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

FORM 10-Q

[X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended September 30, 1998.

[ ]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 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 - 182,342,724 as of November 6, 1998

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Revenues				
Airline Group:				
Passenger - American Airlines, Inc.	$3,871	$ 3,713	$ 11,238	$ 10,744
- American Eagle	304	262	849	766
Cargo	158	169	490	507
Other	250	233	720	658
	4,583	4,377	13,297	12,675
The SABRE Group	604	457	1,735	1,346
Management Services Group	31	26	86	73
Less: Intergroup revenues	(172)	(154)	(514)	(451)
Total operating revenues	5,046	4,706	14,604	13,643
Expenses				
Wages, salaries and benefits	1,632	1,521	4,817	4,480
Aircraft fuel	400	466	1,219	1,457
Depreciation and amortization	328	306	966	919
Commissions to agents	311	332	934	975
Maintenance, materials and repairs	251	224	704	633
Other rentals and landing fees	231	223	667	658
Food service	184	176	523	510
Aircraft rentals	142	143	427	430
Other operating expenses	835	708	2,343	2,054
Total operating expenses	4,314	4,099	12,600	12,116
Operating Income	732	607	2,004	1,527
Other Income (Expense)				
Interest income	37	40	103	100
Interest expense	(93)	(101)	(280)	(310)
Interest capitalized	28	5	71	10
Minority interest	(12)	(10)	(37)	(32)
Miscellaneous - net	16	-	(3)	(11)
	(24)	(66)	(146)	(243)
Income From Continuing Operations Before Income Taxes	708	541	1,858	1,284
Income tax provision	277	219	734	519
Income From Continuing Operations	431	322	1,124	765
Income From Discontinued Operations, net of applicable income taxes	2	1	8	12
Net Earnings	$ 433	$ 323	$ 1,132	$ 777

Continued on next page.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Earnings Applicable to Common Shares	$ 433	$ 323	$ 1,132	$ 777
Earnings Per Common Share				
Basic				
Continuing Operations	$ 2.56	$ 1.83	$ 6.57	$ 4.25
Discontinued Operations	0.01	-	0.05	0.06
Net Earnings	$ 2.57	$ 1.83	$ 6.62	$ 4.31
Diluted				
Continuing Operations	$ 2.48	$ 1.78	$ 6.34	$ 4.16
Discontinued Operations	0.01	-	0.05	0.06
Net Earnings	$ 2.49	$ 1.78	$ 6.39	$ 4.22
Number of Shares Used in Computation				
Basic	169	176	171	180
Diluted	174	181	177	184

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

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

	September 30, 1998	December 31, 1997 (Note 1)
Assets		
Current Assets		
Cash	$ 72	$ 62
Short-term investments	2,180	2,370
Receivables, net	1,732	1,301
Inventories, net	609	626
Deferred income taxes	404	406
Other current assets	192	221
Total current assets	5,189	4,986
Equipment and Property		
Flight equipment, net	8,699	8,543
Other equipment and property, net	1,879	1,776
Purchase deposits for flight equipment	1,405	754
	11,983	11,073
Equipment and Property Under Capital Leases		
Flight equipment, net	1,886	1,923
Other equipment and property, net	166	163
	2,052	2,086
Route acquisition costs, net	923	945
Other assets, net	2,047	1,769
	$ 22,194	$ 20,859
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 1,287	$ 1,028
Accrued liabilities	2,051	1,970
Air traffic liability	2,268	2,044
Current maturities of long-term debt	203	395
Current obligations under capital leases	140	135
Total current liabilities	5,949	5,572
Long-term debt, less current maturities	2,380	2,248
Obligations under capital leases, less current obligations	1,592	1,629
Deferred income taxes	1,387	1,112
Other liabilities, deferred gains, deferred credits and postretirement benefits	4,326	4,082
Stockholders' Equity		
Common stock	182	182
Additional paid-in capital	3,068	3,104
Treasury stock	(1,201)	(485)
Retained earnings	4,511	3,415
	6,560	6,216
	$ 22,194	$ 20,859

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

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

	Nine Months Ended September 30, 1998	1997
Net Cash Provided by Operating Activities	$ 2,589	$ 2,382
Cash Flow from Investing Activities:		
Capital expenditures, including purchase deposits for flight equipment	(1,950)	(670)
Net decrease (increase) in short-term investments	190	(1,148)
Investment in joint venture	(140)	-
Proceeds from sale of equipment and property	206	182
Net cash used for investing activities	(1,694)	(1,636)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(349)	(318)
Issuance of long-term debt	165	-
Sale-leaseback transactions	108	-
Repurchases of common stock	(889)	(592)
Proceeds from exercise of stock options	80	126
Net cash used for financing activities	(885)	(784)
Net increase (decrease) in cash	10	(38)
Cash at beginning of period	62	61
Cash at end of period	$ 72	$ 23
Cash Payments For:		
Interest	$ 226	$ 313
Income taxes	435	322
Financing Activities Not Affecting Cash:		
Capital lease obligations incurred	$ 108	$ -

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

AMR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. The balance sheet at December 31, 1997 has been derived from the audited consolidated financial statements at that date and restated for discontinued operations as described in Footnote 8. For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Corporation (AMR or the Company) Annual Report on Form 10-K/A No. 1 for the year ended December 31, 1997.

   Certain amounts from 1997 have been reclassified to conform with the 1998 presentation.

2. Accumulated depreciation of owned equipment and property at September 30, 1998 and December 31, 1997, was $7.2 billion and $6.6 billion, respectively. Accumulated amortization of equipment and property under capital leases at September 30, 1998 and December 31, 1997, was $1.3 billion and $1.2 billion, respectively.

