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 June 30, 2007.

[ ]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. X Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. Large Accelerated Filer Accelerated Filer X Non-accelerated Filer

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 July 20, 2007.

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

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Item 1. Financial Statements

AMERICAN AIRLINES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (In millions)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Revenues				
Passenger	$4,673	$4,720	$8,999	$8,964
Regional Affiliates	658	702	1,216	1,271
Cargo	200	206	401	392
Other revenues	322	331	639	659
Total operating revenues	5,853	5,959	11,255	11,286
Expenses				
Wages, salaries and benefits	1,496	1,527	3,007	3,103
Aircraft fuel	1,479	1,544	2,754	2,876
Regional payments to AMR Eagle	579	554	1,123	1,086
Other rentals and landing fees	284	300	585	586
Commissions, booking fees and credit card expense	268	286	517	555
Depreciation and amortization	248	243	490	483
Maintenance, materials and repairs	208	187	403	374
Aircraft rentals	149	144	297	285
Food service	130	128	255	251
Other operating expenses	618	626	1,247	1,215
Total operating expenses	5,459	5,539	10,678	10,814
Operating Income	394	420	577	472
Other Income (Expense)				
Interest income	84	67	160	119
Interest expense	(182)	(200)	(369)	(401)
Interest capitalized	5	7	14	14
Related party interest - net	(21)	(11)	(41)	(17)
Miscellaneous - net	(9)	(3)	(19)	(13)

	(123)	(140)	(255)	(298)
Income Before Income Taxes	271	280	322	174
Income tax	-	-	-	-
Net Earnings	$ 271	$ 280	$322	$ 174

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

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

	June 30, 2007	December 31, 2006
Assets		
Current Assets		
Cash	$ 213	$ 120
Short-term investments	5,607	4,527
Restricted cash and short-term investments	470	468
Receivables, net	1,192	957
Inventories, net	485	465
Other current assets	456	213
Total current assets	8,423	6,750
Equipment and Property		
Flight equipment, net	11,377	11,524
Other equipment and property, net	2,368	2,343
Purchase deposits for flight equipment	177	177
	13,922	14,044
Equipment and Property Under Capital Leases		
Flight equipment, net	726	765
Other equipment and property, net	88	99
	814	864
Route acquisition costs and airport operating and gate lease rights, net	1,148	1,143
Other assets	2,869	3,049
	$ 27,176	$25,850
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	$ 1,278	$ 987
Accrued liabilities	1,966	2,164
Air traffic liability	4,607	3,782
Payable to affiliates, net	1,583	1,071
Current maturities of long-term debt	946	1,012
Current obligations under capital leases	123	101
Total current liabilities	10,503	9,117
Long-term debt, less current maturities	7,315	7,787
Obligations under capital leases, less current obligations	730	824
Pension and postretirement benefits	5,341	5,340
Other liabilities, deferred gains and deferred credits	3,809	3,848
Stockholders' Equity (Deficit)		
Common stock	-	-
Additional paid-in capital	3,817	3,667
Accumulated other comprehensive loss	(1,327)	(1,399)
Accumulated deficit	(3,012)	(3,334)
	(522)	(1,066)
	$ 27,176	$25,850

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

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

	Six Months Ended June 30, 2007	2006
Net Cash Provided by Operating Activities	$1,534	$1,452
Cash Flow from Investing Activities:		
Capital expenditures	(337)	(238)
Net increase in short-term investments	(1,080)	(1,299)
Net increase in restricted cash and short-term investments	(2)	(15)
Proceeds from sale of equipment and property	20	9
Other	4	(6)
Net cash used by investing activities	(1,395)	(1,549)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(610)	(380)
Reimbursement from construction reserve account	59	75
Funds transferred from affiliates, net	505	433
Net cash provided (used) by financing activities	(46)	128
Net increase in cash	93	31
Cash at beginning of period	120	133
Cash at end of period	$ 213	$ 164

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. American

Airlines, Inc. (American or the Company) is a wholly owned subsidiary of AMR Corporation (AMR). The condensed consolidated financial statements also include the accounts of variable interest entities for which the Company is the primary beneficiary. For further information, refer to the consolidated financial statements and footnotes thereto included in the American Airlines, Inc. Annual Report on Form 10-K/A for the year ended December 31, 2006 (2006 Form 10-K).

2. In March 2007, American announced its intent to pull forward the delivery of 47 737-800 aircraft that American had previously committed to acquire in 2013 through 2016. On June 28, 2007, American announced that it had accelerated the delivery of six of these aircraft into the first half of 2009. Any decisions to accelerate additional deliveries will depend on a number of factors, including future economic industry conditions and the financial conditions of the Company. As of June 30, 2007, the Company had commitments to acquire nine Boeing 737-800s in 2009 and an aggregate of 38 Boeing 737-800s and seven Boeing 777-200ERs in 2013 through 2016. Future payments for all aircraft, including the estimated amounts for price escalation, are currently estimated to be approximately $2.8 billion, with the majority occurring in 2011 through 2016. However, if the Company commits to accelerating the delivery dates of a significant number of aircraft in the future, a significant portion of the $2.8 billion commitment will be accelerated into earlier periods, including 2008 and 2009. The obligation in 2008 and 2009 for the nine aircraft already pulled forward is approximately $250 million. This amount is net of purchase deposits currently held by the manufacturer.

