 million to its defined benefit pension plans in 2004 and 2005, respectively. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004, which was enacted in April 2004. Of the $433 million minimum amount the Company expects to contribute to its defined benefit pension plans in 2004, the Company contributed approximately $213 million during the three months ended March 31, 2004 and an additional $106 million on April 15, 2004.

RESULTS OF OPERATIONS

For the Three Months Ended March 31, 2004 and 2003

Revenues

The Company's revenues increased approximately $392 million, or 9.5 percent, to $4.5 billion in the first quarter of 2004 from the same period last year. American's passenger revenues increased by 8.4 percent, or $284 million, on a capacity (available seat mile) (ASM) increase of 5.8 percent. American's passenger load factor increased 2.0 points to 71.1 percent while passenger revenue yield per passenger mile decreased by 0.4 percent to 12.14 cents. This resulted in an increase in revenue per available seat mile (RASM) of 2.5 percent to 8.64 cents. Following is additional information regarding American's domestic and international RASM and capacity:

Three Months
Ended March
31, 2004
RASM Y-O-Y
ASMs Y-O-Y
(cents)

Change
(billions)
Change
~~Domestic~~
~~8.53 1.3%~~
~~29.5 2.5%~~
~~International~~
~~8.86 5.2~~
~~13.1 13.9~~
~~Latin~~
~~America 9.40~~
~~(0.2) 7.1~~
~~21.8 Europe~~
~~8.21 8.0 4.9~~
~~5.8 Pacific~~
~~8.36 25.1~~
~~1.1 6.1~~

Regional affiliates' passenger revenues, which are based on industry standard mileage proration agreements for flights connecting to American flights, increased $94 million, or 28.8 percent, to $420 million as a result of increased capacity and load factors. Regional affiliates' traffic increased 32.1 percent to 1.5 billion revenue passenger miles (RPMs), while capacity increased 23.5 percent to 2.5 billion ASMs, resulting in a 4.1 point increase in the passenger load factor to 62.7 percent.

Cargo revenues increased 10.4 percent, or $14 million, due to a 6.3 percent increase in cargo ton miles and a 4.0 percent increase in cargo revenue yield per ton mile.

Operating Expenses

The Company's total operating expenses decreased 10.4 percent, or $519 million, to $4.5 billion in the first quarter of 2004 compared to the first quarter of 2003. American's mainline operating expenses per ASM in the first quarter of 2004 decreased 16.7 percent compared to the first quarter of 2003 to 9.49 cents. These decreases are due primarily to the Company's cost savings initiatives. The decrease in operating expenses occurred despite a 7.4 percent increase in American's price per gallon of fuel in the first quarter of 2004 relative to the first quarter of 2003. The Company's operating and financial results are significantly affected by the price and availability of jet fuel. Additional increases in the price of fuel, or limits in the supply of fuel, would adversely affect the Company's financial condition and results of operations.

(in
millions)
Three
Months
Ended
Change from
Percentage
Operating
Expenses
March
31,2004
2003 Change
~~Wages,~~
~~salaries~~
~~and~~
~~benefits $~~
~~1,640~~
~~$(458)~~
~~(21.8)% (a)~~
~~Aircraft~~
~~fuel 808 79~~

~~10.8 (b) Depreciation and amortization 326 (12) (3.6) Other rentals and landing fees 305 14 4.8 Commissions, booking fees and credit card expense 288 33 12.9 (c) Maintenance, materials and repairs 231 — — Aircraft rentals 153 (37) (19.5) (d) Food service 137 (12) (8.1) Other operating expenses 582 (101) (14.8) (e) Special charges — (25) NM (f) Total operating expenses $ 4,470 $(519) (10.4)%~~

(a)Wages, salaries and benefits decreased primarily due to lower wage rates and reduced headcount primarily as a result of the Labor Agreements and Management Reductions, discussed in the Company's 2003 Form 10-K, which became effective in the second quarter of 2003.

(b)Aircraft fuel expense increased primarily due to a 7.4 percent increase in American's price per gallon of fuel (net of the impact of fuel hedging) and a 2.2 percent increase in American's fuel consumption.

(c)Commissions, booking fees and credit card expense increased due primarily to a 10.2 percent increase in the Company's passenger revenues, particularly the 19.7 percent increase in American's international passenger revenue.

(d)Aircraft rentals decreased due primarily to the removal of leased aircraft from the fleet in the second half of 2003 as part of the Company's restructuring initiatives and concessionary agreements with certain lessors, which reduced future lease payment amounts and resulted in the conversion of 30 operating leases to capital leases in the second quarter of 2003.

(e)Other operating expenses decreased primarily due to decreases in (i) technical and professional fees of $38 million, (ii) data processing expenses of $16 million due primarily to introducing further efficiencies into data processing environments resulting in reduced consumption, and negotiating more favorable terms with vendors in the second quarter of 2003; (iii) travel and incidental costs of $11 million due primarily to decreased overnight stays for pilots and flight attendants as a result of changes in the scheduling of flights, lower average hotel rates, work rule changes and lower per diem reimbursements; and increases in (iv) gains (or decreases in losses) on disposal of assets of $23 million and (v) foreign exchange gains in the first quarter of 2004 of $15 million.

(f)Special charges for 2003 included $25 million in severance charges related to the Company's 2002 restructuring initiatives.

Other Income (Expense)

Other income (expense), historically a net expense, increased $34 million due primarily to the following: Interest expense increased $20 million, or 10.4 percent, resulting primarily from the increase in the Company's long-term debt. Miscellaneous-net increased $14 million, due primarily to the accrual during the first quarter of 2004 of a $23 million award rendered by an independent arbitrator and relating to a grievance filed by the Allied Pilots Association, somewhat offset by the write-down during the first quarter of 2003 of certain investments held by the Company.

Income Tax Benefit

The Company did not record a net tax benefit associated with its first quarter 2004 and 2003 losses due to the Company providing a valuation allowance, as discussed in Note 5 to the accompanying condensed consolidated financial statements.

Operating Statistics

The following table provides statistical information for American and Regional Affiliates for the three months ended March 31, 2004 and 2003.

	Three Months Ended March 31, 2004	2003
~~American Airlines, Inc. Mainline Jet Operations~~		
~~Revenue passenger miles (millions)~~	~~30,290~~	~~27,838~~
~~Available seat miles (millions)~~	~~42,597~~	~~40,274~~
~~Cargo ton miles (millions)~~	~~521~~	~~490~~
~~Passenger load factor~~	~~71.1%~~	~~69.1%~~
~~Passenger revenue yield per passenger mile (cents)~~	~~12.14~~	~~12.19~~
~~Passenger revenue per available seat mile (cents)~~	~~8.64~~	~~8.43~~
~~Cargo revenue yield per ton mile (cents)~~	~~28.47~~	~~27.38~~
~~Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*)~~	~~9.49~~	

~~11.39 Fuel~~
~~consumption~~
~~(gallons,~~
~~in~~
~~millions)~~
~~741 725~~
~~Fuel price~~
~~per gallon~~
~~(cents)~~
~~101.0 94.0~~
~~Operating~~
~~aircraft~~
~~at period-~~
~~end 759~~
~~812~~
~~Regional~~
~~Affiliates~~
~~Revenue~~
~~passenger~~
~~miles~~
~~(millions)~~
~~1,539~~
~~1,165~~
~~Available~~
~~seat miles~~
~~(millions)~~
~~2,453~~
~~1,987~~
~~Passenger~~
~~load~~
~~factor~~
~~62.7%~~
~~58.6%~~

(*) Excludes $487 million and $423 million of expense incurred related to Regional Affiliates in 2004 and 2003, respectively.

Operating aircraft at March 31, 2004, included:
~~American~~
~~Airlines~~
~~Aircraft*~~
~~AMR Eagle~~
~~Aircraft~~
~~Airbus~~
~~A300-600R~~
~~34 ATR 42~~
~~9 Boeing~~
~~737-800 77~~
~~Bombardier~~
~~CRJ-700 20~~
~~Boeing~~
~~757-200~~
~~140~~
~~Embraer~~
~~135 39~~
~~Boeing~~
~~767-200~~
~~Extended~~
~~Range 16~~
~~Embraer~~
~~140 59~~
~~Boeing~~
~~767-300~~
~~Extended~~
~~Range 58~~
~~Embraer~~
~~145 61~~
~~Boeing~~
~~777-200~~
~~Extended~~
~~Range 45~~
~~Super ATR~~
~~42 Fokker~~
~~100 27~~
~~Saab~~
~~340B/340B~~
~~Plus 43~~
~~McDonnell~~
~~Douglas~~
~~MD-80 362~~

~~Total 273~~
~~Total 759~~

* American Airlines aircraft totals include 55 McDonnell Douglas MD-80 aircraft on the TWA LLC operating certificate.