3. The Miami International Airport Authority is currently remediating various environmental conditions at Miami International Airport (Airport) and funding the remediation costs through landing fee revenues. Future costs of the remediation effort may be borne by carriers operating at the Airport, including American Airlines, Inc. (American), through increased landing fees and/or other charges. The ultimate resolution of this matter is not expected to have a significant impact on the financial position or liquidity of AMR.

4. During 1998, the Company exercised its purchase rights to acquire 25 Boeing 737-800s, 23 Boeing 777-200IGWs and eight Embraer EMB-145s. In addition, during the third quarter, AMR Eagle entered into an agreement to acquire 75 Embraer EMB-135 aircraft, with deliveries beginning in July 1999 and continuing through 2005. As of November 16, 1998, the Company had commitments to acquire the following aircraft: 100 Boeing 737-800s, 34 Boeing 777-200IGWs, seven Boeing 757-200s, four Boeing 767-300ERs, 75 Embraer EMB-135s, 34 Embraer EMB-145s and 25 Bombardier CRJ-700s. Deliveries of these aircraft will occur during the remainder of 1998 and will continue through 2005. Payments for these aircraft will approximate $210 million during the remainder of 1998, $2.6 billion in 1999, $1.9 billion in 2000 and an aggregate of approximately $3.0 billion in 2001 through 2005. The exercise of these aircraft purchase rights will allow the Company to continue the retirement of its Boeing 727-200 and McDonnell Douglas DC-10 fleets, which the Company anticipates to be complete by 2004, as well as to provide for modest growth.

5. In March 1998, the Company exercised its option to sell seven MD-11 aircraft to Federal Express Corporation (FedEx), thereby committing to sell its entire MD-11 fleet to FedEx. Eight aircraft have been delivered as of September 30, 1998. The remaining 11 aircraft will be delivered to FedEx between 1999 and 2003.

6. In April 1998, the Company's Board of Directors approved a two-for-one stock split in the form of a stock dividend, subject to shareholder approval of an amendment to the Company's Certificate of Incorporation to increase the number of authorized common shares. On May 20, 1998, the Company's shareholders approved the amendment to the Company's Certificate of Incorporation thereby increasing the total number of authorized shares of all classes of stock to 770 million, of which 20 million are shares of preferred stock (without par value) and 750 million are shares of common stock ($1 par value). The stock split was effective on June 9, 1998 for shareholders of record on May 26, 1998. All share and

earnings per share amounts have been restated to give effect to the stock split.

7. In July 1998, the Company's board of directors authorized management to repurchase $500 million of the Company's outstanding common stock. The Company completed this repurchase program in September 1998. In October 1998, the Company's board of directors authorized management to repurchase up to an additional $500 million of the Company's outstanding common stock.

8. On September 29, 1998, the Company announced its plan to sell most of the companies that comprise the largest unit of the Management Services Group - AMR Global Services Corporation. The companies to be sold include AMR Services, AMR Combs and TeleService Resources. The Company expects to complete the sale of these companies by the first quarter of 1999.

   The results of operations for AMR Services, AMR Combs and TeleService Resources have been reflected in the consolidated statements of operations as discontinued operations. The amounts shown are net of income taxes of approximately $1.7 million and $650,000 for the three months ended September 30, 1998 and 1997, respectively, and $6.8 million and $7.9 million for the nine months ended September 30, 1998 and 1997, respectively. Revenues from the operations of AMR Services, AMR Combs and TeleService Resources were $122 million and $126 million for the three months ended September 30, 1998 and 1997, respectively, and $376 million and $392 million for the nine months ended September 30, 1998 and 1997, respectively.

9. In January 1998, The SABRE Group completed the execution of a 25-year information technology services agreement with US Airways. Under the terms of the agreement, The SABRE Group will provide substantially all of US Airways' information technology services. In connection with the agreement, The SABRE Group purchased substantially all of US Airways' information technology assets for approximately $47 million and granted US Airways two tranches of stock options, each to acquire 3 million shares of The SABRE Group's Class A Common Stock (SABRE Common Stock). During certain periods, US Airways may select an alternative vehicle of substantially equivalent value in place of receiving stock. During the first quarter of 1998, a long-term liability and a related deferred asset equal to the number of options granted multiplied by the difference between the exercise price of the options and the market price of SABRE Common Stock were recorded. The asset and liability are adjusted based on changes in the market price of SABRE Common Stock. The deferred asset is being amortized over the 11 year non-cancelable portion of the agreement.

10. As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of SFAS 130 had no impact on the Company's net income or stockholders' equity. SFAS 130 requires unrealized gains or losses on the Company's available-for-sale securities and changes in minimum pension liabilities, which prior to adoption were reported separately in stockholders' equity, to be included in other comprehensive income. For the third quarter of 1998 and 1997, total comprehensive income was approximately $430 million and $324 million, respectively. Total comprehensive income for the nine months ended September 30, 1998 and 1997 was approximately $1.129 billion and $778 million, respectively.

    Effective January 1, 1998, the Company adopted the provisions of Statement of Position No. 98-5, "Reporting on the Costs of Start-Up Activities," (SOP 98-5). SOP 98-5 requires costs of start-up activities to be expensed as incurred. The adoption of SOP 98-5 did not have a material impact on the Company's financial position or results of operations for the three or nine months ended September 30, 1998.