3. Accumulated depreciation of owned equipment and property at June 30, 2007 and December 31, 2006 was $10.3 billion and $10.0 billion, respectively. Accumulated amortization of equipment and property under capital leases was $1.1 billion at both June 30, 2007 and December 31, 2006.

4. In April 2007, the United States and the European Union approved an "open skies" air services agreement that provides airlines from the United States and E.U. member states open access to each other's markets, with freedom of pricing and unlimited rights to fly beyond the United States and beyond each E.U. member state. The provisions of the agreement will take effect on March 30, 2008. Under the agreement, every U.S. and E.U. airline is authorized to operate between airports in the United States and London's Heathrow Airport. Only three airlines besides American were previously allowed to provide that Heathrow service. The agreement will result in the Company facing increased competition in serving Heathrow as additional carriers are able to obtain necessary slots and terminal facilities. However, the Company believes that American and the other carriers who currently have existing authorities and the related slots and facilities will continue to hold a significant advantage after the advent of open skies. The Company has recorded route acquisition costs (including international routes and slots) of $846 million as of June 30, 2007, including a significant amount related to operations at Heathrow. The Company considers these assets indefinite life assets under Statement of Financial Accounting Standard No. 142 "Goodwill and Other Intangibles" and as a result they are not amortized but instead are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company completed an impairment analysis on the Heathrow routes (including slots) effective March 31, 2007 and concluded that no impairment exists. The Company believes its estimates and assumptions are reasonable, however, the market for LHR slots is still developing and only a limited number of comparable transactions have occurred to date. The Company will continue to evaluate future transactions involving purchases of slots at LHR and the potential impact of those transactions on the value of the Company's routes and slots.

5. On January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in

interim periods, disclosure and transition issues.

The Company has an unrecognized tax benefit of approximately $38 million which did not change significantly during the six months ended June 30, 2007. The application of FIN 48 would have resulted in an immaterial change in retained earnings, except that it was fully offset by the application of a valuation allowance. In addition, future changes in the unrecognized tax benefit will have no impact on the effective tax rate due to the existence of the valuation allowance. Accrued interest on tax positions is recorded as a component of interest expense but is not significant at June 30, 2007. The Company does not reasonably estimate that the unrecognized tax benefit will change significantly within the next twelve months.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. The Company is currently under audit by the Internal Revenue Service for its 2001 through 2003 tax years with an anticipated closing date in 2008. The Company's 2004 and 2005 tax years are still subject to examination. Various state and foreign jurisdiction tax years remain open to examination as well, though the Company believes any additional assessment will be immaterial to its consolidated financial statements.

As discussed in Note 8 to the consolidated financial statements in the 2006 Form 10-K, the Company has a valuation allowance against the full amount of its net deferred tax asset. The Company provides a valuation allowance against deferred tax assets when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. The Company's deferred tax asset valuation allowance decreased approximately $69 million during the six months ended June 30, 2007 to $1.7 billion as of June 30, 2007, including the impact of comprehensive income for the six months ended June 30, 2007, changes described above from applying FIN 48 and certain other adjustments.

Under special IRS rules (the "Section 382 Limitation"), cumulative stock purchases by material shareholders exceeding 50% during a 3-year period can potentially limit a company's future use of net operating losses (NOL's). Such limitation is currently increased by "built-in gains", as provided by current guidance. The Company is not currently subject to the "Section 382 Limitation", and if it were triggered in a future period, under current tax rules, is not expected to significantly impact the recorded value or timing of utilization of AMR's NOL's.

Various taxes and fees assessed on the sale of tickets to end customers are collected by the Company as an agent and remitted to taxing authorities. These taxes and fees have been presented on a net basis in the accompanying consolidated statement of operations and recorded as a liability until remitted to the appropriate taxing authority.

6. As of June 30, 2007, American had issued guarantees covering approximately $1.1 billion of AMR's unsecured debt. In addition, as of June 30, 2007, AMR and American had issued guarantees covering approximately $368 million of AMR Eagle's secured debt.

On March 30, 2007, American paid in full the principal balance of its senior secured revolving credit facility. As of June 30, 2007, the $442 million term loan facility under the same bank credit facility was still outstanding and the $275 million balance of the revolving credit facility remains available to American through maturity. The revolving credit facility amortizes at a rate of $10 million quarterly through December 17, 2007. American's obligations under the credit facility are guaranteed by AMR.