The average aircraft age for American's and AMR Eagle's aircraft is 11.6 years and 5.8 years, respectively.

Of the operating aircraft listed above, one Boeing 767-200ER, 28 McDonnell Douglas MD-80s and 11 Saab 340Bs were in temporary storage as of March 31, 2004.

American and AMR Eagle have agreed to sell certain aircraft. As of March 31, 2004, remaining aircraft to be delivered under these agreements include: 14 Fokker 100 aircraft (four of which were non-operating), nine ATR 42 aircraft and three Saab 340B aircraft, with final deliveries in November 2004, December 2004 and June 2004, respectively.

Owned and leased aircraft not operated by the Company at March 31, 2004, included:

~~American Airlines Aircraft~~
~~AMR Eagle Aircraft~~
~~Boeing 757-200 6~~
~~Embraer 145 10~~
~~Boeing 767-200 9 Saab 340B/340B Plus 49~~
~~Boeing 767-200 Extended Range 4~~
~~Total 59~~
~~Fokker 100 4~~
~~McDonnell Douglas MD-80 1~~
~~Total 24~~

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

Outlook

Capacity for American's mainline jet operations is expected to increase about eight percent in the second quarter of 2004 compared to the second quarter of 2003 and about six percent for the full year 2004 compared to 2003, despite removing aircraft from the fleet and reducing mainline departures. This is due to increased efficiencies, driven by three factors: (i) American operated with a low base number of flights in 2003 as a result of the war in Iraq and SARS, (ii) American has added seats back to its Boeing 757 and Airbus A300 aircraft and (iii) as American realigns its mid-continent hubs and de-peaks its Miami schedule, its aircraft productivity levels will improve.

American previously stated a goal of improving its mainline unit costs by ten percent for the full year, compared to 2003. However, based on various factors, including primarily the Company's expectation that fuel prices will remain high during 2004 compared to 2003, the Company expects that American's mainline unit costs will improve by approximately eight percent for the full year compared to 2003 to approximately 9.3 cents for the full year. The Company expects AMR's unit costs to be approximately 9.7 cents for the full year. Although the Company will have a full year of labor savings from its Labor Agreements and Management Reductions and more fully realize the savings from its other strategic cost savings initiatives, in addition to high fuel prices, there are significant cost challenges in 2004 that may affect the Company's cost reduction efforts. These challenges include medical benefits costs, airport fees and maintenance, materials and repairs costs (due to flight hour agreement contractual rate increases and the benefit from retiring aircraft subsiding).

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As of March 31, 2004, the Company had hedged, with option contracts, approximately 16 percent of its estimated second quarter 2004 fuel requirements, nine percent of its estimated third quarter 2004 fuel requirements, four percent of its estimated fourth quarter 2004 fuel requirements and an insignificant percentage of its estimated 2005 and 2006 fuel requirements.

There have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of the Company's 2003 Form 10-K.

Item 4. Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as of March 31, 2004. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of March 31, 2004. During the quarter ending on March 31, 2004, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

On July 26, 1999, a class action lawsuit was filed, and in November 1999 an amended complaint was filed, against AMR Corporation, American Airlines, Inc., AMR Eagle Holding Corporation, Airlines Reporting Corporation, and the Sabre Group Holdings, Inc. in the United States District Court for the Central District of California, Western Division (Westways World Travel, Inc. v. AMR Corp., et al.). The lawsuit alleges that requiring travel agencies to pay debit memos to American for violations of American's fare rules (by customers of the agencies): (1) breaches the Agent Reporting Agreement between American and AMR Eagle and the plaintiffs; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The certified class includes all travel agencies who have been or will be required to pay money to American for debit memos for fare rules violations from July 26, 1995 to the present. The plaintiffs seek to enjoin American from enforcing the pricing rules in question and to recover the amounts paid for debit memos, plus treble damages, attorneys' fees, and costs. The Company intends to vigorously defend the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies, which could have an adverse impact on the Company.

On May 17, 2002, the named plaintiffs in Hall, et al. v. United Airlines, et al., pending in the United States District Court for the Eastern District of North Carolina, filed an amended complaint alleging that between 1995 and the present, American and over 15 other defendant airlines conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. The plaintiffs are seeking monetary damages and injunctive relief. The court granted class action certification to the plaintiffs on September 17, 2002, defining the plaintiff class as all travel agents in the United States, Puerto Rico, and the United States Virgin Islands, who, at any time from October 1, 1997 to the present, issued tickets, miscellaneous change orders, or prepaid ticket advices for travel on any of the defendant airlines. The case is stayed as to US

Airways and United Air Lines, since they filed for bankruptcy. American is vigorously defending the lawsuit. Defendant carriers filed a motion for summary judgment on December 10, 2002, which the court granted on October 30, 2003. Plaintiffs have appealed that order to the 4th Circuit Court of Appeals, and that appeal remains pending. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's commission policies or practices would have an adverse impact on the Company.

Between April 3, 2003 and June 5, 2003, three lawsuits were filed by travel agents some of whom have opted out of the Hall class action (above) to pursue their claims individually against American Airlines, Inc., other airline defendants, and in one case against certain airline defendants and Orbitz LLC. (Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California - San Francisco (51 individual agencies), Paula Fausky d/b/a Timeless Travel v. American Airlines, et. al, in the United States District Court for the Northern District of Ohio Eastern Division (29 agencies) and Swope Travel et al. v. Orbitz et. al. in the United States District Court for the Eastern District of Texas Beaumont Division (6 agencies)). Collectively, these lawsuits seek damages and injunctive relief alleging that the certain airline defendants and Orbitz LLC: (i) conspired to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers in violation of Section 1 of the Sherman Act; (ii) conspired to monopolize the distribution of common carrier air travel between airports in the United States in violation of Section 2 of the Sherman Act; and that (iii) between 1995 and the present, the airline defendants conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. These cases have been consolidated in the United States District Court for the Northern District of Ohio Eastern Division. American is vigorously defending these lawsuits. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's distribution practices would have an adverse impact on the Company.

On April 25, 2002, a Quebec travel agency filed a motion seeking a declaratory judgment of the Superior Court in Montreal, Canada (Voyages Montambault (1989) Inc. v. International Air Transport Association, et al.), that American and the other airline defendants owe a "fair and reasonable commission" to the agency, and that American and the other airline defendants breached alleged contracts with the agency by adopting policies of not paying base commissions. The motion was subsequently amended to add 40 additional travel agencies as petitioners. The current defendants are the International Air Transport Association, the Air Transport Association of Canada, Air Canada, American, America West Airlines, Delta Air Lines, Grupo TACA, Northwest Airlines/KLM Airlines, and Continental Airlines. American is vigorously defending the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision granting declaratory relief could expose the Company to claims for substantial money damages or force the Company to pay agency commissions, either of which would have an adverse impact on the Company.

On May 13, 2002, the named plaintiffs in Always Travel, et. al. v. Air Canada, et. al., pending in the Federal Court of Canada, Trial Division, Montreal, filed a statement of claim alleging that between 1995 and the present, American, the other defendant airlines, and the International Air Transport Association conspired to reduce commissions paid to Canada-based travel agents in violation of Section 45 of the Competition Act of Canada. The named plaintiffs seek monetary damages and injunctive relief and seek to certify a nationwide class of travel agents. Plaintiffs have filed a motion for class certification, but that motion has not yet been decided. American is vigorously defending the lawsuit. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's commission policies would have an adverse impact on the Company.

On August 14, 2002, a class action lawsuit was filed against American Airlines, Inc. in the United States District Court for the Central District of California, Western Division (All World Professional Travel Services, Inc. v. American Airlines, Inc.). The lawsuit alleges that requiring travel agencies to pay debit memos for refunding tickets after September 11, 2001: (1) breaches the Agent Reporting Agreement between American and plaintiff; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and

Corrupt Organizations Act of 1970 (RICO). The alleged class includes all travel agencies who have or will be required to pay moneys to American for an "administrative service charge," "penalty fee," or other fee for processing refunds on behalf of passengers who were unable to use their tickets in the days immediately following the resumption of air carrier service after the tragedies on September 11, 2001. On April 1, 2004, the court denied plaintiff's motion for class certification. The plaintiff seeks to enjoin American from collecting the debit memos and to recover the amounts paid for the debit memos, plus treble damages, attorneys' fees, and costs. The Company intends to vigorously defend the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies which could have an adverse impact on the Company.