AMR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Unaudited)

11. The following table sets forth the computations of basic and diluted earnings per share from continuing operations (in millions, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Numerator:				
Income from continuing operations - Numerator for basic and diluted earnings per share	$ 431	$ 322	$1,124	$ 765
Denominator:				
Denominator for basic earnings per share - weighted-average shares	169	176	171	180
Effect of dilutive securities:				
Employee options and shares	12	18	13	13
Assumed treasury shares purchased	(7)	(13)	(7)	(9)
Dilutive potential common shares	5	5	6	4
Denominator for diluted earnings per share	174	181	177	184
Basic earnings per share from continuing operations	$ 2.56	$ 1.83	$ 6.57	$4.25
Diluted earnings per share from continuing operations	$ 2.48	$ 1.78	$ 6.34	$4.16

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

RESULTS OF OPERATIONS

For the Three Months Ended September 30, 1998 and 1997

Summary AMR recorded income from continuing operations for the three months ended September 30, 1998 of $431 million, or $2.48 per common share diluted. This compares to income from continuing operations of $322 million, or $1.78 per common share diluted, for the third quarter of 1997. AMR's operating income of $732 million increased 20.6 percent, or $125 million, compared to $607 million for the same period in 1997.

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

As discussed in Note 8, on September 29, 1998, the Company announced its plan to sell most of the companies that comprise the largest unit of the Management Services Group - AMR Global Services Corporation. The companies to be sold include AMR Services, AMR Combs and TeleService Resources. Thus, the results of operations for AMR Services, AMR Combs and TeleService Resources have been reflected in the consolidated statements of operations as discontinued operations.

The following sections provide a discussion of AMR's results by reporting segment, which are described in AMR's Annual Report on Form 10-K/A No. 1 for the year ended December 31, 1997. The minority interest in the earnings of consolidated subsidiaries of $12 million and $37 million for the three and nine months ended September 30, 1998 and $10 million and $32 million for the three and nine months ended September 30, 1997, has not been allocated to a reporting segment.

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

	Three Months Ended September 30,	
	1998	1997
Revenues		
Passenger - American Airlines, Inc.	$3,871	$ 3,713
- American Eagle	304	262
Cargo	158	169
Other	250	233
	4,583	4,377
Expenses		
Wages, salaries and benefits	1,446	1,380
Aircraft fuel	400	466
Commissions to agents	311	332
Depreciation and amortization	265	259
Maintenance, materials and repairs	250	224
Other operating expenses	1,286	1,207
Total operating expenses	3,958	3,868
Operating Income	625	509
Other Expense	(29)	(66)
Earnings Before Income Taxes	$ 596	$ 443
Average number of equivalent employees	93,100	91,900

RESULTS OF OPERATIONS (continued)

OPERATING STATISTICS

	Three Months Ended September 30, 1998	1997
American Airlines Jet Operations		
Revenue passenger miles (millions)	29,132	28,500
Available seat miles (millions)	39,806	39,378
Cargo ton miles (millions)	480	506
Passenger load factor	73.2%	72.4%
Breakeven load factor	60.2%	61.2%
Passenger revenue yield per passenger mile (cents)	13.29	13.03
Passenger revenue per available seat mile (cents)	9.73	9.43
Cargo revenue yield per ton mile (cents)	32.61	33.05
Operating expenses per available seat mile (cents)	9.22	9.14
Fuel consumption (gallons, in millions)	728	712
Fuel price per gallon (cents)	53.1	63.5
Fuel price per gallon, excluding fuel taxes (cents)	48.4	58.5
Operating aircraft at period-end	645	642
American Eagle		
Revenue passenger miles (millions)	753	670
Available seat miles (millions)	1,156	1,070
Passenger load factor	65.1%	62.6%
Operating aircraft at period-end	207	196

Operating aircraft at September 30, 1998, included:

American Airlines Aircraft:	
Airbus A300-600R	35
Boeing 727-200	78
Boeing 757-200	93
Boeing 767-200	8
Boeing 767-200 Extended Range	22
Boeing 767-300 Extended Range	45
Fokker 100	75
McDonnell Douglas DC-10-10	13
McDonnell Douglas DC-10-30	5
McDonnell Douglas MD-11	11
McDonnell Douglas MD-80	260
Total	645

American Eagle Aircraft:	
ATR 42	36
Embraer 145	14
Super ATR	43
Saab 340B	90
Saab 340B Plus	24
Total	207

87.9% of American's aircraft fleet is Stage III, a classification of aircraft meeting noise standards as promulgated by the Federal Aviation Administration.

Average aircraft age is 10.6 years for American's aircraft and 5.47 years for American Eagle aircraft.

RESULTS OF OPERATIONS (continued)

The Airline Group's revenues increased $206 million, or 4.7 percent, in the third quarter of 1998 versus the same period last year. American's passenger revenues increased by 4.3 percent, or $158 million, primarily as a result of strong demand for air travel driven by continued economic growth in the U.S. and Europe and a healthy pricing environment. American's yield (the average amount one passenger pays to fly one mile) of 13.29 cents increased by 2.0 percent compared to the same period in 1997. Domestic yields increased 5.8 percent from the third quarter of 1997. International yields decreased 5.7 percent, primarily due to a 12.5 percent decrease in the Pacific, a 6.7 percent decrease in Latin America and a 3.1 percent decrease in Europe. The decrease in Pacific yields was primarily due to the weakness in Asian economies and increased industry capacity, the decrease in Latin America was due primarily to an increase in industry capacity in Central and South America and a decline in economic conditions, and the decrease in Europe was partially attributable to the addition of new routes during the third quarter of 1998.

American's traffic or revenue passenger miles (RPMs) increased 2.2 percent to 29.1 billion miles for the quarter ended September 30, 1998. American's capacity or available seat miles (ASMs) increased 1.1 percent to 39.8 billion miles in the third quarter of 1998. American's domestic traffic increased 0.6 percent despite capacity decreases of 2.2 percent and international traffic grew 5.8 percent on capacity increases of 8.7 percent. The increase in international traffic was driven by a 24.5 percent increase in traffic to the Pacific on capacity growth of 40.0 percent, a 5.2 percent increase in traffic to Europe on capacity growth of 8.4 percent and a 3.9 increase in traffic to Latin America on capacity growth of 5.7 percent.

