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, 1999.

[ ]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 1-2691.

American Airlines, Inc.
(Exact name of registrant as specified in its charter)

Delaware	13-1502798
(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 - 1,000 shares as of October 29, 1999

The registrant meets the conditions set forth in, and is filing this form with the reduced disclosure format prescribed by, General Instructions H(1)(a) and (b) of Form 10-Q.

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AMERICAN AIRLINES, INC.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN AIRLINES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
Revenues				
Passenger	$3,900	$3,871	$10,971	$11,238
Cargo	158	157	463	485
Other	257	244	764	702
Total operating revenues	4,315	4,272	12,198	12,425
Expenses				
Wages, salaries and benefits	1,434	1,376	4,281	4,070
Aircraft fuel	436	387	1,167	1,180
Commissions to agents	294	292	845	882
Depreciation and amortization	247	239	713	708
Other rentals and landing fees	228	206	661	596
Maintenance, materials and repairs	218	216	616	606
Food service	195	183	543	520
Aircraft rentals	147	133	445	399
Other operating expenses	737	682	2,157	1,960
Total operating expenses	3,936	3,714	11,428	10,921
Operating Income	379	558	770	1,504
Other Income (Expense)				
Interest income	19	29	53	81
Interest expense	(62)	(50)	(165)	(147)
Interest capitalized	25	27	83	66
Related party interest-net	10	(1)	31	(18)
Miscellaneous - net	(7)	1	16	(16)
	(15)	6	18	(34)
Earnings Before Income Taxes	364	564	788	1,470
Income tax provision	144	218	317	572
Net Earnings	$ 220	$ 346	$ 471	$ 898

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

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (In millions)

	September 30, 1999	December 31, 1998 (Note 1)
Assets		
Current Assets		
Cash	$ 83	$ 85
Short-term investments	1,401	1,398
Receivables, net	1,372	1,152
Receivable from affiliates, net	660	884
Inventories, net	615	520
Deferred income taxes	426	426
Other current assets	194	167
Total current assets	4,751	4,632
Equipment and Property		
Flight equipment, net	9,696	7,698
Other equipment and property, net	1,433	1,293
Purchase deposits for flight equipment	1,239	1,536
	12,368	10,527
Equipment and Property Under Capital Leases		
Flight equipment, net	1,649	1,732
Other equipment and property, net	97	94
	1,746	1,826
Route acquisition costs, net	894	916
Other assets, net	1,372	1,323
	$ 21,131	$ 19,224
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable	$ 1,051	$ 940
Accrued liabilities	1,769	2,070
Air traffic liability	2,596	2,163
Current maturities of long-term debt	71	23
Current obligations under capital leases	143	129
Total current liabilities	5,630	5,325
Long-term debt, less current maturities	1,790	920
Obligations under capital leases, less current obligations	1,487	1,542
Deferred income taxes	1,402	1,301
Other liabilities, deferred gains, deferred credits and postretirement benefits	3,924	3,708
Stockholder's Equity		
Common stock	-	-
Additional paid-in capital	1,743	1,743
Accumulated other comprehensive income	(3)	(3)
Retained earnings	5,158	4,688
	6,898	6,428
	$ 21,131	$ 19,224

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

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In millions)

	Nine Months Ended September 30, 1999	1998
Net Cash Provided by Operating Activities	$1,343	$2,214
Cash Flow from Investing Activities:		
Capital expenditures, including net change in purchase deposits for flight equipment	(2,412)	(1,393)
Acquisitions and other investments	(44)	-
Net decrease (increase) in short-term investments	(3)	83
Proceeds from sale of other investments	31	-
Proceeds from sale of equipment and property	55	195
Net cash used for investing activities	(2,373)	(1,115)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(173)	(129)
Proceeds from issuance of long-term debt	923	-
Sale-leaseback transactions	54	108
Funds transferred from (to) affiliates, net	224	(1,059)
Net cash provided by (used for) financing activities	1,028	(1,080)
Net increase (decrease) in cash	(2)	19
Cash at beginning of period	85	47
Cash at end of period	$ 83	$ 66
Cash Payments For:		
Interest	$ 112	$ 128
Income taxes	97	161
Financing Activities Not Affecting Cash:		
Capital lease obligations incurred	$ 54	$ 108