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

Miami-Dade County (the County) is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American Airlines, Inc. and AMR Eagle have been named as potentially responsible parties (PRPs) for the contamination at MIA. During the second quarter of 2001, the County filed a lawsuit against 17 defendants, including American Airlines, Inc., in an attempt to recover its past and future cleanup costs (Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al. in the Florida Circuit Court). In addition to the 17 defendants named in the lawsuit, 243 other agencies and companies were also named as PRPs and contributors to the contamination. American's and AMR Eagle's portion of the cleanup costs cannot be reasonably estimated due to various factors, including the unknown extent of the remedial actions that may be required, the proportion of the cost that will ultimately be recovered from the responsible parties, and uncertainties regarding the environmental agencies that will ultimately supervise the remedial activities and the nature of that supervision. The Company is vigorously defending the lawsuit.

In April 2004, a lawsuit was filed against American captioned Kimmell v. AMR, et al. This is a purported class action filed in federal district court in Dallas. The suit arises from the disclosure of passenger name records by a vendor of American Airlines. It alleges various causes of action, including but not limited to violations of the Electric Communications Privacy Act, negligent misrepresentation, breach of contract, and violation of alleged common law rights of privacy. American has not yet been served with the suit.

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

10.1 American Airlines, Inc. 2004 Employee Profit Sharing Plan.

10.2 American Airlines, Inc. 2004 Annual Incentive Plan.

10.3 2004 - 2006 Performance Unit Plan for Officers and Key Employees.

10.4 AMR Corporation 2004 Directors Unit Incentive Plan.

10.5 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Jeffrey J. Brundage dated April 1, 2004.

12 Computation of ratio of earnings to fixed charges for the three months ended March 31, 2004 and 2003.

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a).

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a).

32 Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).

Form 8-Ks filed under Item 5 - Other Events

On March 18, 2004, AMR filed an amended report on Form 8-K (Form 8-K/A No. 1) to provide actual fuel cost, unit cost and capacity and traffic information for January and February as well as current fuel cost, unit cost and capacity and traffic expectations for March, the first quarter and the full year 2004.

Form 8-Ks filed under Item 7 - Financial Statements and Exhibits

On February 25, 2004, AMR filed a report on Form 8-K to provide Exhibits with reference to the Registration Statement on Form S-3 (Registration No. 333-110760) of AMR Corporation.

Form 8-Ks furnished under Item 9 - Regulation FD Disclosure

On January 7, 2004, AMR furnished a report on Form 8-K to announce AMR's intent to host a conference call on January 21, 2004 with the financial community relating to its fourth quarter and full year 2003 results.

On January 28, 2004, AMR furnished a report on Form 8-K to provide information regarding a presentation by Gerard Arpey at the Goldman, Sachs & Co. 19th Annual Transportation Conference on February 5, 2004.

On February 27, 2004, AMR furnished a report on Form 8-K to provide information regarding presentations by AMR's and American's senior management at upcoming conferences.

On March 17, 2004, AMR furnished a report on Form 8-K to furnish actual fuel cost, unit cost and capacity and traffic information for January and February as well as current fuel cost, unit cost and capacity and traffic expectations for March, the first quarter and the full year 2004.

On March 18, 2004, AMR furnished a report on Form 8-K to provide information regarding a presentation by James Beer at Prudential Equity Group's "Inside our Best Ideas" conference on Monday, March 22, 2004.

Form 8-Ks filed under Item 12 - Disclosure of Results of Operations and Financial Condition

On January 21, 2004, AMR furnished a report on Form 8-K to furnish a press release issued by AMR to announce its fourth quarter and full year 2003 results.

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: April 23, 2004 BY: /s/ James A. Beer
James A. Beer
Senior Vice President and Chief
Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

2004 EMPLOYEE PROFIT SHARING PLAN

Purpose

The purpose of the 2004 American Airlines Employee Profit Sharing Plan ("Plan") is to provide participating employees with a sense of commitment to, and direct financial interest in, the success of American Airlines, Inc.

Definitions

Capitalized terms not otherwise defined in the Plan will have the meanings set forth in the 2003 Employee Stock Incentive Plan (the "2003 Stock Plan").

"AMR" is defined as AMR Corporation.

"Affiliate" is defined as a subsidiary of AMR or any entity that is designated by the Committee as a participating employer under the Plan, provided that AMR directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity.

"American" is defined as AMR less AMR subsidiaries other than American Airlines, Inc. and its subsidiaries.

"American's Pre-Tax Earnings" is defined as American's earnings before any applicable income tax expense and is exclusive of any profit sharing payments, payments under the Annual Incentive Plan and any special, extraordinary or one-time items as may be determined by the Committee in its discretion, after consultation with AMR's independent auditors.

"Committee" is defined as the AMR Incentive Compensation Committee.

"Eligible Earnings" is defined by the nature of the work group. For employees who are represented by a union, the definition of Eligible Earnings will be the definition contained in the Letter of Agreement between the union and the company. For employees who are not represented by a union the definition of Eligible Earnings will be identical to the term "Qualified Earnings" under the 2003 American Airlines Employee Profit Sharing Plan.

"Fund" is defined as the profit sharing fund, if any, accumulated in accordance with this Plan.

"Letter(s) of Agreement" is defined as the agreement(s) reached with each union during the April 2003 restructuring process that define the framework of the Plan.

"Plan Year" is the 2004 calendar year.

Eligibility for Participation

In order to be eligible to receive a profit sharing award, the employee must:

- Be a U.S. domestic employee (where domestic means the United States, Puerto Rico and the U.S. Virgin Islands);

- Have been employed as a regular full-time or part-time employee at American in a participating workgroup (employees other than management Level 5 and above), during 2004; and

- Be employed at American or an Affiliate at the time awards are paid. If at the time awards are paid under the Plan, an individual has retired from American or an Affiliate (pursuant to the terms and conditions of an applicable pension plan), has been laid off, is on a leave of absence with re-instatement rights, is disabled or has died, the award which the individual otherwise would have received under the Plan but for such retirement, lay-off, leave, disability or death may be paid (on a pro-rata basis) to the individual or his/her estate in the event of death, at the discretion of the Committee.

Notwithstanding the foregoing, however, an employee will not be eligible to participate in the Plan if such employee is, at the same time, eligible to participate in:

i) any incentive compensation, profit sharing, commission or other bonus plan sponsored by an Affiliate of American; or
ii) any commission or bonus plan, with the exception of American's Annual Incentive Plan, sponsored by American, any division of American or any Affiliate of American

Awards under the Plan will be determined on a proportionate basis for participation in more than one comparable plan during a Plan Year. Employees who transfer from/to Affiliates or any other plan described above during a Plan Year, and satisfy eligibility requirements, will receive awards from such plans on a proportionate basis.

The Profit Sharing Fund Accumulation

Performance will be measured by American's Pre-Tax Earnings and the Fund will accumulate based on that performance. The Fund will be established at 15% of every $1 exceeding $500 million in American's Pre-Tax Earnings.

Award Distribution

For eligible domestic employees, individual awards will be distributed based upon an employee's Eligible Earnings for the Plan Year. Award percentages will be determined by dividing the Fund by the aggregate Eligible Earnings of all eligible employees. This percentage will be multiplied by the individual employee's Eligible Earnings to determine the amount of an individual award.

Administration

The Plan will be administered by the Committee. The Committee will have authority to administer and interpret the Plan, establish administrative rules, determine eligibility and take any other action necessary for the proper and efficient operation of the Plan, consistent with the Letters of Agreement reached with each of the unions. The amount, if any, of the Fund shall be based on a certification of American's Pre-Tax Earnings by AMR's independent auditors. A summary of awards under the Plan shall be provided to the Board of Directors of AMR at the first regular meeting following determination of the awards.

Method of Payment

The Committee shall determine the method of payment of awards. Subject to the terms of the Plan, awards shall be paid as soon as practicable after audited financial statements for the year 2004 are available, but no later than April 15, 2005.

General

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

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive payment of such award as may have been expressly determined by the Committee.

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

Per the Letters of Agreement, nothing is intended to limit AMR's rights under applicable laws to modify, annul or terminate the Plan.

Exhibit 10.2

2004 ANNUAL INCENTIVE PLAN

Background

As part of the restructuring process that took place in April 2003, three new broad-based variable compensation plans were created: the Broad Based Employee Stock Option Plan, a new Profit Sharing Plan and the Annual Incentive Plan (the "Plan" or "AIP").

The framework for the Plan was developed during the restructuring, but the specific plan metrics were left to the discretion of the AMR Board of Directors (sometimes referred to as the "Board").

The Board has determined that for 2004 there will be two components to the Plan - customer service and financial. While related, the two components will be treated separately. The financial component will provide an award if the company meets annual financial goals. The customer service component will provide an award if the company meets customer satisfaction and dependability goals, regardless of its financial performance. Providing the opportunity for a customer service payout without meeting financial hurdles recognizes that the company's performance in the two areas most important to our customers - dependability and customer satisfaction - will contribute to improved profitability.

These broad-based compensation plans have been designed to allow all employees throughout the American Airlines team to share in the company's success. The Plan provides the opportunity to share immediately in that success by taking concrete steps in each employee's everyday work that will move the company towards profitability.