The Airline Group's operating expenses increased 2.3 percent, or $90 million. American's Jet Operations cost per ASM increased 0.9 percent to 9.22 cents. Wages, salaries and benefits increased 4.8 percent, or $66 million, primarily due to an increase in the average number of equivalent employees, contractual wage rate and seniority increases that are built into the Company's labor contracts and an increase in the provision for profit sharing. The increased headcount is due primarily to increased volumes of work at American's maintenance bases and increases associated with American's flight dependability initiatives. Aircraft fuel expense decreased 14.2 percent, or $66 million, due to a 16.4 percent decrease in American's average price per gallon, including taxes, partially offset by a 2.2 percent increase in American's fuel consumption. Commissions to agents decreased 6.3 percent, or $21 million, despite a 4.3 percent increase in passenger revenues, due to the continued benefit from the commission rate reduction initiated during September 1997. Maintenance, materials and repairs increased $26 million, or 11.6 percent, due primarily to higher engine maintenance at American's maintenance bases as a result of the maturing of its fleet. Other operating expenses increased by $79 million, or 6.5 percent, primarily related to spending on the Company's Year 2000 compliance program and higher costs, such as credit card fees, resulting from higher passenger revenues.

Other Expense decreased 56.1 percent, or $37 million, due primarily to a $23 million increase in capitalized interest on aircraft purchase deposits and a decrease in interest expense of approximately $12 million due to scheduled debt repayments.

RESULTS OF OPERATIONS (continued)

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

	Three Months Ended September 30,	
	1998	1997
Revenues	$ 604	$ 457
Operating Expenses	506	368
Operating Income	98	89
Other Income	15	3
Earnings Before Income Taxes	$ 113	$ 92
Average number of equivalent employees	11,700	8,600

Revenues

Revenues for The SABRE Group increased $147 million, or 32.2 percent. Electronic travel distribution revenues increased approximately $32 million, or 10.4 percent, primarily due to growth in booking fees resulting from an overall increase in the price per booking. Revenues from information technology solutions increased approximately $115 million, or 77.9 percent, primarily due to the services performed under the information technology services agreement with US Airways and Year 2000 testing and compliance enhancements for certain AMR units.

Expenses

Operating expenses increased 37.5 percent, or $138 million, due primarily to increases in salaries, benefits and employee related costs, subscriber incentives, depreciation and amortization expense and other operating expenses. Salaries, benefits and employee related costs increased due to an increase in the average number of employees necessary to support The SABRE Group's business growth and wage and salary increases for existing employees. Subscriber incentive expenses increased in order to maintain and expand The SABRE Group's travel agency subscriber base. The increase in depreciation and amortization expense is primarily due to the acquisition of information technology assets to support the US Airways' contract and normal additions. Other operating expenses increased primarily due to equipment maintenance costs and other software development expenses related to The SABRE Group's Year 2000 compliance program.

Other Income

Other income increased $12 million due primarily to a favorable court judgement relating to Ticketnet Corporation, an inactive subsidiary of The SABRE Group.

RESULTS OF OPERATIONS (continued)

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

	Three Months Ended September 30,	
	1998	1997
Revenues	$ 152	$ 151
Less: Revenues from Discontinued Operations	(121)	(125)
Revenues from Continuing Operations	31	26
Operating Expenses	140	138
Less: Expenses from Discontinued Operations	(118)	(121)
Operating Expenses from Continuing Operations	22	17
Operating Income from Continuing Operations	9	9
Other Income from Continuing Operations	2	7
Earnings From Continuing Operations Before Income Taxes	$ 11	$ 16
Average number of equivalent employees	13,100	15,600

Revenues

Revenues for the Management Services Group increased 0.7 percent, or $1 million. This increase in revenues was primarily the result of increased airline passenger, ramp and cargo handling services provided by AMR Services and higher revenues for AMR Combs due to higher aircraft sales. This increase was substantially offset by the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics.

Expenses

Operating expenses for the Management Services Group increased $2 million, or 1.4 percent. This increase in expenses was the result of an increase in other operating expenses commensurate with the increase in revenues for AMR Services and AMR Combs, partially offset by a decrease in expenses associated with the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics.

RESULTS OF OPERATIONS (continued)

For the Nine Months Ended September 30, 1998 and 1997

Summary AMR recorded income from continuing operations for the nine months ended September 30, 1998 of $1.1 billion, or $6.34 per common share diluted. This compares with income from continuing operations of $765 million, or $4.16 per common share diluted, for the same period in 1997. AMR's operating income of $2.0 billion increased 31.2 percent, or $477 million, compared to $1.5 billion for the same period in 1997.

