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

FORM 10-Q

[X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended March 31, 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 1-2691.

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 May 11, 1998

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

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended March 31, 1998	Three Months Ended March 31, 1997
Revenues		
Passenger	$3,578	$3,390
Cargo	162	162
Other	220	198
Total operating revenues	3,960	3,750
Expenses		
Wages, salaries and benefits	1,314	1,270
Aircraft fuel	402	503
Commissions to agents	285	298
Depreciation and amortization	235	241
Maintenance materials and repairs	198	162
Other rentals and landing fees	191	190
Food service	163	160
Aircraft rentals	133	132
Other operating expenses	643	595
Total operating expenses	3,564	3,551
Operating Income	396	199
Other Income (Expense)		
Interest income	27	3
Interest expense	(34)	(50)
Related party interest - net	(9)	(19)
Miscellaneous - net	(16)	(5)
	(32)	(71)
Earnings Before Income Taxes	364	128
Income tax provision	143	54
Net Earnings	$ 221	$ 74

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

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

	March 31, 1998	December 31, 1997 (Note 1)
Assets		
Current Assets		
Cash	$ 103	$ 47
Short-term investments	1,640	1,762
Receivables, net	1,211	1,057
Inventories, net	555	555
Deferred income taxes	360	360
Other current assets	201	201
Total current assets	4,070	3,982
Equipment and Property		
Flight equipment, net	7,625	7,790
Other equipment and property, net	1,246	1,232
Purchase deposits for flight equipment	886	695
	9,757	9,717
Equipment and Property Under Capital Leasess		
Flight equipment, net	1,618	1,652
Other equipment and property, net	91	92
	1,709	1,744
Route acquisition costs, net	937	945
Other assets, net	1,380	1,365
	$ 17,853	$ 17,753
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 950	$ 855
Payable to affiliates	459	595
Accrued liabilities	1,561	1,720
Air traffic liability	2,151	2,044
Current maturities of long-term debt	22	21
Current obligations under capital leases	112	112
Total current liabilities	5,255	5,347
Long-term debt, less current maturities	926	937
Obligations under capital leases, less current obligations	1,310	1,382
Deferred income taxes	1,000	999
Other liabilities, deferred gains, deferred credits and postretirement benefits	3,786	3,734
Stockholders' Equity		
Common stock	-	-
Additional paid-in capital	1,732	1,732
Retained earnings	3,844	3,622
	5,576	5,354
	$ 17,853	$ 17,753

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

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

	Three Months Ended March 31, 1998	1997
Net Cash Provided by Operating Activities	$ 371	$ 125
Cash Flow from Investing Activities:		
Capital expenditures, including purchase deposits for flight equipment	(299)	(79)
Net decrease in short-term investments	122	133
Proceeds from sale of equipment and property	76	89
Net cash used for investing activities	(101)	143
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(78)	(73)
Funds transferred to affiliates, net	(136)	(162)
Net cash used for financing activities	(214)	(235)
Net increase in cash	56	33
Cash at beginning of period	47	37
Cash at end of period	$ 103	$ 70
Cash Payments For:		
Interest	$ 65	$ 96
Income taxes	25	102

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, 1997 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, 1997.

2. Accumulated depreciation of owned equipment and property at March 31, 1998 and December 31, 1997, was $5.8 billion and $5.7 billion, respectively. Accumulated amortization of equipment and property under capital leases at March 31, 1998 and December 31, 1997, was $966 million and $965 million, respectively.

3. As discussed in the notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997, 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. Subsequent to December 31, 1997, the Company exercised its purchase rights to acquire 25 Boeing 737-800s and eight Boeing 777-200IGWs. As of May 15, 1998, the Company had commitments to acquire the following aircraft: 100 Boeing 737-800s, 19 Boeing 777-200IGWs, 12 Boeing 757-200s and seven Boeing 767-300ERs. Deliveries of these aircraft commence in 1998 and will continue through 2004. Payments for these aircraft will approximate $1.0 billion in 1998, $1.9 billion in 1999, $1.2 billion in 2000 and an aggregate of approximately $1.5 billion in 2001 through 2004. The exercise of these aircraft purchase rights will allow the Company to continue the retirement of its Boeing 727-200 fleet, 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. Seven aircraft have been delivered as of March 31, 1998. The remaining 12 aircraft will be delivered to FedEx between 1998 and 2003.