With input from our employees, the unions and the Board, these broad-based variable compensation programs will continue to evolve. Today, they form the building blocks necessary to ensure that everyone is able to share in the company's success.

Definitions

Capitalized terms not otherwise defined in the Plan will have the meanings set forth in the 2003 Employee Stock Incentive Plan (the "2003 Stock Plan").

"AMR" is defined as AMR Corporation.

"Affiliate" is defined as a subsidiary of AMR or any entity that is designated by the Committee as a participating employer under the Plan, provided that AMR directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity.

"American" is defined as AMR less AMR subsidiaries other than American Airlines, Inc. and its subsidiaries.

"American's Pre-Tax Earnings Margin" is a percentage and is defined as American's earnings, relative to its revenues, before any applicable income tax expense and is exclusive of any profit sharing payments, payments under the Plan and any special, extraordinary or one-time items as may be determined by the Committee in its discretion, after consultation with AMR's independent auditors.

"Committee" is defined as the Compensation Committee of the AMR Board of Directors.

"Competitor" is defined as one of AirTran Airways, American Trans Air (ATA), America West Airlines, Alaska Airlines, Continental Airlines, Delta Air Lines, JetBlue Airways, Northwest Airlines, Southwest Airlines, United Air Lines and US Airways.

"DOT Rank" is defined as American's relative rank with respect to the Competitors in the category of "arrivals+14 (A+14)" as determined by the U.S. Department of Transportation (DOT). This monthly ranking is based on DOT's aggregated A+14 data for the period January 1, 2004 through December 31, 2004, inclusive. To the extent that at any point during the year a Competitor ceases to report A+14 data, it will be excluded from the calculation for the month in which it ceases to report A+14 data, and for future months, until it begins to report A+14 data for a full month.

"Eligible Earnings" is defined by the nature of the work group. For employees who are represented by a union, the definition of Eligible Earnings will be the definition contained in the Letter of Agreement between the union and the company. For employees who are not represented by a union the definition of Eligible Earnings will be identical to the term "Qualified Earnings" under the 2003 American Airlines Employee Profit Sharing Plan.

"Fund" is defined as the fund, if any, accumulated in accordance with this Plan.

"Letters of Agreement" is defined as the agreements reached with the Allied Pilots Association, Association of Professional Flight Attendants and the Transport Workers Union during the April 2003 restructuring process that define the framework of the Plan.

"Measure" is defined, as appropriate, as American's Pre-Tax Earnings Margin, DOT Rank or Survey America Rank.

"Named Executive Officers" is defined as the officers of American who are named in the AMR proxy statement that reports income for the year in which awards under the Plan are earned.

"Other Cash Compensation Programs" is defined as cash payments to management employees that are not predicated upon the criteria and thresholds contained in the Plan. Per discussions and as specified in the Letters of Agreement, this term does not include salary, stock-based compensation, severance, retirement benefits or deferred payments of base compensation, or eligible cash bonuses from prior years.

"Profit Sharing Plan" is defined as the 2004 Profit Sharing Plan for Employees.

"Survey America Rank" is defined as American's relative rank with respect to its Competitors in the category of "Overall Travel Experience", using a blended ranking of first class and coach cabin, as reported in Plog Inc.'s Survey America. The Survey America ranking is based on monthly data for American and the Competitors for the period January 1, 2004 through December 31, 2004, inclusive. To the extent that at any point during such year a Competitor ceases to participate, it will be excluded from the calculation for the month in which it ceased to participate, and for future months, until it begins to participate again for a full month period.

"Target Award" is defined as the award (stated as a percentage of Eligible Earnings) for an eligible participant when target level is achieved on the financial measure. The Target Award is determined by the employee's job level.

Plan Measures

As outlined earlier, the Plan is comprised of two components: customer service and financial.

Customer Service Component

The customer service component of the Plan will include two performance metrics - customer satisfaction and dependability. The Plan will reward employees if American achieves at least one of the two metrics.

The customer satisfaction metric will be based on American's Survey America Rank. The dependability metric will be based on American's DOT Rank.

Monthly awards will be based on the higher of the monthly rankings for DOT Rank or for Survey America Rank, as per the payout schedule below. These award levels are the same for all employees regardless of full-time or part-time status or job level.

Monthly Rank	Payout Per Person Per Month
First	$ 100
Second - Third	$ 50
Fourth - Sixth	$ 25

If both metrics are achieved in any single month, the awards will not be additive. Awards will be based solely on the higher ranking of the two metrics.

Awards under the customer service component will be paid regardless of performance under the financial component. The awards under the customer service component will be paid, net of applicable taxes, as soon as feasible after the end of a quarter.

For example:

Monthly Ranking

	Survey America	DOT	Higher Rank Achieved	Payout
January	2	7	2	2nd place = $ 50
February	4	5	4	4th place = $ 25
March	3	1	1	1st place = $100
			Quarterly Payout	$175

Financial Component

The financial component of the Plan will be based upon American's Pre-Tax Earnings Margin for the full-year 2004. The measure has a threshold (performance below this level earns no award), a target and a maximum as reflected below:

	American's Pre-Tax Earnings Margin
Threshold	5%
Target	10%
Maximum	15%

For non-management, support staff and management levels 1-4, awards under the financial component, in combination with the customer service awards, will provide total annual Plan payouts ranging from 2.5% of Eligible Earnings at threshold, 5% of Eligible Earnings at target and 10% of Eligible Earnings at Maximum. Award levels have a linear progression as American's Pre-Tax Earnings Margin increases between the threshold and target levels, and between the target and maximum levels.

	American's Pre-Tax Earnings Margin	Award as a % of Eligible Earnings
Threshold	5%	2.5%
Target	10%	5.0%
Maximum	15%	10.0%

For management Levels 5 and above, none of whom participate in the Profit Sharing Plan, the Plan will be the successor to the traditional Incentive Compensation Plan. As in the past, the awards for employees at Level 5 and above will be determined by the senior management of AMR or, in certain instances, by the Board; will vary by level; and will be based on an assessment of individual performance.

If the company does not achieve the threshold level of American's Pre-Tax Earnings Margin, there will be no financial performance payout. However, a participant retains any awards earned in 2004 for customer service performance. When the threshold level of American's Pre-Tax Earnings Margin is met, participants may be entitled to a payment under the Plan (refer to the example below). In this case, any customer service awards earned during 2004 act as a "deposit" against the amount to be awarded pursuant to the financial component. The amount of the financial performance payout a participant receives will be the difference, if any, between what is earned under the financial performance formula and what has already been earned through the customer service awards.

For example (an individual employee's sample annual payout):

Customer Service		
1 month ~ 1st Place	1 x $100	= $100
3 months ~ 2nd - 3rd Place	3 x $50	= $150
8 months ~ 4th - 6th Place	8 x $25	= $200
Customer Service Payout		$450

Financial ~ achieve 5% American's pre-tax earnings threshold and have $40,000 in Eligible Earnings

2.5% x $40,000 =	$1,000
less Customer Service payout	($450)
Financial Payout	$550

Total Annual payout is $1,000 ($450 + $550), or 2.5% of Eligible Earnings.

The AIP Letters of Agreement provide that Other Cash Compensation Programs for management employees may be no more than 20% of the maximum possible award that was or could have been earned by the individual management employee under the Plan formula (the "20% Limitation").

The Board has established a program that, based on an individual's performance, anticipates payouts to Level 5 and above management employees up to the 20% Limitation. (Level 5 and above employees are not eligible for the Profit Sharing Plan) This program is designed to commence payments at $500 million in American's pre-tax earnings, the same financial threshold as exists in the Profit Sharing Plan. This is consistent with the company's past practice of restricting payouts under any management incentive compensation program until payouts occur under the corresponding employee Profit Sharing Plan. Payouts under this program will cease when the financial threshold under the Plan (a 5% Pre-Tax Earnings Margin for American) is achieved.

Although the Board has determined that a program to use the flexibility provided for in the Letters of Agreement will not commence until reaching a threshold of $500 million in American's pre-tax earnings and will be discontinued when the financial threshold of the Plan is achieved, the company also retains the ability to make a payment to an individual under the 20% Limitation as provided for in the Letters of Agreement.

The Letters of Agreement and related discussions specify that for purposes of the 20% Limitation, Other Cash Compensation Programs does not include salary, stock-based compensation, severance, retirement benefits or deferred payments of base compensation, or eligible cash bonuses from prior years.

Eligibility for Participation

Customer Service Component:

To earn an award under the customer service component of the Plan, an individual must have been employed as a regular full-time or part-time employee at American, in a participating workgroup (employees in the United States, Puerto Rico and the U.S. Virgin Islands) and must have an adjusted seniority date prior to the first day in the applicable month during 2004.