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

AMERICAN AIRLINES, INC.
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, 1998 has been derived from the audited financial statements at that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the American Airlines, Inc. (American or the Company) Annual Report on Form 10-K for the year ended December 31, 1998. Certain amounts from 1998 have been reclassified to conform with the 1999 presentation.

2. Accumulated depreciation of owned equipment and property at September 30, 1999 and December 31, 1998, was $6.8 billion and $6.3 billion, respectively. Accumulated amortization of equipment and property under capital leases at September 30, 1999 and December 31, 1998, was $1.1 billion.

   Effective January 1, 1999, in order to more accurately reflect the expected useful life of its aircraft, the Company changed its estimate of the depreciable lives of certain aircraft types from 20 to 25 years and increased the residual value from five to 10 percent. As a result of this change, depreciation and amortization expense was reduced by approximately $39 million and net earnings was increased by approximately $23 million for the three months ended September 30, 1999. For the nine months ended September 30, 1999, depreciation and amortization expense was reduced by approximately $119 million and net earnings was increased by approximately $70 million.

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, 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 American.

4. As of September 30, 1999, the Company had commitments to acquire the following aircraft: 85 Boeing 737-800s and 26 Boeing 777-200IGWs. Deliveries of these aircraft extend through 2004. Payments for these aircraft approximate $700 million during the remainder of 1999, $1.9 billion in 2000, $1.3 billion in 2001 and an aggregate of approximately $750 million in 2002 through 2004.

   In April 1999, the Company announced that it will accelerate the retirement of nine McDonnell Douglas DC-10 and 16 Boeing 727-200 aircraft, thereby eliminating American's entire DC-10 fleet by the end of 2000 and advancing the retirement of the Boeing 727 fleet to the end of 2003.

5. In early February 1999, some members of the Allied Pilots Association (APA) engaged in certain activities (increased sick time and declining to fly additional trips) that resulted in numerous cancellations across American's system. These actions were taken in response to the acquisition of Reno Air, Inc. (Reno) and adversely impacted the Company's 1999 net earnings. On October 30, 1999, American and the APA reached agreement on a number of issues, including the integration of Reno and American pilot workforces, and new processes to facilitate and foster the amicable resolution of future issues between American and the APA.

6. In connection with a secondary offering by Equant N.V. in February 1999, the Company sold approximately 433,000 depository certificates for proceeds of $31 million, excluding sales made on behalf of Sabre, a majority-owned subsidiary of AMR Corporation. The Company recorded a pre-tax gain of $31 million as a result of this transaction.

   Based upon a reallocation between the owners of the certificates in July 1999 and the acquisition of additional depository certificates from other airlines, as of September 30, 1999, the Company holds approximately 1.8 million depository certificates, excluding certificates held for the benefit of Sabre, with an estimated market value of approximately $150 million.

7. On March 17, 1999, the Company and Sabre Holdings Corporation (Sabre), an affiliate company, entered into a short-term credit agreement pursuant to which American may borrow from Sabre up to a maximum of $300 million. Upon entering into this agreement, American's ability to borrow up to $100 million from Sabre under a separate credit agreement was terminated. During the first half of 1999, American borrowed $300 million under the short-term credit agreement. In June 1999, American paid the $300 million outstanding under this agreement and American's ability to borrow up to $100 million from Sabre under the original credit agreement was reinstated through June 30, 2000. In addition, the renewed credit agreement allows Sabre to borrow up to $300 million from American.