7. On January 16, 2007, the AMR Board of Directors approved the amendment and restatement of the 2005-2007 Performance Share Plan for Officers and Key Employees and the 2005 Deferred Share Award Agreement to permit settlement in a combination of cash and/or stock. However, the amendments did not impact the fair value of the awards. As a result, certain awards under these plans have been accounted for as equity awards since that date and the Company reclassified $113 million from Accrued liabilities to Additional paid-in-capital in accordance with Statement of Financial Accounting Standard No. 123 (revised 2004), "Share-Based Payment".

On January 26, 2007, AMR completed a public offering of 13 million shares of its common stock. The Company realized $497 million from the sale of equity. The proceeds from the transaction were transferred to American.

8. The following tables provide the components of net periodic benefit cost for the three and six months ended June 30, 2007 and 2006 (in millions):

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Components of net periodic benefit cost				
Service cost	$ 93	$ 100	$ 185	$ 199
Interest cost	168	160	336	321
Expected return on assets	(187)	(167)	(374)	(335)
Amortization of:				
Prior service cost	4	4	8	8
Unrecognized net loss	6	20	13	40
Net periodic benefit cost	$ 84	$ 117	$ 168	$ 233

	Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Components of net periodic benefit cost				
Service cost	$ 18	$ 20	$ 35	$ 38

Interest cost	49	49	96	96
Expected return on assets	(5)	(4)	(9)	(8)
Amortization of:				
Prior service cost	(3)	(3)	(7)	(5)
Unrecognized net (gain) loss	(2)	-	(4)	1
Net periodic benefit cost	$ 57	$ 62	$ 111	$ 122

The Company expects to contribute approximately $364 million to its defined benefit pension plans in 2007. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. Of the $364 million the Company expects to contribute to its defined benefit pension plans in 2007, the Company contributed $180 million during the six months ended June 30, 2007 and contributed $86 million on July 13, 2007.

9.As a result of the revenue environment, high fuel prices and the Company's restructuring activities, the Company has recorded a number of charges during the last few years. The following table summarizes the components of these changes and the remaining accruals for these charges (in millions):

	Aircraft Charges	Facility Exit Costs	Total
Remaining accrual at December 31, 2006	$ 126	$ 19	$ 145
Payments	(8)	-	(8)
Remaining accrual at June 30, 2007	$ 118	$ 19	$ 137

Cash outlays related to the accruals for aircraft charges and facility exit costs will occur through 2017 and 2018, respectively.

10.The Company includes changes in the fair value of certain derivative financial instruments that qualify for hedge accounting and unrealized gains and losses on available-for-sale securities in comprehensive income. For the three months ended June 30, 2007 and 2006, comprehensive income was $271 million and $291 million, respectively, and for the six months ended June 30, 2007 and 2006, comprehensive income was $394 million and $205 million, respectively. The difference between net earnings and comprehensive income for the three and six months ended June 30, 2007 and 2006 is due primarily to the accounting for the Company's derivative financial instruments.

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in crude oil or other crude oil related commodities. As required by Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities", the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. In doing so, the Company uses a regression model to determine the correlation of the change in prices of the commodities used to hedge jet fuel (e.g. NYMEX Heating oil) to the change in the price of jet fuel. The Company also monitors the actual dollar offset of the hedges' market values as compared to hypothetical jet fuel hedges. The fuel hedge contracts are generally deemed to be "highly effective" if the R-squared is greater than 80 percent and the dollar offset correlation is within 80 percent to 125 percent. The Company discontinues hedge accounting prospectively if it determines that a derivative is no longer expected to be highly effective as a hedge or if it decides to discontinue the hedging relationship.

11.On July 3, 2007, American entered into an agreement to sell all of its shares in ARINC Incorporated. Upon closing, which is expected to occur prior to October 31, 2007, American expects to receive proceeds of approximately $194 million and to record a gain on the sale of approximately $140 million. The closing of the transaction is subject to the satisfaction of a number of conditions, many of which are beyond American's control, and no assurance can be given that such closing will occur.