The Committee, at its discretion, may permit participation by employees of Affiliates who have been so employed by the Affiliate since the first day in the applicable month, if they become employed by American during the applicable month during 2004.

In addition to the terms listed above, in order for full-time and part-time employees to earn a payout under the customer service measure, an individual cannot be on any type of leave during the applicable month, except approved FMLA, injury on duty, military, overage or time-card leave, as provided for under the company's policies, collective bargaining agreement or state law as applicable.

Moreover, an individual will not be eligible to earn a customer service award if such individual is, at the same time, eligible to participate in:

i) any incentive compensation, profit sharing, commission or other bonus plan sponsored by an Affiliate of American
ii) any commission or bonus plan, with the exception of American's Profit Sharing Plan or provisions of the Annual Incentive Plan, sponsored by American, any division of American or any Affiliate of American

In order to earn a customer service award under the Plan, an individual must satisfy the aforementioned eligibility requirements and must be an employee of American or an Affiliate at the time an award under the Plan is paid. If at the time awards are paid under the Plan, an individual has retired from American or an Affiliate, has been laid off, is on leave of absence with reinstatement rights, is disabled, or has died, the award which the individual otherwise would have received under the Plan but for such retirement, lay-off, leave, disability, or death will be paid (on a pro rata basis) to the individual, or his/her estate in the event of death.

The percentage of the payout that an individual receives for any given month will be determined based upon the percentage of his/her schedule that the individual fulfills in that month. For Plan purposes, an individual will be considered to have fulfilled his/her schedule if he/she actually works at least 50% of his/her scheduled time (50% of monthly guarantee hours for flight crew) or takes a scheduled vacation or time-card leave, which, together with his/her actual work time, amounts to at least 50% of his/her scheduled time for the month. If an individual does not fulfill his scheduled time due to one of the aforementioned leaves, his award will be pro rated based on actual hours worked in that month (vis-a-vis hours scheduled in that month); otherwise, no payment will be made.

Financial Component

To earn an award under the financial component of the Plan, an individual must have been employed as a regular full-time or part-time employee at American, in a participating workgroup (employees in the United States, Puerto Rico and the U.S. Virgin Islands) during 2004 to be eligible to participate in the Plan.

The Committee, at its discretion, may permit participation by employees of Affiliates who have been so employed by the Affiliate during the Plan year, if they become employed by American during the Plan year. In such instances, only eligible earnings at American will be included in the payout calculation.

Notwithstanding the forgoing, however, an individual will not be eligible to participate in the Plan if such individual is, at the same time, eligible to participate in:

i) any incentive compensation, profit sharing, commission or other bonus plan sponsored by an Affiliate of American
ii) any commission or bonus plan, with the exception of American's Employee Profit Sharing Plan or provisions of the Annual Incentive Plan, sponsored by American, any division of American or any Affiliate of American

In order to earn an award under the financial component of the Plan, an individual must satisfy the aforementioned eligibility requirements and must be an employee of American or an Affiliate at the time such financial award under the Plan is paid. If at the time such awards are paid under the Plan, an individual has retired from American or an Affiliate, has been laid off, is on leave of absence with reinstatement rights, is disabled, or has died, the award which the individual otherwise would have received under the Plan but for such retirement, lay-off, leave, disability, or death may be paid (on a pro rata basis) to the individual, or his/her estate in the event of death, at the discretion of the Committee.

Allocation of Individual Awards

The Committee, in consultation with the President and CEO of American, will approve awards for officers of American, including the Named Executive Officers. The award for an officer will be equal to an amount calculated in accordance with this Plan, as adjusted for individual performance. Provided, however, that the sum of all awards made to officers may not exceed the sum of officer awards as calculated in accordance with this Plan. Awards for the Named Executive Officers will be equal to the award earned under the financial component of the Plan. An award under the Plan to an officer may not exceed the amount set forth in Section 11 of the 1998 Long Term Incentive Plan, as amended.

The President and CEO of American, in consultation with the executive and senior vice presidents of American, will approve awards for non-officer eligible employees (Level 5 and above). An award for a non-officer will be equal to an amount calculated in accordance with this Plan, as adjusted for individual performance. Provided, however, that the sum of all awards made to non-officers may not exceed the sum of non-officer awards calculated in accordance with this Plan.

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper and efficient operation of the Plan, consistent with the Letters of Agreement reached with each of the unions. The amount, if any, of the Fund shall be audited by the General Auditor of American based on a certification of American's Pre-Tax Earnings Margin by AMR's independent auditors. For the Financial Measure, a summary of awards under the Plan shall be provided to the Committee at the first regular meeting following determination of the awards. To the extent a Measure is no longer compiled by the DOT or Survey America as applicable, during a Plan year, the Committee will substitute a comparable performance measure for the remainder of the Plan year.

Method of Payment

The Committee will determine the method of payment of awards. The financial awards shall be paid as soon as practicable after audited financial statements for the year 2004 are available, but no later than March 15, 2005. The customer service measure is paid independently of the financial measure. The customer service award will be paid quarterly as soon as practicable after the DOT Rank and Survey America Rank are available and employee eligibility is established.

General

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

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive payment of such incentive compensation as may have been expressly awarded by the Committee.

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

Exhibit 10.3

2004 - 2006 PERFORMANCE UNIT PLAN FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2004 - 2006 AMR Corporation Performance Unit Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of the subsidiaries and affiliates of AMR Corporation ("AMR" or "the Corporation") to achieve the highest level of individual performance and to meet or exceed specified goals which will contribute to the success of the Corporation.

Definitions

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

"Affiliate" is defined as a subsidiary of AMR or any entity that is designated by the Committee as a participating employer under the Plan, provided that AMR directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity.

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

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

"Measurement Period" is defined as the three year period beginning January 1, 2004 and ending December 31, 2006.

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

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

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

Accumulation of Units

Any payment under the Plan will be determined by (i) the Corporation's TSR rank within the Comparator Group and (ii) the terms and conditions of the award agreement between the Corporation and the employee. The distribution percentage of target units, based on rank, is specified below:

Granted Shares - Percent of Target Based on Rank

Rank	7	6	5	4	3	2	1
Payout%	0%	25%	50%	75%	100%	135%	175%

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

6 Comparators

Granted Shares - Percent of Target Based on Rank

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

5 Comparators

Granted Units - Percent of Target Based on Rank

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

4 Comparators

Granted Units - Percent of Target Based on Rank

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

3 Comparators

Granted Units - Percent of Target Based on Rank

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

Administration

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

General

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

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

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

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

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

Exhibit 10.4

AMR CORPORATION
2004 DIRECTORS UNIT INCENTIVE PLAN

1. Purposes

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

2. Definitions

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

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

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

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

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

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

(f) "Eligible Director" shall mean a director of the Company who is not an officer or employee of the Company or any of its subsidiaries.

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

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

3. Effective Date

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

4. Administration

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

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

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

5. Units; Adjustment Upon Certain Events

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

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

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

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

6. Unit Awards

(a) Awards to Eligible Directors. On the first busi ness day after each annual meeting of stockholders of the Company occurring during the term of the Plan, each Eligible Director shall receive an award of Units as follows: For Eligible Directors first elected to the Board prior to May

15, 1996, 1422 Units. For Eligible Directors first elected to the Board after May 15, 1996, 2133 Units.

(b) Distribution of Shares. An Eligible Director who ceases to be a member of the Board (or, in the case of a deceased Eligible Director, the beneficiary or beneficiaries of the Eligible Director) shall receive a cash payment equal to the Fair Market Value of one Share for each of the Eligible Director's Units held by him or her on the date he or she ceased to be a member of the Board. The Fair Market Value shall be determined as of the date the Eligible Director ceases to be a member of the Board and the cash payment contemplated by this Section 6(b) will be made within 30 days of the Directors cessation of service on the Board.

7. Non-transferability of Awards

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

8. Rights as a Stockholder

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

9. Determinations

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

10. Termination, Amendment and Modification

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

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

11. Non-Exclusivity

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

12. General Provisions

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

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

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

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

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

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

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

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Exhibit 10.5

AMENDED AND RESTATED
EXECUTIVE TERMINATION BENEFITS AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE TERMINATION BENEFITS AGREEMENT (this "Agreement"), dated as of the 1st day of April, 2004, is among AMR CORPORATION, a Delaware corporation, AMERICAN AIRLINES, INC., a Delaware corporation (collectively the "Company"), and JEFFREY J. BRUNDAGE (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company considers it essential to the best interests of the Company and its stockholders that its management be encouraged to remain with the Company and to continue to devote full attention to the Company's business in the event an effort is made to obtain control of the Company through a tender offer or otherwise;

WHEREAS, the Company recognizes that the possibility of a change in control and the uncertainty and questions which it may raise among management may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders;

WHEREAS, the Company's Board of Directors (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management to their assigned duties without distraction in the face of the potentially disturbing circumstances arising from the possibility of a change in control of the Company;

WHEREAS, the Executive is a key Executive of the Company;

WHEREAS, the Company believes the Executive has made valuable contributions to the productivity and profitability of the Company;

WHEREAS, should the Company receive any proposal from a third person concerning a possible business combination with or acquisition of equity securities of the Company, the Board believes it imperative that the Company and the Board be able to rely upon the Executive to continue in his position, and that the Company be able to receive and rely upon his advice as to the best interests of the Company and its stockholders without concern that he might be distracted by the personal uncertainties and risks created by such a proposal; and

WHEREAS, should the Company receive any such proposals, in addition to the Executive's regular duties, he may be called upon to assist in the assessment of such proposals, advise management and the Board as to whether such proposals would be in the best interests of the Company and its stockholders, and to take such other actions as the Board might determine to be appropriate.