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

	Nine Months Ended September 30,	
	1998	1997
Revenues		
Passenger - American Airlines, Inc.	$11,238	$ 10,744
- American Eagle	849	766
Cargo	490	507
Other	720	658
	13,297	12,675
Expenses		
Wages, salaries and benefits	4,277	4,059
Aircraft fuel	1,219	1,457
Commissions to agents	934	975
Depreciation and amortization	781	781
Maintenance, materials and repairs	702	632
Other operating expenses	3,728	3,558
Total operating expenses	11,641	11,462
Operating Income	1,656	1,213
Other Expense	(131)	(223)
Earnings Before Income Taxes	$ 1,525	$ 990
Average number of equivalent employees	91,900	90,800

RESULTS OF OPERATIONS (continued)

OPERATING STATISTICS

	Nine Months Ended September 30,	
	1998	1997
American Airlines Jet Operations		
Revenue passenger miles (millions)	82,443	81,113
Available seat miles (millions)	116,476	115,636
Cargo ton miles (millions)	1,485	1,507
Passenger load factor	70.8%	70.1%
Breakeven load factor	59.2%	61.3%
Passenger revenue yield per passenger mile (cents)	13.63	13.25
Passenger revenue per available seat mile (cents)	9.65	9.29
Cargo revenue yield per ton mile (cents)	32.64	33.22
Operating expenses per available seat mile (cents)	9.27	9.23
Fuel consumption (gallons, in millions)	2,120	2,082
Fuel price per gallon (cents)	55.6	67.7
Fuel price per gallon, excluding fuel taxes (cents)	50.8	62.8
Operating aircraft at period-end	645	642
American Eagle		
Revenue passenger miles (millions)	2,076	1,924
Available seat miles (millions)	3,326	3,160
Passenger load factor	62.4%	60.9%
Operating aircraft at period-end	207	196

The Airline Group's revenues increased $622 million, or 4.9 percent, during the first nine months of 1998 versus the same period last year. American's passenger revenues increased by 4.6 percent, or $494 million, primarily as a result of strong demand for air travel driven by continued economic growth in the U.S. and Europe and a healthy pricing environment. American's yield (the average amount one passenger pays to fly one mile) of 13.63 cents increased by 2.9 percent compared to the same period in 1997. Domestic yields increased 5.6 percent from the first nine months of 1997. International yields decreased 2.8 percent, reflecting an 8.2 percent decrease in the Pacific and a 4.4 percent decrease in Latin America. The decrease in Pacific yields was primarily due to the weakness in Asian economies and increased industry capacity while the decrease in Latin America was due primarily to an increase in industry capacity in Central and South America and a decline in economic conditions.

American's traffic or revenue passenger miles (RPMs) increased 1.6 percent to 82.4 billion miles for the nine months ended September 30, 1998. American's capacity or available seat miles (ASMs) increased 0.7 percent to 116.5 billion miles in the first nine months of 1998. American's domestic traffic increased 0.4 percent on a capacity decrease of 1.6 percent and international traffic grew 4.6 percent on capacity increases of 6.1 percent. The increase in international traffic was driven by a 16.4 percent increase in traffic to the Pacific on capacity growth of 23.1 percent, a 6.1 percent increase in traffic to Latin America on growth of 8.6 percent and a 1.2 percent increase in traffic on capacity growth of 0.4 percent in Europe.

American's yield and traffic were both negatively impacted in 1997 by the effects of the pilot contract negotiations throughout the first three months of 1997. During the first nine months of 1998, American's yield and traffic were adversely impacted by the imposition of the transportation tax for the entire period compared to slightly less than seven months during the same period in 1997.

The Airline Group's other revenues increased $62 million, or 9.4 percent, primarily as a result of an increase in aircraft maintenance work performed by American for other airlines and increased administrative and employee travel service charges and service contracts.

The Airline Group's operating expenses increased 1.6 percent, or $179 million. American's Jet Operations cost per ASM increased by 0.4 percent to 9.27 cents. Wages, salaries and benefits increased $218 million, or 5.4 percent, primarily due to an increase in the average number of equivalent employees, contractual wage rate and seniority increases that are built into the Company's labor contracts and an increase in the provision for profit sharing. The increased headcount is due primarily to increased volumes of work at American's maintenance bases and increases associated with American's flight dependability initiatives. Aircraft fuel expense decreased 16.3 percent, or $238 million, due to a 17.9 percent decrease in American's average price per gallon, including taxes, partially offset by a 1.8 percent increase in American's fuel consumption. Commissions to agents decreased 4.2 percent, or $41 million, despite a 4.6 percent increase in passenger revenues, due to the continued benefit from the commission rate reduction initiated during September 1997. Maintenance, materials and repairs expense increased $70 million, or 11.1 percent, due primarily to higher airframe and engine maintenance at American's maintenance bases as a result of the maturing of its fleet. Other operating expenses increased by $170 million, or 4.8 percent, primarily related to spending on the Company's Year 2000 compliance program and higher costs, such as credit card fees, resulting from higher passenger revenues.

Other Expense decreased 41.3 percent, or $92 million, due primarily to a $61 million increase in capitalized interest on aircraft purchase deposits and a decrease in interest expense of approximately $30 million due to scheduled debt repayments.

RESULTS OF OPERATIONS (continued)

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

	Nine Months Ended September 30,	
	1998	1997
Revenues	$1,735	$1,346
Operating Expenses	1,413	1,054
Operating Income	322	292
Other Income	18	5
Earnings Before Income Taxes	$ 340	$ 297
Average number of equivalent employees	13,000	8,400

Revenues
Revenues for The SABRE Group increased $389 million, or 28.9 percent. Electronic travel distribution revenues increased approximately $95 million, or 10.2 percent, primarily due to growth in booking fees resulting from an overall increase in the price per booking. In addition, the nine months ended September 30, 1998 includes approximately $21 million of revenue from services provided to The SABRE Group's joint venture company formed to manage travel distribution in the Asia-Pacific region, ABACUS International Ltd.(ABACUS). Revenues from information technology solutions increased approximately $294 million, or 69.9 percent, primarily due to the services performed under the information technology services agreement with US Airways and Year 2000 testing and compliance enhancements for certain AMR units and Canadian Airlines International Limited.