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

Forward-Looking Information

Statements in this report contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook," "may," "will," "should," and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe our objectives, plans or goals are forward-looking statements. Forward-looking statements include, without limitation, the Company's expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs, future financing plans and needs, overall economic conditions, plans and objectives for future operations, and the impact on the Company of its results of operations in recent years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements are subject to a number of factors that could cause the Company's actual results to differ materially from the Company's expectations. The following factors, in addition to other possible factors not listed, could cause the Company's actual results to differ materially from those expressed in forward-looking statements: the materially weakened financial condition of the Company, resulting from its significant losses in recent years; the ability of the Company to generate additional revenues and reduce its costs; changes in economic and other conditions beyond the Company's control, and the volatile results of the Company's operations; the Company's substantial indebtedness and other obligations; the ability of the Company to satisfy existing financial or other covenants in certain of its credit agreements; continued high and volatile fuel prices and further increases in the price of fuel, and the availability of fuel; the fiercely and increasingly competitive business environment faced by the Company; industry consolidation, competition with reorganized and reorganizing carriers; low fare levels by historical standards and the Company's reduced pricing power; the Company's potential need to raise additional funds and its ability to do so on acceptable terms; changes in the Company's corporate or business strategy; government regulation of the Company's business; conflicts overseas or terrorist attacks; uncertainties with respect to the Company's international operations; outbreaks of a disease (such as SARS or avian flu) that affects travel behavior; labor costs that are higher than the Company's competitors; uncertainties with respect to the Company's relationships with unionized and other employee work groups; increased insurance costs and potential reductions of available insurance coverage; the Company's ability to retain key management personnel; potential failures or disruptions of the Company's computer, communications or other technology systems; changes in the price of the Company's common stock; and the ability of the Company to reach acceptable agreements with third parties. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the Company's 2006 Form 10-K (see in particular Item 1A "Risk Factors" in the 2006 Form 10-K).

Overview

The Company recorded net earnings of $271 million in the second quarter of 2007 compared to $280 million in the same period last year. The Company's second quarter 2007 results were impacted by an improvement in unit revenues (passenger revenue per available seat mile) and by fuel prices that remain high by historical standards. In addition, a significant number of weather related events impacted the Company's second quarter results and the Company estimates these disruptions decreased scheduled mainline departures for the second quarter of 2007 by approximately 2.1 percent and reduced the Company's revenue by approximately $40 million during the quarter.

Mainline passenger unit revenues increased 3.6 percent for the second quarter due to a 1.0 point load factor increase and a 2.3 percent increase in passenger yield (passenger revenue per passenger mile) compared to the same period in 2006. Although load factor performance and passenger yield showed year-over-year improvement, passenger yield remains low by historical standards. The Company believes this is the result of excess industry capacity and its reduced pricing power resulting from a number of factors, including greater cost sensitivity on the part of travelers (especially business travelers), increased competition from LCC's and pricing transparency resulting from the use of the internet.

The Company's ability to become consistently profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, many of which are largely beyond the Company's control. Certain risk factors that affect the Company's business and financial results are referred to under "Forward-Looking Information" above and are discussed in the Risk Factors listed in Item 1A (on pages 11-17) in the 2006 Form 10-K. In addition, four of the Company's largest domestic competitors have filed for bankruptcy in the last several years and have used this process to significantly reduce contractual labor and other costs. In order to remain competitive and to improve its financial condition, the Company must continue to take steps to generate additional revenues and to reduce its costs. Although the Company has a number of initiatives underway to address its cost and revenue challenges, the ultimate success of these initiatives is not known at this time and cannot be assured.

LIQUIDITY AND CAPITAL RESOURCES

Significant Indebtedness and Future Financing

The Company remains heavily indebted and has significant obligations (including substantial pension funding obligations), as described more fully under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2006 Form 10-K. As of the date of this Form 10-Q, the Company believes it should have sufficient liquidity to fund its operations for the foreseeable future, including repayment of debt and capital leases, capital expenditures and other contractual obligations. However, to maintain sufficient liquidity as the Company continues to implement its restructuring and cost reduction initiatives, and because the Company has significant debt, lease and other obligations in the next several years, as well as ongoing pension funding obligations, the Company may need access to additional funding. The Company continues to evaluate the economic benefits and other aspects of replacing some of the older aircraft in its fleet prior to 2013 and also continues to evaluate the appropriate mix of aircraft in its fleet. The Company's possible financing sources primarily include: (i) a limited amount of additional secured aircraft debt or sale-leaseback transactions involving owned aircraft (a very large majority of the Company's owned aircraft, including virtually all of the Company's Section 1110-eligible aircraft, are encumbered); (ii) debt secured by new aircraft deliveries; (iii) debt secured by other assets; (iv) securitization of future operating receipts; (v) the sale or monetization of certain assets; (vi) unsecured debt; and (vii) issuance of equity and/or equity-like securities. However, the availability and level of these financing sources cannot be assured, particularly in light of the Company's recent financial results, substantial indebtedness, current credit ratings, high fuel prices and the financial difficulties that have been experienced in the airline industry. The inability of the Company to obtain additional funding on acceptable terms would have a material adverse impact on the ability of the Company to sustain its operations over the long-term.

The Company's substantial indebtedness and other obligations could have important consequences. For example, they could: (i) limit the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes, or adversely affect the terms on which such financing could be obtained; (ii) require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness and other obligations, thereby reducing the funds available for other purposes; (iii) make the Company more vulnerable to economic downturns; (iv) limit the Company's ability to withstand competitive pressures and reduce its flexibility in responding to changing business and economic conditions; and (v) limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates.