NOW, THEREFORE, to assure the Company that it will have the continued undivided attention and services of the Executive and the availability of his advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive agree as follows:

1. Change in Control

For purposes of this Agreement, a Change in Control of the Company shall be deemed to have taken place if:

(a) any person as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended from time to time

(the "Exchange Act"), and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (a "Person"), but excluding the Company, any subsidiary of the Company and any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13(d)-3 under the Exchange Act, as amended from time to time) of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities; or

(b) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the assets of another corporation (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the then outstanding shares of common stock of the Company and the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own,

directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 15% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Incumbent Board, providing for such Business Combination; or

(d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

2. Circumstances Triggering Receipt of Severance Benefits

(a) Subject to Section 2(c), the Company will provide the Executive with the benefits set forth in Section 4 upon any termination of the Executive's employment:

(i) by the Company at any time within the first 24 months after a Change in Control;

(ii) by the Executive for "Good Reason" (as defined in Section 2(b) below) at any time within the first 24 months after a Change in Control;

(iii) by the Executive pursuant to Section 2(d); or

(iv) by the Company or the Executive pursuant to Section 2(e).

(b) In the event of the occurrence of a Change in Control, the Executive may terminate employment with the Company and/or any subsidiary for "Good Reason" with the right to benefits set forth in Section 4 upon the occurrence of one or more of the following events (regardless of whether any other reason, other than Cause as provided below, for such termination exists or has occurred, including without limitation other employment):

(i) Failure to elect or reelect or otherwise to maintain the Executive in the office or the position, or a substantially equivalent office or position, of or with the Company and/or a subsidiary, as the case may be, which the Executive held immediately prior to a Change in Control, or the removal of the Executive as a director of the Company and/or a subsidiary (or any successor thereto) if the Executive shall have been a director of the Company and/or a subsidiary immediately prior to the Change in Control;

(ii) (A) A significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position with the Company and/or any subsidiary which the Executive held immediately prior to the Change in

Control, (B) a reduction in the aggregate of the Executive's annual base salary rate and annual incentive compensation target to be received from the Company and/or any subsidiary, or (C) the termination or denial of the Executive's rights to Employee

Benefits (as defined below) or a reduction in the scope or value thereof, any of which is not remedied by the Company within 10 calendar days after receipt by the Company of written notice from the Executive of such change, reduction or termination, as the case may be;

(iii) A determination by the Executive (which determination will be conclusive and binding upon the parties hereto provided it has been made in good faith and in all events will be presumed to have been made in good faith unless otherwise shown by the Company by clear and convincing evidence) that a change in circumstances has occurred following a Change in Control, including, without limitation, a change in the scope of the business or other activities for which the Executive was responsible immediately prior to the Change in Control, which has rendered the Executive substantially unable to carry out, has substantially hindered Executive's performance of, or has caused the Executive to suffer a substantial reduction in, any of the authorities, powers, functions, responsibilities or duties attached to the position held by the Executive immediately prior to the Change in Control, which situation is not remedied within 10 calendar days after written notice to the Company from the Executive of such determination;

(iv) The liquidation, dissolution, merger, consolidation or reorganization of the Company or transfer of all or substantially all of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization, transfer or otherwise) to which all or substantially all of its business and/or assets have been transferred (directly or by operation of law) assumed all duties and obligations of the Company under this Agreement pursuant to Section 9(a);

(v) The Company relocates its principal executive offices, or requires the Executive to have his principal location of work changed, to any location that is in excess of 50 miles from the location thereof immediately prior to the Change in Control, or requires the Executive to travel away from his office in the course of discharging his responsibilities or duties hereunder at least 20% more (in terms of aggregate days in any calendar year or in any calendar quarter when annualized for purposes of comparison to any prior year) than was required of Executive in any of the three full years immediately prior to the Change in Control without, in either case, his prior written consent; or

(vi) Without limiting the generality or effect of the foregoing, any material breach of this Agreement by the Company or any successor thereto, which breach is not remedied within 10 calendar days after written notice to the Company from the Executive describing the nature of such breach.

(c) Notwithstanding Sections 2(a) and (b) above, no benefits shall be payable by reason of this Agreement in the event of:

(i) Termination of the Executive's employment with the Company and its subsidiaries by reason of the Executive's death or Disability, provided that the Executive has not previously given a valid "Notice of Termination" pursuant to Section 3. For purposes hereof, "Disability" shall be defined as the inability of Executive due to illness, accident or other physical or mental disability to perform his duties for any period of six consecutive months or for any period of

eight months out of any 12-month period, as determined by an independent physician selected by the Company and reasonably acceptable to the Executive (or his legal representative), provided that the Executive does not return to work on substantially a full-time basis within 30 days after written notice from the Company, pursuant to Section 3, of an intent to terminate the Executive's employment due to Disability;

(ii) Termination of the Executive's employment with the Company and its subsidiaries on account of the Executive's retirement at or after age 65, pursuant to the Company's Retirement Benefit Plan; or

(iii) Termination of the Executive's employment with the Company and its subsidiaries for Cause. For the purposes hereof, "Cause" shall be defined as a felony conviction of the Executive or the failure of the Executive to contest prosecution for a felony, or the Executive's wilful misconduct or dishonesty, any of which is directly and materially harmful to the business or reputation of the Company or any subsidiary or affiliate. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for "Cause" hereunder unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the Board then in office at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting "Cause"

as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

This Section 2(c) shall not preclude the payment of any amounts otherwise payable to the Executive under any of the Company's employee benefit plans, stock plans, programs and arrangements and/or under any Employment Agreement.

(d) Notwithstanding anything contained in this Agreement to the contrary, in the event of a Change in Control, the Executive may terminate employment with the Company and any subsidiary for any reason, or without reason, by providing Notice of Termination pursuant to Section 3 during the 30-day period immediately following the first anniversary of the first occurrence of a Change in Control with the right to the benefits set forth in Section 4.

(e) Any termination of employment of the Executive, including a termination for "Good Reason," but excluding a termination for "Cause," or the removal of the Executive from the office or position in the Company or any subsidiary that occurs (i) not more than 180 days prior to the date on which a Change in Control occurs and (ii) following the commencement of any discussion with a third person that ultimately results in a Change in Control shall be deemed to be a termination or removal of the Executive after a Change in Control for purposes of this Agreement.

3. Notice of Termination

Any termination of the Executive's employment with the Company and its subsidiaries as contemplated by Section 2 shall be communicated by written "Notice of Termination" to the other party hereto. Any "Notice of Termination" shall indicate the effective date of termination which shall not be less than 30 days or more than 60 days after the date the Notice of

Termination is delivered (the "Termination Date"), the specific provision in this Agreement relied upon, and, except for a termination pursuant to Section 2(d), will set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination including, if applicable, the failure after provision of written notice by the Executive to effect a remedy pursuant to the final clause of Section 2(b)(ii), 2(b)(iii) or 2(b)(vi).

4. Termination Benefits

Subject to the conditions set forth in Section 2, the following benefits shall be paid or provided to the Executive:

(a) Compensation

The Company shall pay to the Executive two times the sum of (i) "Base Pay", which shall be an amount equal to the greater of (A) the Executive's effective annual base salary at the Termination Date or (B) the Executive's effective annual base salary immediately prior to the Change in Control, plus (ii) "Incentive Pay" equal to the greater of (x) the target annual bonus payable to the Executive under the Company's Incentive Compensation Plan or any other annual bonus plan for the fiscal year of the Company in which the Change in Control occurred or (y) the highest annual bonus earned by the Executive under the Company's Incentive Compensation Plan or any other annual bonus plan (whether paid currently or on a deferred basis) with respect to any 12 consecutive month period during the three fiscal years of the Company immediately preceding the fiscal year of the Company in which the Change in Control occurred.