Expenses
Operating expenses increased 34.1 percent, or $359 million, due primarily to increases in salaries, benefits and employee related costs, subscriber incentive expenses, depreciation and amortization expense and other operating expenses. Salaries, benefits and employee related costs increased due to an increase in the average number of employees necessary to support The SABRE Group's business growth and wage and salary increases for existing employees. Subscriber incentive expenses increased in order to maintain and expand The SABRE Group's travel agency subscriber base. The increase in depreciation and amortization expense is primarily due to the acquisition of information technology assets to support the US Airways' contract and normal additions. Other operating expenses increased primarily due to equipment maintenance costs and other software development expenses related to The SABRE Group's Year 2000 compliance program.

Other Income
Other income increased $13 million due primarily to a favorable court judgement relating to Ticketnet Corporation, an inactive subsidiary of The SABRE Group.

RESULTS OF OPERATIONS (continued)

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

	Nine Months Ended September 30,	
	1998	1997
Revenues	$ 460	$ 463
Less: Revenues from Discontinued Operations	(374)	(390)
Revenues from Continuing Operations	86	73
Operating Expenses	419	418
Less: Expenses from Discontinued Operations	(359)	(367)
Operating Expenses from Continuing Operations	60	51
Operating Income from Continuing Operations	26	22
Other Income from Continuing Operations	4	7
Earnings from Continuing Operations Before Income Taxes	$ 30	$ 29
Average number of equivalent employees	11,200	15,500

Revenues

Revenues for the Management Services Group decreased 0.6 percent, or $3 million. This decrease in revenues was primarily the result of the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics. This decrease was substantially offset by higher revenues for AMR Combs due to higher aircraft sales and increased airline passenger, ramp and cargo handling services provided by AMR Services.

Expenses

Operating expenses increased 0.2 percent, or $1 million, primarily due to an increase in other operating expenses commensurate with the increase in revenues for AMR Combs and AMR Services. This increase was substantially offset by a decrease in expenses associated with the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities in the nine month period ended September 30, 1998 was $2.6 billion, an increase of $207 million over the same period in 1997. This increase resulted primarily from increased net earnings. Capital expenditures for the first nine months of 1998 were approximately $2.0 billion, and included purchase deposits on new aircraft orders, the acquisition of four Boeing 767-300ERs, three Boeing 757-200s, 14 Embraer EMB-145s and five ATR 72 aircraft and purchases of computer-related equipment. These capital expenditures were funded primarily with internally generated cash, except for the Embraer aircraft acquisitions which were funded through secured debt agreements. During the first nine months of 1998, The SABRE Group invested approximately $140 million for a 35 percent interest in ABACUS. Proceeds from the sale of equipment and property of $206 million for the first nine months of 1998 include proceeds received upon the delivery of two of American's McDonnell Douglas MD-11 aircraft to Federal Express Corporation in accordance with the 1995 agreement between the two parties and other aircraft equipment sales.

During 1998, the Company exercised its purchase rights to acquire 25 Boeing 737-800s, 23 Boeing 777-200IGWs and eight Embraer EMB-145s. In addition, during the third quarter, AMR Eagle entered into an agreement to acquire 75 Embraer EMB-135 aircraft, with deliveries beginning in July 1999 and continuing through 2005. As of November 16, 1998, the Company had commitments to acquire the following aircraft: 100 Boeing 737-800s, 34 Boeing 777-200IGWs, seven Boeing 757-200s, four Boeing 767-300ERs, 75 Embraer EMB-135s, 34 Embraer EMB-145s and 25 Bombardier CRJ-700s. Deliveries of these aircraft will occur during the remainder of 1998 and will continue through 2005. Payments for these aircraft will approximate $210 million during the remainder of 1998, $2.6 billion in 1999, $1.9 billion in 2000 and an aggregate of approximately $3.0 billion in 2001 through 2005. The exercise of these aircraft purchase rights will allow the Company to continue the retirement of its Boeing 727-200 and McDonnell Douglas DC-10 fleets, which the Company anticipates to be complete by 2004, as well as to provide for modest growth. While the Company expects to fund the majority of these capital expenditures from the Company's existing cash balance and internally generated cash, some new financing may be raised depending upon capital market conditions and the Company's evolving view of its long-term needs.

During the nine months ended September 30, 1998, a total of approximately 12.8 million shares of the Company's common stock were purchased by the Company at a total cost of approximately $840 million. As of September 30, 1998, the Company had completed two separate $500 million stock repurchase programs - one initiated in 1997 and one initiated in July 1998. On October 21, 1998, the Company's board of directors authorized management to repurchase up to an additional $500 million of the Company's outstanding common stock. Share repurchases may be made from time to time, depending on market conditions, and may be discontinued at any time.

In 1997, The SABRE Group's Board of Directors authorized, subject to certain business and market conditions, the repurchase of up to 1.5 million shares of The SABRE Group's Class A Common Stock. During the nine months ended September 30, 1998, a total of approximately 1.4 million shares were purchased by The SABRE Group at a total cost of approximately $49 million.

YEAR 2000 COMPLIANCE

The Company has implemented a Year 2000 compliance program designed to ensure that the Company's computer systems and applications and its embedded operating systems will function properly beyond 1999. Such program includes both systems and applications operated by the Company's businesses as well as software licensed to or operated for third parties by The SABRE Group. Substantially all of the Company's core systems are either completed or in the final testing phases of the Year 2000 project. The Company expects its Year 2000 project to be substantially completed in the first quarter of 1999 and believes that it has allocated adequate resources to meet this goal. However, there can be no assurance that the systems of other parties (e.g., Federal Aviation Administration, Department of Transportation, airport authorities, data providers) upon which the Company's businesses also rely will be Year 2000 compliant on a timely basis. The Company's business, financial condition, or results of operations could be materially adversely affected by the failure of its systems and applications, those licensed to or operated for third parties, or those operated by other parties to properly operate or manage dates beyond 1999. The Company is currently evaluating responses from and addressing issues with significant vendors to determine the extent to which the Company's systems are vulnerable to those third parties which fail to remedy their own Year 2000 issues. The Company is developing contingency plans designed to enable it to continue operations, even in the event of certain third party failures, to the extent that such operations can be conducted safely.