8. During 1999, American entered into various debt agreements which are secured by aircraft. Interest rates on these agreements range from 5.6 percent to 6.6 percent and mature in 2011. As of September 30, 1999, the Company had borrowed approximately $753 million under these agreements.

   On October 6, 1999, American issued $600 million of pass-through certificates which are secured by 15 Boeing aircraft. Interest on these certificates range from 6.855 to 7.324 percent and mature in 2004 and 2009. A portion of these proceeds were used to repay $170 million of secured debt borrowed by American during September 1999.

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

RESULTS OF OPERATIONS

For the Nine Months Ended September 30, 1999 and 1998

American recorded net earnings for the nine months ended September 30, 1999 of $471 million. This compares to net earnings of $898 million for the same period in 1998. American's operating income of $770 million decreased 48.8 percent, or $734 million, compared to $1.5 billion for the same period in 1998.

American's net earnings were adversely impacted by an illegal job action by some members of the APA during the first quarter of 1999, which negatively impacted the Company's net earnings by an estimated $140 million. This was partially offset by the gain of $31 million from the sale of the Equant N.V. depository certificates.

American's results for the nine months ended September 30, 1999 reflect the acquisition of Reno. American's passenger revenues decreased by 2.4 percent, or $267 million, largely as a result of the illegal job action by some members of the APA during the first quarter of 1999. American's yield (the average amount one passenger pays to fly one mile) of 12.98 cents decreased by 4.8 percent compared to the same period in 1998. Domestic yields decreased 3.0 percent from the first nine months of 1998. International yields decreased 8.7 percent, reflecting a 9.1 percent decrease in Europe, an 8.9 percent decrease in the Pacific and a 7.5 percent decrease in Latin America. The decrease in domestic yield was due primarily to increased capacity and fare sale activity in the first half of 1999 compared to the same period in 1998, the APA job action, and the impact of international yield decreases on domestic yields. The decrease in international yields was due primarily to weak international economies, large industry capacity additions and increased fare sale activity.

American's traffic or revenue passenger miles (RPMs) increased 2.5 percent to 84.5 billion miles for the nine months ended September 30, 1999. American's capacity or available seat miles (ASMs) increased 3.3 percent to 120.4 billion miles in the first nine months of 1999. American's domestic traffic increased 1.8 percent on capacity growth of 3.5 percent and international traffic grew 4.1 percent on capacity increases of 2.9 percent. The increase in international traffic was driven by a 46.7 percent increase in traffic to the Pacific on capacity growth of 50.2 percent and a 4.5 percent increase in traffic to Europe on capacity growth of 7.5 percent. This was partially offset by a 2.1 percent decrease in traffic to Latin America on a capacity decline of 6.0 percent.

American's operations were adversely impacted by several external factors primarily in the second quarter of 1999. First, American experienced record delays and cancellations due to weather, primarily at its Dallas-Fort Worth and Chicago hubs. In addition, the implementation of the Federal Aviation Administration's new Display Screen Replacement (DSR) system caused numerous delays and cancellations across American's system as three of the first five centers to receive the new DSR system - Fort Worth, New York, and Chicago - are high-traffic cities in American's network which are responsible for a significant amount of American's traffic.

American's operating expenses increased 4.6 percent, or $507 million. American's cost per ASM increased by 1.2 percent to 9.38 cents. Wages, salaries and benefits increased $211 million, or 5.2 percent, primarily due to an increase in the average number of equivalent employees and contractual wage rate and seniority increases that are built into the Company's labor contracts, partially offset by a decrease in the provision for profit-sharing. Other rentals and landing fees increased $65 million, or 10.9 percent, due to higher facilities rent and landing fees across American's system and the addition of Reno. Aircraft rentals increased $46 million, or 11.5 percent, due primarily to the addition of Reno aircraft. Other operating expense increased $197 million, or 10.1 percent, due primarily to an increase in outsourced services, travel and incidental costs, booking fees, aircraft maintenance work performed by American for other airlines, and the acquisition of Reno.