Credit Facility Covenants

American has a secured bank credit facility which consists of a $275 million revolving credit facility, with a final maturity on June 17, 2009, and a fully drawn $442 million term loan facility, with a final maturity on December 17, 2010 (the Revolving Facility and the Term Loan Facility, respectively, and collectively, the Credit Facility). On March 30, 2007, American paid in full the principal balance of the Revolving Facility and as of June 30, 2007, it remained undrawn. American's obligations under the Credit Facility are guaranteed by AMR.

The Credit Facility contains a covenant (the Liquidity Covenant) requiring American to maintain, as defined, unrestricted cash, unencumbered short term investments and amounts available for drawing under committed revolving credit facilities of not less than $1.25 billion for each quarterly period through the life of the Credit Facility. In addition, the Credit Facility contains a covenant (the EBITDAR Covenant) requiring AMR to maintain a ratio of cash flow (defined as consolidated net income, before interest expense (less capitalized interest), income taxes, depreciation and amortization and rentals, adjusted for certain gains or losses and non-cash items) to fixed charges (comprising interest expense (less capitalized interest) and rentals). The required ratio was 1.30 to 1.00 for the four quarter period ending June 30, 2007, and will increase gradually for each four quarter period ending on each fiscal quarter thereafter until it reaches 1.50 to 1.00 for the four quarter period ending June 30, 2009. AMR and American were in compliance with the Liquidity Covenant and the EBITDAR covenant as of June 30, 2007 and expect to be able to continue to comply with these covenants. However, given fuel prices that are high by historical standards and the volatility of fuel prices and revenues, it is difficult to assess whether AMR and American will, in fact, be able to continue to comply with these covenants, and there are no assurances that AMR and American will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which - - if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default - - could result in a default under a significant amount of the Company's other debt and lease obligations and otherwise have a material adverse impact on the Company.

Pension Funding Obligation

The Company expects to contribute approximately $364 million to its defined benefit pension plans in 2007. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. Of the $364 million the Company expects to contribute to its defined benefit pension plans in 2007, the Company contributed $180 million during the six months ended June 30, 2007 and contributed $86 million on July 13, 2007.

The U.S Congress is currently considering legislation that would allow commercial airline pilots to fly until age 65. The Federal Aviation Administration currently requires commercial pilots to retire once they reach age 60. The Company has not completed its evaluation of the impact of the proposed legislation on its financial statements; however, the proposed legislation could have a material impact on the Company's valuation of its liability for pension and postretirement benefits.

Compensation

As described in Note 7 to the condensed consolidated financial statements, during 2006 and January 2007, the AMR Board of Directors approved the amendment and restatement of all of the outstanding performance share plans, the related performance share agreements and deferred share agreements that required settlement in cash. The plans were amended to permit settlement in cash and/or stock; however, the amendments did not impact the fair value of the awards under the plans. These changes were made in connection with a grievance filed by the Company's three labor unions which asserted that a cash settlement may be contrary to a component of the Company's 2003 Annual Incentive Program agreement with the unions.

American has a profit sharing program that provides variable compensation that rewards frontline employees when American achieves certain financial targets. Generally, the profit sharing plan provides for a profit sharing pool for eligible employees equal to 15 percent of pre-tax income of American in excess of $500 million. Based on current conditions, the Company's condensed consolidated financial statements include an accrual for profit sharing. There can be no assurance that the Company's forecasts will approximate actual results. Additionally, reductions in the Company's forecasts of income for 2007 could result in the reversal of a portion or all of the previously recorded profit sharing expense.

Cash Flow Activity

At June 30, 2007, the Company had $5.8 billion in unrestricted cash and short-term investments, an increase of $1.2 billion from December 31, 2006, and $275 million available under the Revolving Facility. Net cash provided by operating activities in the six-month period ended June 30, 2007 was $1.5 billion, an increase of $82 million over the same period in 2006 primarily due to the Company's management of capacity. The Company contributed $180 million to its defined benefit pension plans in the first six months of 2007 compared to $119 million during the first six months of 2006.

Capital expenditures for the first six months of 2007 were $337 million and primarily included aircraft modifications and the cost of improvements at New York's John F. Kennedy airport (JFK). A significant portion of the Company's construction costs at JFK have been reimbursed through a fund established from a previous financing transaction.

On January 26, 2007, AMR completed a public offering of 13 million shares of its common stock. The Company realized $497 million from the sale of equity. The proceeds from the transaction were transferred to American.

In the past, the Company has from time to time refinanced, redeemed or repurchased its debt and taken other steps to reduce its debt or lease obligations or otherwise improve its balance sheet. Going forward, depending on market conditions, its cash position or other considerations, the Company may continue to take such actions.