The Company expects to incur significant internal staff costs, as well as consulting and other expenses, related to infrastructure and facilities enhancements necessary to prepare its systems for the Year 2000. The Company's total estimated cost of the Year 2000 compliance program is approximately $215 million to $250 million, of which approximately $152 million was incurred as of September 30, 1998. The Company expects to have incurred most of the expenses related to its Year 2000 compliance program by the end of 1998. A significant portion of these costs are not likely to be incremental costs to the

Company, but rather will represent the redeployment of existing information technology resources. Maintenance or modification costs associated with making existing computer systems Year 2000 compliant are expensed as incurred and are funded through cash from operations.

YEAR 2000 COMPLIANCE (continued)

The expected costs and completion dates for the Year 2000 project are forward-looking statements based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of resources, third party modification plans and other factors. Actual results could differ materially from these estimates as a result of factors such as the availability and cost of trained personnel, the ability to locate and correct all relevant computer codes and similar uncertainties.

NEW EUROPEAN CURRENCY

In January 1999, certain European countries are scheduled to introduce a new currency unit called the "euro". The Company has implemented a project intended to ensure that software systems operated by the Company's businesses as well as software licensed to or operated for third parties by The SABRE Group are designed to properly handle the euro. The Company expects its euro project to be substantially completed by the fourth quarter of 1998 and believes that it has allocated adequate resources to meet this goal. The Company estimates that the introduction of the euro, including the total cost for the euro project, will not have a material effect on the Company's business, financial condition, or results of operations. Costs associated with the euro project will be expensed as incurred and will be funded through cash from operations. Statements related to the Company's euro project are forward-looking statements that are based on management's best estimates. Actual results could differ materially from these estimates.

DALLAS LOVE FIELD

In 1968, as part of an agreement between the cities of Fort Worth and Dallas to build and operate Dallas/Fort Worth Airport (DFW), a bond ordinance was enacted by both cities (the Bond Ordinance). The Bond Ordinance required both cities to direct all scheduled interstate passenger operations to DFW and was an integral part of the bonds issued for the construction and operation of DFW. In 1979, as part of a settlement to resolve litigation with Southwest Airlines, the cities agreed to expand the scope of operations allowed under the Bond Ordinance at Dallas' Love Field. Congress enacted the Wright Amendment to prevent the federal government from acting inconsistent with this agreement. The Wright Amendment limited interstate operations at Love Field to the four states contiguous to Texas (New Mexico, Oklahoma, Arkansas and Louisiana) and prohibited through ticketing to any destination outside that perimeter. In 1997, without the consent of either city, Congress amended the Wright Amendment by (i) adding three states (Kansas, Mississippi and Alabama) to the perimeter and (ii) removing some federal restrictions on large aircraft configured with 56 seats or less (the 1997 Amendment). In October 1997, the City of Fort Worth filed suit in state district court against the City of Dallas and others seeking to enforce the Bond Ordinance. Fort Worth contends that the 1997 Amendment does not preclude the City of Dallas from exercising its proprietary rights to restrict traffic at Love Field in a manner consistent with the Bond Ordinance and, moreover, that Dallas has an obligation to do so. American has joined in this litigation. In the same lawsuit, DFW filed claims alleging that irrespective of whether the Bond Ordinance is enforceable, the DFW Use Agreement prohibits American and other DFW signatory airlines from moving any interstate operations to Love Field. Thereafter, Dallas filed a separate declaratory judgment action in federal district court seeking to have the court declare that, as a matter of law, the 1997 Amendment precludes Dallas from exercising any restrictions on operations at Love Field. Further, in May 1998, Continental Airlines and Continental Express filed a lawsuit in federal court seeking a judicial declaration that the Bond Ordinance cannot be enforced to prevent them from operating flights from Love Field to Cleveland using regional jets. In August 1998, the Department of Transportation (DOT) initiated its own proceeding intending to address federal law questions concerning the Bond Ordinance, local proprietary powers, DFW's Use Agreement with DFW carriers such as American, and the Wright and 1997 Amendments.

As a result of the foregoing, the future of interstate flight operations at Love Field and American's DFW hub are uncertain. An increase in operations at Love Field to new interstate destinations could adversely impact American's business.

Recently, American initiated limited intrastate service to Austin

from Love Field.

OTHER INFORMATION

During the fourth quarter of 1998, the Company announced that it will reduce its planned growth for 1999 by retiring an additional eight McDonnell Douglas DC-10-10 and two additional Boeing 727-200 aircraft earlier than anticipated, for a total of 16 jet aircraft to be retired in 1999. The 10 incremental aircraft retirements will save the Company approximately $40 million during the next three years in aircraft maintenance and modification costs.

Several items of legislation have been introduced in Congress that would, if enacted; (i) authorize the withdrawal of slots from major carriers -- including American -- at key airports for redistribution to new entrants and smaller carriers and/or (ii) provide financial assistance, in the form of guarantees and/or subsidized loans, to smaller carriers for aircraft purchases. In addition, the Department of Justice is investigating the competitive practices of major carriers at major hub airports, including American's practices at DFW. Also, in April 1998, DOT issued proposed pricing and capacity rules that would severely limit major carriers' ability to compete with new entrant carriers. The outcomes of the proposed legislation, the investigations and the proposed DOT rules are unknown. However, to the extent that (i) slots are taken from American at key airports, (ii) restrictions are imposed upon American's ability to respond to a competitor, or (iii) competitors have a financial advantage in the purchase of aircraft because of federal assistance, American's business may be adversely impacted.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), effective for fiscal years beginning after December 15, 1997. SFAS 131 supersedes SFAS 14, "Financial Reporting for Segments of a Business Enterprise," and requires that a public company report annual and interim financial and descriptive information about its reportable operating segments pursuant to criteria that differ from current accounting practice. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Because this statement addresses how supplemental financial information is disclosed in annual and interim reports, the adoption will have no impact on the Company's financial condition or results of operations.