6. In April 1998, American and US Airways, Inc. (US Airways) announced plans to create a broad marketing alliance between the two carriers which would include (i) reciprocal benefits to members of both carriers frequent flyer programs and (ii) access to the carriers domestic and international club facilities. The companies expect to implement the first phases of linking their frequent flier programs and lounge access by late summer.

7. 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. Total comprehensive income for the three

months ended March 31, 1998 and 1997 was approximately $222 million
and $75 million, respectively.

Effective January 1, 1998, the Company adopted early 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 and organization costs 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 quarter ended March 31, 1998.

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

RESULTS OF OPERATIONS

American recorded net earnings for the three months ended March 31, 1998 of $221 million. This compares to net earnings of $74 million for the first quarter of 1997. American's operating income of $396 million increased 99 percent, or $197 million, compared to $199 million for the same period in 1997.

American's passenger revenues increased by 5.5 percent, or $188 million, primarily as a result of strong demand for air travel driven by continued economic growth in the U.S., Europe and Latin America, as well as a shift to a greater mix of full fare traffic. American's yield (the average amount one passenger pays to fly one mile) of 14.09 cents increased by 5.1 percent compared to the same period in 1997. Domestic yields increased 6.4 percent from the first quarter of 1997. International yields increased 2.8 percent, primarily due to a 4.1 percent increase in Europe and a 1.2 percent increase in Latin America, partially offset by a decrease of 6.4 percent in Pacific yields. The increase in European yields was partially attributable to the cancellation of American's New York Kennedy - Zurich, New York - - Brussels and Miami - Frankfurt routes in 1997, while the decrease in Pacific yields was primarily due to the weakness in Asian economies.

American's traffic or revenue passenger miles (RPMs) increased 0.4 percent to 25.4 billion miles for the quarter ended March 31, 1998. American's capacity or available seat miles (ASMs) increased 0.5 percent to 37.7 billion miles in the first quarter of 1998. American's domestic traffic decreased 0.5 percent on capacity decreases of 0.3 percent and international traffic grew 2.4 percent on capacity growth of 2.3 percent. The increase in international traffic was driven by a 3.9 percent increase in traffic to Latin America on capacity growth of 8.3 percent and a 11.3 percent increase in traffic to the Pacific on capacity growth of 1.6 percent, partially offset by a 0.9 percent decrease in traffic to Europe on a capacity decrease of 5.7 percent, primarily due to the cancellation of the above mentioned routes in 1997.

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

American's other revenues increased $22 million, or 11.1 percent, primarily as a result of an increase in aircraft maintenance work performed by American for other airlines and increased employee travel service charges.

American's operating expenses increased 0.4 percent, or $13 million. American's Jet Operations cost per ASM decreased 0.5 percent to 9.35 cents. Wages, salaries and benefits increased 3.5 percent, or $44 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 20.1 percent, or $101 million, due to a 21.1 percent decrease in American's average price per gallon, including taxes, partially offset by a 1.2 percent increase in American's fuel consumption. Commissions to agents decreased 4.4 percent, or $13 million, despite a 5.5 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 $36 million, or 22.2 percent, due primarily to higher volumes for both airframe and engine maintenance at American's maintenance bases as a result of the maturing of its fleet.

Other Income (Expense) decreased 54.9 percent, or $39 million, primarily as a result of an increase in interest income of approximately $24 million due to higher investment balances. In addition, capitalized interest on aircraft purchase deposits increased approximately $15 million compared to the same period in

1997.