RESULTS OF OPERATIONS

For the Six Months Ended June 30, 2007 and 2006

Revenues

The Company's revenues decreased approximately $31 million, or 0.3 percent, to $11.3 billion for the six months ended June 30, 2007 from the same period last year. American's passenger revenues increased by 0.4 percent, or $35 million, while capacity (ASM) decreased by 3.4 percent. American's passenger load factor increased 0.9 points to 80.9 percent and passenger revenue yield per passenger mile increased by 2.8 percent to 13.19 cents. This resulted in an increase in American's passenger RASM of 4.0 percent to 10.67 cents. Following is additional information regarding American's domestic and international RASM and capacity based on geographic areas defined by the Department of Transportation (DOT):

	Six Months Ended June 30, 2007			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
DOT Domestic	10.56	1.5%	53.9	(3.9)%
International	10.87	8.5	30.4	(2.7)
DOT Latin America	11.23	7.0	15.0	0.5
DOT Atlantic	10.70	6.1	12.0	(1.8)
DOT Pacific	9.86	22.8	3.4	(17.4)

The Company's Regional Affiliates include two wholly owned subsidiaries, American Eagle Airlines, Inc. and Executive Airlines, Inc. (collectively, AMR Eagle), and two independent carriers with which American has capacity purchase agreements, Trans States Airlines, Inc. (Trans States) and Chautauqua Airlines, Inc. (Chautauqua).

Regional Affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, decreased $55 million, or 4.3 percent, to $1.2 billion as a result of decreased capacity, load factors and passenger yield. Regional Affiliates' traffic decreased 1.7 percent to 4.9 billion revenue passenger miles (RPMs) and capacity decreased 0.6 percent to 6.7 billion ASMs, resulting in a 0.9 point decrease in the passenger load factor to 73.0 percent.

Operating Expenses

The Company's total operating expenses decreased 1.3 percent, or $136 million, to $10.7 billion for the six months ended June 30, 2007 compared to the same period in 2006. American's mainline operating expenses per ASM in the six months ended June 30, 2007 increased 1.8 percent compared to the same period in 2006 to 11.03 cents. These increases are due primarily to a significant number of weather related cancellations in 2007.

(in millions) Operating Expenses	Six Months Ended June 30, 2007	Change from 2006	Percentage Change
Wages, salaries and benefits	$ 3,007	$ (96)	(3.1)%
Aircraft fuel	2,754	(122)	(4.2)
Regional payments to AMR Eagle	1,123	37	3.4
Other rentals and landing fees	585	(1)	(0.2)

Commissions, booking fees and credit card expense	517	(38)	(6.8)
Depreciation and amortization	490	7	1.4
Maintenance, materials and repairs	403	29	7.8
Aircraft rentals	297	12	4.2
Food service	255	4	1.6
Other operating expenses	1,247	32	2.6
Total operating expenses	$ 10,678	$(136)	(1.3)%

Other Income (Expense)

Interest income increased $41 million in the six months ended June 30, 2007 compared to the same period in 2006 due primarily to an increase in short-term investment balances. Interest expense decreased $32 million as a result of a decrease in the Company's long-term debt balance.

Income Tax

The Company did not record a net tax provision associated with its second quarter 2007 and 2006 earnings due to the Company providing a valuation allowance, as discussed in Note 5 to the condensed consolidated financial statements.

Regional Affiliates

The following table summarizes the combined capacity purchase activity for the American Connection carriers and AMR Eagle for the six months ended June 30, 2007 and 2006 (in millions):

	Six Months Ended June 30, 2007	2006
Revenues:		
Regional Affiliates	$1,216	$1,271
Other	49	50
	$1,265	$1,321
Expenses:		
Payments to Regional Affiliates	$1,222	$1,184
Other incurred expenses	156	159
	$1,378	$1,343

In addition, passengers connecting to American's flights from American Connection and AMR Eagle flights generated passenger revenues for American flights of $878 million and $867 million for the six months ended June 30, 2007 and 2006, respectively, which are included in Revenues - Passenger in the consolidated statements of operations.

Outlook

The Company currently expects third quarter 2007 mainline unit cost to increase approximately 2.4 percent year over year. Full year 2007 mainline unit costs are expected to increase approximately 2.3 percent versus 2006.

Capacity for American's mainline jet operations is expected to decline more than 2.4 percent in the third quarter of 2007 compared to the third quarter of 2006. Mainline capacity is expected to decline approximately 2.1 percent in the full year 2007 compared to 2006.

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 2006 Form 10-K. The change in market risk for aircraft fuel is discussed below for informational purposes due to the sensitivity of the Company's financial results to changes in fuel prices.

The risk inherent in the Company's fuel related market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions management may take to mitigate the Company's exposure to such changes. Therefore, actual results may differ. The Company does not hold or issue derivative financial instruments for trading purposes.