Other Income (Expense) increased $52 million primarily as a result of an increase of $49 million in related party interest - net due primarily to an increase in the balance of American's intercompany receivable balance with its parent company, an increase of $17 million in capitalized interest on aircraft purchase deposits, and a $31 million gain on the sale of a portion of American's interest in Equant N.V. These increases were partially offset by a decrease of approximately $28 million in interest income as a result of lower investment balances and a decline in interest rates and an increase in interest expense of approximately $18 million resulting from an increase in long-term debt for aircraft financing.

AIRCRAFT COMMITMENTS

As of September 30, 1999, the Company had commitments to acquire the following aircraft: 85 Boeing 737-800s and 26 Boeing 777-200IGWs. Deliveries of these aircraft extend through 2004. Payments for these aircraft approximate $700 million during the remainder of 1999, $1.9 billion in 2000, $1.3 billion in 2001 and an aggregate of approximately $750 million in 2002 through 2004. In April 1999, the Company announced that it will accelerate the retirement of nine McDonnell Douglas DC-10 and 16 Boeing 727-200 aircraft, thereby eliminating American's entire DC-10 fleet by the end of 2000 and advancing the retirement of the Boeing 727 fleet to the end of 2003. The Company expects to fund its remaining 1999 capital expenditures from the Company's existing cash and short-term investments, internally generated cash, and new financing depending upon capital market conditions and the Company's evolving view of its long-term needs.

YEAR 2000 READINESS

State of Readiness In 1995, the Company, in conjunction with Sabre, which operates and maintains substantially all of the computer systems and applications utilized by the Company, implemented a project (the Year 2000 Project) to ensure that hardware and software systems operated by the Company are designed to operate and properly manage dates beyond December 31, 1999 (Year 2000 Readiness). The Year 2000 Project consists of six phases: (i) awareness, (ii) assessment, (iii) analysis, design and remediation, (iv) testing and validation, (v) quality assurance review (to ensure consistency throughout the Year 2000 Project) and (vi) creation of business continuity strategy, including plans in the event of Year 2000 failures. In developing the Company's proprietary software analysis, remediation and testing methodology for Year 2000 Readiness, it studied the best practices of the Institute of Electrical and Electronics Engineers and the British Standards Institution. The Company has assessed (i) the Company's over 1,000 information technology and operating systems that will be utilized after December 31, 1999 (IT Systems); (ii) non-information technology systems, including embedded technology, facilities, and other systems (Non-IT Systems); and (iii) the Year 2000 Readiness of its critical third party service providers.

IT Systems The Company has completed the first five phases of the Year 2000 Project for all of its IT Systems, including its computer reservations and flight operating system applications that perform such "mission critical" functions as passenger bookings, ticketing, passenger check-in, aircraft weight and balance, flight planning and baggage and cargo processing. As of October 1, 1999, approximately 44 percent of those IT Systems (including the computer reservations systems) are already successfully processing Year 2000 dates in actual use. The Company has installed Year 2000 Readiness hardware and software at all of its locations worldwide. The Company is following structured clean management processes to keep all of its IT Systems Year 2000 ready.

Non-IT Systems The Company has completed the first five phases of the Year 2000 project for all of its Non-IT Systems which includes aircraft avionics and flight simulators. The Company believes that is has adequate contingency plans to ensure business continuity if any of its Non-IT systems are not Year 2000 ready.