AIRCRAFT COMMITMENTS

As of May 15, 1998, the Company had commitments to acquire the following aircraft: 100 Boeing 737-800s, 19 Boeing 777-200IGWs, 12 Boeing 757-200s and seven Boeing 767-300ERs. Deliveries of these aircraft commence in 1998 and will continue through 2004. Payments for these aircraft will approximate $1.0 billion in 1998, $1.9 billion in 1999, $1.2 billion in 2000 and an aggregate of approximately $1.5 billion in 2001 through 2004. The exercise of these aircraft purchase rights will allow the Company to continue the retirement of its Boeing 727-200 fleet, which the Company anticipates to be complete by 2004, as well as to provide for modest growth. The Company will determine the method of financing these aircraft acquisitions near their respective delivery date; however, deliveries in 1998 are currently expected to be financed with internally generated funds as well as external financing.

YEAR 2000 COMPLIANCE

The Company has implemented a Year 2000 compliance program designed to ensure that the Company's computer systems and applications will function properly beyond 1999. The SABRE Group, which operates and maintains substantially all of the computer systems and applications utilized by the Company, has also implemented a Year 2000 compliance program. The Company and The SABRE Group believe adequate resources have been allocated for this purpose and expect their Year 2000 date conversion programs to be completed on a timely basis. Testing on certain systems and applications has commenced and will continue throughout the course of the Year 2000 programs. 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 converted 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 or those operated by other parties to properly operate or manage dates beyond 1999.

The Company expects to incur significant costs from The SABRE Group, internal staff costs and consulting and other expenses related to infrastructure and facilities enhancements necessary to prepare its system for the Year 2000. The Company's total estimated cost of the Year 2000 compliance program is approximately $125 million to $160 million, of which approximately $80 million was incurred as of March 31, 1998. The remaining expenses are expected to be incurred primarily throughout the remainder 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 current information technology spending. Maintenance or modification costs associated with making existing computer systems Year 2000 compliant will be expensed as incurred.

The costs of the project and the date on which the Company plans to complete the Year 2000 compliance 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. However, there can be no guarantee that these estimates will be achieved, and 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 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. This settlement was codified by Congress and became known as the Wright Amendment. 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 all 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 it has an obligation to do so. American has joined in this litigation. 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 March 1998, Southwest Airlines, relying upon a 1982 injunction that resulted from prior litigation that established Southwest's right to operate intrastate flights from Love Field, filed a motion in Dallas federal court seeking to enjoin the Fort Worth lawsuit. The court has not yet ruled on Southwest's motion. As a result of the foregoing, the future of interstate flight operations at Love Field and American's DFW hub is uncertain. To the extent that operations at Love Field to new interstate destinations increase, American may be compelled for competitive reasons to divert resources from DFW to Love Field. A substantial diversion of resources could adversely impact American's business.

Recently, American announced its intent to initiate limited intrastate service at Love Field and has commenced implementation of a business plan to start such service, including requesting gates at Love Field from the City of Dallas.

OTHER INFORMATION

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 competition at major hub airports, and in April 1998, the Department of Transportation (DOT) issued proposed competition guidelines which would severely limit major carriers' ability to compete with new entrant carriers. The outcomes of the proposed legislation, the investigations and the proposed DOT guidelines 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.

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. A hearing on plaintiffs' motion for class certification is currently scheduled for May 19, 1998. To date, only limited discovery has been undertaken. American is vigorously defending the lawsuit.

A federal grand jury 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 was served with a subpoena 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 subpoena and intends to cooperate fully with the government's investigation.

PART II

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

27	Financial Data Schedule

On April 15, 1998, American filed a report on Form 8-K relative to a press release issued by the Company to announce that Robert L. Crandall, Chairman, President and CEO of AMR and Chairman and CEO of American, will retire from his affiliations with AMR and American after the AMR annual meeting on May 20, 1998. Donald J. Carty, currently an Executive Vice President and President of American, has been chosen by the Board of Directors to succeed Mr. Crandall.

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: May 15, 1998

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

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MAR-31-1998
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