Aircraft Fuel The Company's earnings are affected by changes in the price and availability of aircraft fuel. In order to provide a measure of control over price and supply, the Company trades and ships fuel and maintains fuel storage facilities to support its flight operations. The Company also manages the price risk of fuel costs primarily by using jet fuel, heating oil, and crude oil hedging contracts. Market risk is estimated as a hypothetical 10 percent increase in the June 30, 2007 cost per gallon of fuel. Based on projected 2007 and 2008 fuel usage through June 30, 2008, such an increase would result in an increase to aircraft fuel expense of approximately $483 million in the twelve months ended June 30, 2008, inclusive of the impact of fuel hedge instruments outstanding at June 30, 2007. Comparatively, based on projected 2007 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately $478 million in the twelve months ended December 31, 2007, inclusive of the impact of fuel hedge instruments outstanding at December 31, 2006. The change in market risk is primarily due to the increase in fuel prices.

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in crude oil or other crude oil related commodities. As required by Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities", the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. In doing so, the Company uses a regression model to determine the correlation of the change in prices of the commodities used to hedge jet fuel (e.g. NYMEX Heating oil) to the change in the price of jet fuel. The Company also monitors the actual dollar offset of the hedges' market values as compared to hypothetical jet fuel hedges. The fuel hedge contracts are generally deemed to be "highly effective" if the R-squared is greater than 80 percent and the dollar offset correlation is within 80 percent to 125 percent. The Company discontinues hedge accounting prospectively if it determines that a derivative is no longer expected to be highly effective as a hedge or if it decides to discontinue the hedging relationship.

As of June 30, 2007, the Company had effective hedges, primarily collars, covering approximately 31 percent of its estimated remaining 2007 fuel requirements and an insignificant amount of its estimated fuel requirements thereafter. The consumption hedged for the remainder of 2007 is capped at an average price of approximately $62 per barrel of crude oil. A deterioration of the Company's financial position could negatively affect the Company's ability to hedge fuel in the future.

Item 4. Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as of June 30, 2007. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of June 30, 2007. During the quarter ending on June 30, 2007, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

On July 26, 1999, a class action lawsuit was filed, and in November 1999 an amended complaint was filed, against AMR, American, AMR Eagle, Airlines Reporting Corporation, and the Sabre Group Holdings, Inc. in the United States District Court for the Central District of California, Western Division (Westways World Travel, Inc. v. AMR Corp., et al.). The lawsuit alleges that requiring travel agencies to pay debit memos to American for violations of American's fare rules (by customers of the agencies): (1) breaches the Agent Reporting Agreement between American and AMR Eagle and the plaintiffs; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). On July 9, 2003, the court certified a class that included all travel agencies who have been or will be required to pay money to American for debit memos for fare rules violations from July 26, 1995 to the present. The plaintiffs sought 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. On February 24, 2005, the court decertified the class. The claims against Airlines Reporting Corporation have been dismissed, and in September 2005, the Court granted Summary Judgment in favor of the Company and all other defendants. Plaintiffs have filed an appeal to the United States Court of Appeals for the Ninth Circuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies, which could have a material adverse impact on the Company.

Between April 3, 2003 and June 5, 2003, three lawsuits were filed by travel agents, some of whom opted out of a prior class action (now dismissed) to pursue their claims individually against American, other airline defendants, and in one case against certain airline defendants and Orbitz LLC. The cases, Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California, San Francisco (51 individual agencies), Paula Fausky d/b/a Timeless Travel v. American Airlines, et. al, in the United States District Court for the Northern District of Ohio, Eastern Division (29 agencies) and Swope Travel et al. v. Orbitz et. al. in the United States District Court for the Eastern District of Texas, Beaumont Division (71 agencies) were consolidated for pre-trial purposes in the United States District Court for the Northern District of Ohio, Eastern Division. Collectively, these lawsuits seek damages and injunctive relief alleging that the certain airline defendants and Orbitz LLC: (i) conspired to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers in violation of Section 1 of the Sherman Act; (ii) conspired to monopolize the distribution of common carrier air travel between airports in the United States in violation of Section 2 of the Sherman Act; and that (iii) between 1995 and the present, the airline defendants conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. On September 23, 2005, the Fausky plaintiffs dismissed their claims with prejudice. On September 14, 2006, the court dismissed with prejudice 28 of the Swope plaintiffs. American continues to vigorously defend these lawsuits. A final adverse court decision awarding substantial money damages or placing material restrictions on the Company's distribution practices would have a material adverse impact on the Company.

Miami-Dade County (the County) is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American and AMR Eagle have been named as potentially responsible parties (PRPs) for the contamination at MIA. During the second quarter of 2001, the County filed a lawsuit against 17 defendants, including American, in an attempt to recover its past and future cleanup costs (Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al. in the Florida Circuit Court). The Company is vigorously defending the lawsuit. In addition to the 17 defendants named in the lawsuit, 243 other agencies and companies were also named as PRPs and contributors to the contamination. The case is currently stayed while the parties pursue an alternative dispute resolution process. The County has proposed draft allocation models for remedial costs for the Terminal and Tank Farm areas of MIA. While it is anticipated that American and AMR Eagle will be allocated equitable shares of remedial costs, the Company does not expect the allocated amounts to have a material adverse effect on the Company.