Third Party Services The Company's business is dependent upon entities which supply critical infrastructure to the airline industry, such as the air traffic control and related systems of the Federal Aviation Administration and international aviation authorities, the Department of Transportation, and airport authorities. Those service providers depend on their hardware and software systems and on interfaces with the Company's IT Systems. The Company is actively involved in the Air Transport Association (ATA) and the International Air Transport Association (IATA) Year 2000 Airline Industry Program to ensure the readiness of airports, air traffic service providers, and commercial airline suppliers worldwide. As part of this program, the ATA and IATA are monitoring approximately 2,500 airports, 185 air traffic control service providers, and more than 5,000 commercial airline suppliers throughout the world regarding their Year 2000 Readiness. The results of these studies indicate that a majority of the domestic and international airports in which American operates have made significant progress towards their Year 2000 Readiness. Nevertheless, the Company continues to closely monitor the progress of a number of key airports that, if not properly prepared for the Year 2000, could disrupt the Company's ability to provide services to its customers.

In addition, the Company relies on third party service providers for many services, such as telecommunications, electrical power, and data and credit card transaction processing. Those service providers depend on their hardware and software systems and on interfaces with the Company's IT Systems. The Company is monitoring its critical service providers regarding their Year 2000 Readiness and has received responses from over 90 percent of its critical service providers. Such respondents assured the Company that their software and hardware is or will be Year 2000 ready. To the extent practical, the Company will implement contingencies for the third party critical service providers that have not responded.

The Company does not expect the Year 2000 issues it might encounter with third parties to be materially different from those encountered by other airlines, including the Company's competitors.

Costs of Year 2000 Project The Company expects to incur significant hardware, software and labor costs, as well as consulting and other expenses, in its Year 2000 Project. The Company's total estimated cost of the project is $125 to $130 million, of which approximately $123 million was incurred as of September 30, 1999. Costs associated with the Year 2000 Project are expensed as incurred, other than capitalized hardware costs, and have been funded through cash from operations.

Risks of Year 2000 Non- readiness The economy in general, and the travel and transportation industries in particular, may be adversely affected by risks associated with the Year 2000. The Company's business, financial condition, and results of operations could be materially adversely affected if systems that it operates or systems that are operated by third party service providers upon which the Company relies are not Year 2000 ready in time. There can be no assurance that these systems will continue to properly function and interface and will otherwise be Year 2000 ready. Management believes that its most likely Year 2000 risks relate to the failure of third parties with whom it has material relationships to be Year 2000 ready.

Although the Company is not aware of any threatened claims related to the Year 2000, the Company may be subject to litigation arising from such claims and, depending on the outcome, such litigation could have a material adverse affect on the Company. There can be no assurance that the Company's insurance coverage would be adequate to offset these and other business risks related to the Year 2000 issue.

Business Continuity Plans The Company has identified four potential risk areas related to the Year 2000 and is developing and refining plans to continue its business in the event of Year 2000 failures in response to those risks. The Company believes that its most likely Year 2000 risks relate to the failure of third parties with whom it has material relationships to be Year 2000 ready. In response to this risk, the Company has been actively participating with the ATA and IATA Year 2000 Airline Industry Program to ensure the readiness of airports and air traffic services worldwide. The Company is in the process of collecting additional business continuity information from such suppliers in order to effectively manage any failures. The second risk area relates to the effective prioritization and management of any Year 2000 failures. The Company is establishing an Enterprise Command Center in order to prioritize issues, manage resources, coordinate problem resolution and communicate status in the event of Year 2000 failures. The third risk area relates to the possibility that the Company's employees will fail to report to work on or around December 31, 1999, thereby potentially disrupting the Company's operations. Somewhat mitigating this risk is that the Company will be operating a reduced holiday schedule due to soft passenger demand. In addition, the Company may undertake initiatives to encourage personnel to work as scheduled. The fourth risk area relates to the failure of critical internal business processes, services, systems and facilities. The Company has tested all systems including those not impacted by dates and has completed approximately 98 percent of its business continuity plans to manage potential internal Year 2000 failures. The Company's business continuity plans include performing certain processes manually; maintaining dedicated staff to be available at crucial dates to remedy unforeseen problems; installing defensive code to protect real-time systems from improperly formatted date data supplied by third parties; repairing or obtaining replacement systems; and reducing or suspending certain non-critical aspects of the Company's services or operations. In addition, the Company will assess its operational readiness by evaluating mission critical systems and reporting the status to the Enterprise Command Center. Appropriate actions will be taken when issues regarding industry readiness impacts the airline's operations. Because of the pervasiveness and complexity of the Year 2000 issue, and in particular the uncertainty concerning the efforts and success of third parties to be Year 2000 ready, the Company will continue to refine its contingency plans during the fourth quarter.