(b) Welfare Benefits

For a period of 36 months following the Termination Date (the "Continuation Period"), the Company shall arrange to provide the Executive with benefits, including travel accident, major medical, dental, vision care and other welfare benefit programs in effect immediately prior to the Change in Control ("Employee Benefits") substantially similar to those that the Executive was receiving or entitled to receive immediately prior to the Termination Date (or, if greater, immediately prior to the reduction, termination, or denial described in Section 2(b)(ii)(C)). If and to the extent that any benefit described in this Section 4(b) is not or cannot be paid or provided under any policy, plan, program or arrangement of the Company or any subsidiary, as the case may be, then the Company will itself pay or provide for the payment to the Executive, his dependents and beneficiaries, of such Employee Benefits along with, in the case of any benefit which is subject to tax because it is not or cannot be paid or provided under any such policy, plan, program or arrangement of the Company or any subsidiary, an additional amount such that after payment by the Executive, or his dependents or beneficiaries, as the case may be, of all taxes so imposed, the recipient retains an amount equal to such taxes. Employee Benefits otherwise receivable by the Executive pursuant to this Section 4(b) will be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the Continuation Period, and any such benefits actually received by the Executive shall be reported by the Executive to the Company.

(c) Retirement Benefits

The Executive shall be deemed to be completely vested in Executive's currently accrued benefits under the Company's Retirement Benefit Plan and Supplemental Executive Retirement Plan ("SERP") in effect as of the date of Change in Control

(collectively, the "Plans"), regardless of his actual vesting service credit thereunder. In addition, the Executive shall be deemed to earn service credit for benefit calculation purposes thereunder for the Continuation Period. Benefits under the Plans will become payable at any time designated by the Executive following termination of the Executive's employment with the Company and its subsidiaries after the Executive reaches age 55, subject to the terms of the Plans regarding the actuarial adjustment of benefit payments commencing prior to normal retirement age. The benefits to be paid pursuant to the Plans shall be calculated as though the Executive's compensation rate for each of the five years immediately preceding his retirement equaled the sum of Base Pay plus Incentive Pay. Any benefits payable pursuant to this Section 4(c) that are not payable out of the Plans for any reason (including but not limited to any applicable benefit limitations under the Employee Retirement Income Security Act of 1974, as amended, or any restrictions relating to the qualification of the Company's Retirement Benefit Plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code")) shall be paid directly by the Company out of its general assets.

(d) Relocation Benefits

If the Executive moves his residence in order to pursue other business or employment opportunities during the Continuation Period and requests in writing that the Company provide relocation services, he will be reimbursed for any expenses incurred in that initial relocation (including taxes payable on the reimbursement) which are not reimbursed by another employer. Benefits under this provision will include assistance in selling the Executive's home and all other assistance and benefits which were customarily provided by the Company to transferred executives prior to the Change in Control.

(e) Executive Outplacement Counseling

At the request of the Executive made in writing during the Continuation Period, the Company shall engage an outplacement counseling service of national reputation to assist the Executive in obtaining employment.

(f) Stock Based Compensation Plans

(i) Any issued and outstanding Stock Options (to the extent they have not already become exercisable) shall become exercisable as of the date on which the Change in Control occurs, unless otherwise specifically provided at the time such options are granted.

(ii) The Company's right to rescind any award of stock to the Executive under the Company's 1988 Long Term Incentive Plan or the Company=s 1998 Long Term Incentive Plan (or any successor plan) shall terminate upon a Change in Control, and all restrictions on the sale, pledge, hypothecation or other disposition of shares of stock awarded pursuant to such plan shall be removed at the Termination Date, unless otherwise specifically provided at the time such award(s) are made.

(iii) The Executive's rights under any other stock based compensation plan shall vest (to the extent they have not already vested) and any performance criteria shall be deemed met at target as of the date on which a Change in Control occurs, unless otherwise specifically provided at the time such right(s) are granted.

(g) Split Dollar Life Insurance

The Company shall pay to the Executive a lump sum equal to the cost on the Termination Date of purchasing, at standard independent insurance premium rates, an individual paid up insurance policy providing benefits equal to the benefits provided by the Company's Split Dollar Life Insurance coverage immediately prior to the date of the Change in Control.

(h) Other Benefits

(i) The Executive shall have all flight privileges provided by the Company to Directors as of the date of Change in Control until the Executive reaches age 55, at which time he shall have all flight privileges provided by the Company to its retirees who held the same or similar position as the Executive immediately prior to the Change in Control.

(ii) The Executive, at the Executive's option, shall be entitled to continue the use of the Executive's Company-provided automobile during the Continuation Period under the same terms that applied to the automobile immediately prior to the Change in Control, or to purchase the automobile at its book value as of the Termination Date.

(iii) The Company shall pay to the Executive an amount equal to the cost to the Company of providing any other perquisites and benefits of the Company in effect immediately prior to the Change in Control, calculated as if such benefits were continued during the Continuation Period.

(i) Accrued Amounts

The Company shall pay to the Executive all other amounts accrued or earned by the Executive through the Termination Date and amounts otherwise owing under the then existing plans and policies of the Company, including but not limited to all amounts of compensation previously deferred by the Executive (together with any accrued interest thereon) and not yet paid by the Company, and any accrued vacation pay not yet paid by the Company.

(j) The Company shall pay to the Executive the amounts due pursuant to Sections 4(a), 4(g) and 4(h)(iii) in a lump sum on the first business day of the month following the Termination

Date. The Company shall pay to the Executive the amounts due pursuant to Section 4(i) in accordance with the terms and conditions of the existing plans and policies of the Company.

5. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, but subject to Section 5(h), in the event that this Agreement shall become operative and it shall be determined (as hereafter provided) that any payment (other than the Gross-Up payments provided for in this Section 5) or distribution by the Company or any of its subsidiaries to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, restricted stock, deferred stock or the lapse or termination of any restriction on, deferral period or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being considered "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment or payments (collectively, a "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that, after payment by the Executive of all taxes (including any

interest or penalties imposed with respect to such taxes), including any Excise Tax and any income tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

(b) Subject to the provisions of Section 5(f), all determinations required to be made under this Section 5, including whether an Excise Tax is payable by the Executive and the amount of such Excise Tax and whether a Gross-Up Payment is required to be paid by the Company to the Executive and the amount of such Gross-Up Payment, if any, shall be made by a nationally recognized accounting firm (the "Accounting Firm") selected by the Executive in his sole discretion. The Executive shall direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and the Executive within 30 calendar days after the Change in Control Date, the Termination Date, if applicable, and any such other time or times as may be requested by the Company or the Executive. If the Accounting Firm determines that any Excise Tax is payable by the Executive, the Company shall pay the required Gross-Up Payment to the Executive within five business days after receipt of such determination and calculations with respect to any Payment to the Executive. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall, at the same time as it makes such determination, furnish the Company and the Executive an opinion that the Executive has substantial authority not to report any Excise Tax on his federal, state or local income or other tax return. As a result of the uncertainty in the application of Section 4999 of the Code (or any successor provision thereto) and the possibility of similar uncertainty regarding applicable state or local tax law at the time of any determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (an "Underpayment"), consistent with the calculations required to be made hereunder. In the

event that the Company exhausts or fails to pursue its remedies pursuant to Section 5(f) and the Executive thereafter is required to make a payment of any Excise Tax, the Executive shall direct the Accounting Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and the Executive as promptly as possible. Any such Underpayment shall be promptly paid by the Company to, or for the benefit of, the Executive within five business days after receipt of such determination and calculations.

(c) The Company and the Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or the Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Section 5(b). Any determination by the Accounting Firm as to the amount of the Gross-Up Payment shall be binding upon the Company and the Executive.

(d) The federal, state and local income or other tax returns filed by the Executive shall be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by the Executive. The Executive shall make proper payment of the amount of any Excise Payment, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment. If prior to the filing of the Executive's federal income tax return, or corresponding state or local tax return, if

relevant, the Accounting Firm determines that the amount of the Gross-Up Payment should be reduced, the Executive shall within five business days pay to the Company the amount of such reduction.

(e) The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations contemplated by Section 5(b) shall be borne by the Company. If such fees and expenses are initially paid by the Executive, the Company shall reimburse the Executive the full amount of such fees and expenses within five business days after receipt from the Executive of a statement therefor and reasonable evidence of his payment thereof.