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", effective for fiscal years beginning after December 15, 1998. The adoption of SOP 98-1 is not expected to have a material impact on the Company's financial position or results of operations.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which is required to be adopted in years beginning after June 15, 1999. SFAS 133 permits early adoption as of the beginning of any fiscal quarter after its issuance. SFAS 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company is currently evaluating the impact of SFAS 133; however, based on current market conditions, SFAS 133 is not expected to have a material impact on the Company's financial condition or 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 report, the words "expects," "plans," "anticipates," and similar expressions are intended to identify forward-looking statements. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expectations. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, included but not limited to the Form 10-K/A No. 1 for the year ended December 31, 1997.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

In January 1985, American announced a new fare category, the "Ultimate SuperSaver," a discount, advance purchase fare that carried a 25 percent penalty upon cancellation. On December 30, 1985, a class action lawsuit was filed in Circuit Court, Cook County, Illinois entitled Johnson vs. American Airlines, Inc. The Johnson plaintiff alleges that the 10 percent federal excise transportation tax should have been excluded from the "fare" upon which the 25 percent penalty was assessed. Summary judgment was granted in favor of American but subsequently reversed and vacated by the Illinois Appellate Court. In August 1997, the Court denied the plaintiffs' motion for class certification. American is vigorously defending the lawsuit.

In connection with its frequent flyer program, American was sued in two cases (Wolens et al v. American Airlines, Inc. and Tucker v. American Airlines, Inc.) seeking class action certification that were consolidated and are currently pending in the Circuit Court of Cook County, Illinois. The litigation arises from certain changes made to American's AAdvantage frequent flyer program in May 1988 which limited the number of seats available to participants traveling on certain awards and established blackout dates during which no AAdvantage seats would be available for certain awards. In the consolidated action, the plaintiffs allege that these changes breached American's contract with AAdvantage members, seek money damages for the alleged breach and attorney's fees and seek to represent all persons who joined the AAdvantage program before May 1988 and accrued mileage credits before the seat limitations were introduced. The complaint originally asserted several state law claims, however only the plaintiffs' breach of contract claim remains after the U. S. Supreme Court ruled that federal law preempted the other claims. Although the case has been pending for numerous years, it still is in its preliminary stages. The court has not ruled as to whether the case should be certified as a class action. American is vigorously defending the lawsuit.

Gutterman et al. v. American Airlines, Inc. is also pending in the Circuit Court of Cook County, Illinois, arising from an announced increase in AAdvantage mileage credits required for free travel. In December 1993, American announced that the number of miles required to claim a certain travel award under American's AAdvantage frequent flyer program would be increased effective February 1, 1995, giving rise to the Gutterman litigation filed on that same date. The Gutterman plaintiffs claim that the announced increase in award mileage level violated the terms and conditions of the agreement between American and AAdvantage members. On June 23, 1998, the Court certified the case as a class action although to date no notice has been sent to the class. The class consists of all members who earned miles between January 1, 1992 (the date the change was announced) and February 1, 1995 (the date the change was made). On July 13, 1998, the Court denied American's motion for summary judgment as to the claims brought by plaintiff Steven Gutterman. On July 30, 1998, the plaintiffs filed a motion for summary judgment as to liability. American is vigorously defending the lawsuit.

A federal grand jury in Miami is investigating whether American handled hazardous materials and processed courier shipments, cargo and excess baggage in accordance with applicable laws and regulations. In connection with this investigation, federal agents executed a search warrant at American's Miami facilities on October 22, 1997. In addition, American has been served with two subpoenas calling for the production of documents relating to the handling of courier shipments, cargo, excess baggage and hazardous materials. American has produced documents responsive to the subpoenas and intends to cooperate fully with the government's investigation.

On August 7, 1998, a purported class action was filed against American Airlines in state court in Travis County, Texas (Boon Ins. Agency v. American Airlines, Inc., et al.) claiming that the $75 reissuance fee for changes to non-refundable tickets is an unenforceable liquidated damages clause and seeking a refund of the fee on behalf of all passengers who paid it, as well as interest and attorneys' fees. On September 23, 1998, Continental, Delta and America West were added as defendants to the lawsuit. To date, no discovery has been taken and no class has been certified. American intends to vigorously defend this lawsuit.

PART II

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

10.1 AMR Corporation 1998 Long-Term Incentive Plan, As Amended

27.1 Financial Data Schedule as of September 30, 1998.

27.2 Restated Financial Data Schedule as of September 30, 1997.

On July 15, 1998, AMR filed a report on Form 8-K relative to a press release issued to report the Company's second quarter 1998 earnings and to announce that the Company's board of directors authorized management to repurchase additional shares of the Company's outstanding common stock.

On October 22, 1998, AMR filed a report on Form 8-K relative to a press release issued to report the Company's third quarter 1998 earnings and to announce that the Company's board of directors authorized management to repurchase additional shares of the Company's outstanding common stock.

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: November 16, 1998

BY: /s/ Gerard J. Arpey
Gerard J. Arpey
Senior Vice President and Chief
Financial Officer

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SEP-30-1998
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