The costs of the project and the date on which the Company plans to complete the Year 2000 Readiness program are based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party modification plans and other factors. Even though the Company has met all established deadlines and the cost estimates have remained constant, actual results could differ materially from these estimates. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, the failure of third parties to be Year 2000 ready, and similar uncertainties.

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 joined in this litigation. On October 15, 1998, the state district court granted summary judgment in favor of Fort Worth and American, which summary judgment is being appealed to the Fort Worth Court of Appeals. 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. These claims remain unresolved. 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 December 1998, the Department of Transportation (DOT) issued an order on the 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, and concluded that the Bond Ordinance was preempted by federal law and was therefore, not enforceable. The DOT also found that the DFW Use Agreement did not preclude American from conducting interstate operations at Love Field. Fort Worth, American and DFW have appealed the DOT's order to the Fifth Circuit Court of Appeals.

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.

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, including but not limited to the Form 10-K for the year ended December 31, 1998.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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 Annual Report on Form 10-K for the year ended December 31, 1998.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

In connection with its frequent flyer program, American was sued in two purported class action cases (Wolens et al v. American Airlines, Inc. and Tucker v. American Airlines, Inc.) 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. In the consolidated action, the plaintiffs seek to represent all persons who joined the AAdvantage program before May 1988 and accrued mileage credits before the seat limitations were introduced and allege that these changes breached American's contract with AAdvantage members. Plaintiffs seek money damages and attorneys' fees. 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 the Airline Deregulation Act 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 on the plaintiffs' motion for class certification. American has a motion for judgement on the pleadings pending and is vigorously defending the lawsuit.

Gutterman et al. v. American Airlines, Inc. is also pending in the Circuit Court of Cook County, Illinois. 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 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 and February 1, 1995 (the date the change became effective). 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, which motion has not been ruled upon. American is vigorously defending the lawsuit.

A federal grand jury in Miami is investigating whether American and American Eagle 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. Since that time, a number of employees have testified before the grand jury. In addition, American has been served with three subpoenas calling for the production of documents relating to the handling of courier shipments, cargo, excess baggage and hazardous materials handling and spills. American produced documents responsive to the three subpoenas. American 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. On February 2, 1999, prior to any discovery being taken and a class being certified, the court granted the defendants' motion for summary judgment holding that Plaintiff's claims are preempted by the Airline Deregulation Act. Plaintiff has filed an appeal of the dismissal of the lawsuit. American intends to vigorously defend the granting of the summary judgment on appeal.

On May 20, 1999, several class action lawsuits filed against the Allied Pilots Association (APA) seeking compensation for passengers and cargo shippers adversely affected by an illegal sick-out by some of American's pilots in February 1999 were consolidated in the United States District Court for the Northern District of Texas, Dallas Division (In re Allied Pilots Association Class Action Litigation). Plaintiffs are not seeking to hold American independently liable.

Instead, Plaintiffs named American as a defendant inasmuch as American has a $45.5 million judgment against the APA that exceeds APA's total assets. Plaintiffs claim they are entitled to some or all of the APA's limited funds. APA filed cross claims against American alleging that American must indemnify pilots who put themselves on the sick list. American is vigorously defending all claims against it.

PART II

Item 1. Legal Proceedings (Continued)

On July 26, 1999, a class action lawsuit 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) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The as yet uncertified class includes all travel agencies who have or will be required to pay monies to American for debit memos for fare rules violations from July 26, 1995 to the present. 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. American intends to vigorously defend the lawsuit.