(f) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service or any other taxing authority that, if successful, would require the payment by the Company of a Gross-Up Payment or any additional Gross-Up Payment. Such notification shall be given as promptly as practicable but no later than 10 business days after the Executive actually receives notice of such claim and the Executive shall further apprise the Company of the nature of such claim and the date on which such claim is requested to be paid (in each case, to the extent known by the Executive). The Executive shall not pay such claim prior to the earlier of (x) the expiration of the 30-calendar-day period following the date on which he gives such notice to the Company and (y) the date that any payment of amount with respect to such claim is due. If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) provide the Company with any written records or documents in his possession relating to such claim reasonably requested by the Company;

(ii) take such action in connection with contesting such claim as the Company shall reasonably

request in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such contest and shall indemnify and hold harmless the Executive, on an after-tax basis, for and against any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such contest and payment of costs and expenses. Without limiting the foregoing provisions of this Section 5(f), the Company shall control all proceedings taken in connection with the contest of any claim contemplated by this Section 5(f) and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim (provided, however, that the Executive may participate therein at his own cost and expense) and may, at its option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay the tax claimed and sue for a refund, the Company shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any

Excise Tax or income or other tax, including interest or penalties with respect thereto, imposed with respect to such advance; and provided further, however, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of any such contested claim shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(g) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5(f), the Executive receives any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 5(f)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5(f), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial or refund prior to the expiration of 30 calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of any such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid by the Company to the Executive pursuant to this Section 5.

(h) Notwithstanding any provision of this Agreement to the contrary, if (i) but for this sentence, the Company would be obligated to make a Gross-Up Payment to the Executive, (ii) the

aggregate "present value" of the "parachute payments" to be paid or provided to the Executive under this Agreement or otherwise does not exceed 1.15 multiplied by two times the Executive's "base amount," and (iii) but for this sentence, the net after-tax benefit to the Executive of the Gross-Up Payment would not exceed $50,000 (taking into account both income taxes and any Excise Tax), then the payments and benefits to be paid or provided under this Agreement (including any stock based compensation pursuant to Section 4(f)) will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any payment or benefit to the Executive, as so reduced, constitutes an "excess parachute payment." For purposes of this Section 5(h), the terms "excess parachute payment," "present value," "parachute payment," and "base amount" will have the meanings assigned to them by Section 280G of the Code. The determination of whether any reduction in such payments or benefits to be provided under this Agreement is required pursuant to the preceding sentence will be made at the expense of the Company, if requested by the Executive or the Company, by the Accounting Firm. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 5(h) will not of itself limit or otherwise affect any other rights of the Executive other than pursuant to this Agreement. In the event that any payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 5(h), the Executive will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section 5(h). The Company will provide the Executive with all information reasonably requested by the Executive to permit the Executive to make such designation. In the event that the Executive fails to make such designation within 10 business days of the Termination Date, the Company may effect such reduction in any manner it deems appropriate.

6. No Mitigation Obligation. The Company hereby acknowledges that it will be difficult and may be impossible for the Executive to find reasonably comparable employment following the Termination Date. Accordingly, the payment of the severance compensation by the Company to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable, and the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in the last sentence of Section 4(b).

7. Legal Fees and Expenses.

(a) It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement or defense of Executive's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive any or all of the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of Executive's choice, at the expense of the Company as hereafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement

or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship shall exist between the Executive and such counsel. Without respect to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing.

(b) Without limiting the obligations of the Company pursuant to Section 7(a) hereof, in the event a Change in Control occurs, the performance of the Company's obligations under this Section 7 shall be secured by amounts deposited or to be deposited in trust pursuant to certain trust agreements to which the Company shall be a party, which amounts deposited shall in the aggregate be not less than $2,000,000, providing that the fees and expenses of counsel selected from time to time by the Executive pursuant to Section 7(a) shall be paid, or reimbursed to the Executive if paid by the Executive, either in accordance with the terms of such trust agreements, or, if not so provided, on a regular, periodic basis upon presentation by the Executive to the trustee of a statement or statements prepared by such counsel in accordance with its customary practices. Any failure by the Company to satisfy any of its obligations under this Section 7(b) shall not limit the rights of the Executive hereunder. Subject to the foregoing, the Executive shall have the status of a general unsecured creditor of the Company and shall have no right to, or security interest in, any assets of the Company or any subsidiary.

8. Continuing Obligations

(a) The Executive hereby agrees that all documents, records, techniques, business secrets and other information which have come into his possession from time to time during his employment with the Company shall be deemed to be confidential and proprietary to the Company and, except for personal documents and records of the Executive, shall be returned to the Company. The Executive further agrees to retain in confidence any confidential information known to him concerning the Company and its subsidiaries and their respective businesses so long as such information is not publicly disclosed, except that Executive may disclose any such information required to be disclosed in the normal course of his employment with the Company or pursuant to any court order or other legal process.

(b) The Executive hereby agrees that during the Continuation Period, he will not directly or indirectly solicit any employee of the Company or any of its subsidiaries or affiliated companies to join the employ of any entity that competes with the Company or any of its subsidiaries or affiliated companies.

9. Successors

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of such successor entity to enter into such agreement prior to the effective date of any such succession (or, if later, within three business days after first receiving a written request for such agreement) shall constitute a breach of this Agreement and shall entitle the Executive to

terminate his employment pursuant to Section 2(a)(ii) and to receive the payments and benefits provided under Section 4. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the Agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive dies while any amounts are payable to him hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there is no such designee, to his estate.

10. Notices

For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service addressed to the Company (to the attention of the Secretary of the Company, with a copy to the General Counsel of the Company) at its principal executive office and to the Executive at his principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

11. Governing Law

THE VALIDITY, INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE.

12. Miscellaneous

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement (or in any employment or other written agreement relating to the Executive). Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under Sections 4, 5 and 7 will survive any termination or expiration of this Agreement or the termination of the Executive's employment following a Change in Control for any reason whatsoever. Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or the Executive to have the Executive remain in the employment of the Company or any subsidiary prior to or following any Change in Control. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any law or government regulation or ruling. In the event that the Company refuses or otherwise fails to make a payment when due and it is ultimately decided that the Executive is entitled to such

payment, such payment shall be increased to reflect an interest factor, compounded annually, equal to the prime rate in effect as of the date the payment was first due plus two points. For this purpose, the prime rate shall be based on the rate identified by Chase Manhattan Bank as its prime rate.

13. Separability

The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Non-assignability

This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 9. Without limiting the foregoing, the Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by his will or by the laws of descent or distribution, and in the event of any attempted assignment or transfer by Executive contrary to this Section 14 the Company shall have no liability to pay any amount so attempted to be assigned or transferred to any person other than the Executive or, in the event of his death, his designated beneficiary or, in the absence of an effective beneficiary designation, the Executive's estate.

15. Effectiveness; Term

This Agreement will be effective and binding as of the date first above written immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, this Agreement will not be operative unless and until a Change in Control

occurs. Upon the occurrence of a Change in Control at any time during the Term (as defined below), without further action, this Agreement shall become immediately operative. For purposes of this Agreement, "Term" means the period commencing as of the date first above written and expiring as of the later of (i) the fifth anniversary of the date first above written or (ii) the second anniversary of the first occurrence of a Change in Control; provided, however, that (A) commencing on the fifth anniversary of the date first above written and each fifth anniversary date thereafter, the Term of this Agreement will automatically be extended for an additional five years unless, not later than 180 days preceding each such fifth anniversary date, the Company or the Executive shall have given notice that it or the Executive, as the case may be, does not wish to have the Term extended and (B) subject to Section 2(e), if, prior to a Change in Control, the Executive ceases for any reason to be an employee of the Company and any subsidiary, thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate and be of no further effect. For purposes of this Section 15, the Executive shall not be deemed to have ceased to be an employee of the Company and any subsidiary by reason of the transfer of Executive's employment between the Company and any subsidiary, or among any subsidiaries.

16 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

17 Prior Agreement. This Agreement supersedes and terminates any and all prior Executive Termination Benefits

Agreements by and among Company and the Executive.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above set forth, thereby mutually and voluntarily agreeing that this Agreement supersedes and replaces any prior similar agreements for such termination benefits.

AMR CORPORATION

By: /s/ Gerard J. Arpey
Gerard J. Arpey

AMERICAN AIRLINES, INC.

By: /s/ Gerard J. Arpey
Gerard J. Arpey

JEFFREY J. BRUNDAGE

/s/ Jeffrey J. Brundage

Exhibit 12

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

	Three Months Ended March 31, 2004	2003
Earnings (loss):		
Loss before income taxes	$ (166)	$(1,043)
Add: Total fixed charges (per below)	435	438
Less: Interest capitalized	18	19
Total earnings (loss) before income taxes	$ 251	$ (624)
Fixed charges:		
Interest	$ 201	$ 183
Portion of rental expense representative of the interest factor	220	244
Amortization of debt expense	14	11
Total fixed charges	$ 435	$ 438
Coverage deficiency	$ 184	$ 1,062

Exhibit 31.1

I, Gerard J. Arpey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMR Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2004

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

Exhibit 31.2

I, James A. Beer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMR Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2004

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

Exhibit 32

AMR CORPORATION

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18,
United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of AMR Corporation, a Delaware corporation (the Company), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (the Form 10-Q) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 23, 2004

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

Date: April 23, 2004

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

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.