On May 13, 1999, the United States (through the Antitrust Division of the Department of Justice) sued AMR Corporation, American Airlines, Inc., and AMR Eagle Holding Corporation in federal court in Wichita, Kansas. The lawsuit alleges that American unlawfully monopolized or attempted to monopolize airline passenger service to and from Dallas/Fort Worth International Airport (DFW) by increasing service when new competitors began flying to DFW, and by matching these new competitors' fares. The Department of Justice seeks to enjoin American from engaging in the alleged improper conduct and to impose restraints on American to remedy the alleged effects of its past conduct. American intends to defend the lawsuit vigorously.

Between May 14, 1999 and June 7, 1999, seven class action lawsuits were filed against AMR Corporation, American Airlines, Inc., and AMR Eagle Holding Corporation in the United States District Court in Wichita, Kansas seeking treble damages under federal and state antitrust laws, as well as injunctive relief and attorneys' fees. (King v. AMR Corp., et al.; Smith v. AMR Corp., et al.; Team Electric v. AMR Corp., et al.; Warren v. AMR Corp., et al.; Whittier v. AMR Corp., et al.; Wright v. AMR Corp., et al.; and Youngdahl v. AMR Corp., et al.). Collectively, these lawsuits allege that American unlawfully monopolized or attempted to monopolize airline passenger service to and from DFW by increasing service when new competitors began flying to DFW, and by matching these new competitors' fares. Two of the suits (Smith and Wright) also allege that American unlawfully monopolized or attempted to monopolize airline passenger service to and from DFW by offering discounted fares to corporate purchasers, by offering a frequent flyer program, by imposing certain conditions on the use and availability of certain fares, and by offering override commissions to travel agents. The suits propose to certify several classes of consumers, the broadest of which is all persons who purchased tickets for air travel on American into or out of DFW since 1995 to the present, although to date no class has been certified. American intends to defend these lawsuits vigorously.

Item 5. Other Information

The Department of Justice is investigating the competitive practices of major carriers at major hub airports, including American's practices at DFW (for further information, see Item 1. Legal Proceedings). Also, in April 1998, the DOT issued proposed pricing and capacity rules that would severely limit major carriers' ability to compete with new entrant carriers. The outcomes of the investigations and the proposed DOT rules are unknown. However, to the extent that (i) restrictions are imposed upon American's ability to respond to a competitor, or (ii) competitors have an advantage because of federal assistance, American's business may be adversely impacted.

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

12 Computation of ratio of earnings to fixed charges for the three and nine months ended September 30, 1999 and 1998.

27 Financial Data Schedule

On October 6, 1999, American filed a report on Form 8-K relative to filing documents with reference to the Registration Statement on Form S-3 (Registration No. 333-74937) of American Airlines, Inc.

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.

AMERICAN AIRLINES, INC.

Date: November 5, 1999

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

Exhibit 12

AMERICAN AIRLINES, INC.
Computation of Ratio of Earnings to Fixed Charges
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
Earnings:				
Earnings before income taxes	$364	$564	$788	$1,470
Add:Total fixed charges (per below)	260	231	757	693
Less: Interest capitalized	25	27	83	66
Total earnings	$599	$768	$1,462	$2,097
Fixed charges:				
Interest, including interest capitalized	$ 62	$51	$165	$165
Portion on rental expense representative of the interest factor	198	179	591	527
Amortization of debt expense	-	1	1	1
Total fixed charges	$260	$231	$757	$693
Ratio of earnings to fixed charges	2.30	3.32	1.93	3.03

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9-MOS
DEC-31-1999
SEP-30-1999
83
1,401
2,053
21
615
4,751
22,043
7,929
21,131
5,630
3,277
0
0
1,743
5,155
21,131
0
12,198
0
11,428
0
0
165
788
317
471
0
0
0
471
0
0