On July 12, 2004, a consolidated class action complaint, that was subsequently amended on November 30, 2004, was filed against American and the Association of Professional Flight Attendants (APFA), the union which represents the American's flight attendants (Ann M. Marcoux, et al., v. American Airlines Inc., et al. in the United States District Court for the Eastern District of New York). While a class has not yet been certified, the lawsuit seeks on behalf of all of American's flight attendants or various subclasses to set aside, and to obtain damages allegedly resulting from, the April 2003 Collective Bargaining Agreement referred to as the Restructuring Participation Agreement (RPA). The RPA was one of three labor agreements American successfully reached with its unions in order to avoid filing for bankruptcy in 2003. In a related case (Sherry Cooper, et al. v. TWA Airlines, LLC, et al., also in the United States District Court for the Eastern District of New York), the court denied a preliminary injunction against implementation of the RPA on June 30, 2003. The Marcoux suit alleges various claims against the APFA and American relating to the RPA and the ratification vote on the RPA by individual APFA members, including: violation of the Labor Management Reporting and Disclosure Act (LMRDA) and the APFA's Constitution and By-laws, violation by the APFA of its duty of fair representation to its members, violation by American of provisions of the Railway Labor Act (RLA) through improper coercion of flight attendants into voting or changing their vote for ratification, and violations of the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). On March 28, 2006, the district court dismissed all of various state law claims against American, all but one of the LMRDA claims against the APFA, and the claimed violations of RICO. This left the claimed violations of the RLA and the duty of fair representation against American and the APFA (as well as one LMRDA claim and one claim against the APFA of a breach of its constitution). By letter dated February 9, 2007, plaintiffs' counsel informed counsel for the defendants that plaintiffs do not intend to pursue the LMRDA claim against APFA further. Although the Company believes the case against it is without merit and both American and the APFA are vigorously defending the lawsuit, a final adverse court decision invalidating the RPA and awarding substantial money damages would have a material adverse impact on the Company.

On February 14, 2006, the Antitrust Division of the United States Department of Justice (the "DOJ") served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign air cargo carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The New Zealand Commerce Commission notified the Company on February 17, 2006 that it is also investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. On February 22, 2006, the Company received a letter from the Swiss Competition Commission informing the Company that it too is investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. On December 19, 2006 and June 12, 2007, the Company received requests for information from the European Commission, seeking information regarding the Company's corporate structure, revenue and pricing announcements for air cargo shipments to and from the European Union. On January 23, 2007, the Brazilian competition authorities, as part of an ongoing investigation, conducted an unannounced search of the Company's cargo facilities in Sao Paulo, Brazil. The Brazilian authorities are investigating whether the Company and certain other foreign and domestic air carriers violated Brazilian competition laws by illegally conspiring to set fuel surcharges on cargo shipments. On June 27, 2007, the Company received a request for information from the Australian Competition and Consumer Commission seeking information regarding fuel surcharges imposed by the Company on cargo shipments to and from Australia and regarding the structure of the Company's cargo operations. The Company intends to cooperate fully with these investigations and inquiries. In the event that these or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, such findings and related legal proceedings could have a material adverse impact on the Company. Approximately 44 purported class action lawsuits have been filed in the U.S. against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges on cargo shipments. These cases, along with other purported class action lawsuits in which the Company was not named, were consolidated in the United States District Court for the Eastern District of New York as In re Air Cargo Shipping Services Antitrust Litigation, 06-MD-1775 on June 20, 2006. Plaintiffs are seeking trebled money damages and injunctive relief. The Company has not been named as a defendant in the consolidated complaint filed by the plaintiffs. However, the plaintiffs have not released any claims that they may have against the Company, and the Company may later be added as a defendant in the litigation. If the Company is sued on these claims, it will vigorously defend the suit, but any adverse judgment could have a material adverse impact on the Company. Also, on January 23, 2007, the Company was served with a purported class action complaint filed against the Company, American, and certain foreign and domestic air carriers in the Supreme Court of British Columbia in Canada (McKay v. Ace Aviation Holdings, et al.). The plaintiff alleges that the defendants violated Canadian competition laws by illegally conspiring to set prices and surcharges on cargo shipments. The complaint seeks compensatory and punitive damages under Canadian law. On June 22, 2007, the plaintiffs agreed to dismiss their claims against the Company. The dismissal is without prejudice, and the Company could be brought back into the litigation at a future date. If litigation is recommenced against the Company in the Canadian courts, the Company will vigorously defend itself; however, any adverse judgment could have a material adverse impact on the Company.

On June 20, 2006, the DOJ served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign passenger carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The Company intends to cooperate fully with this investigation. In the event that this or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, such findings and related legal proceedings could have a material adverse impact on the Company. Approximately 52 purported class action lawsuits have been filed in the U.S. against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges for passenger transportation. These cases, along with other purported class action lawsuits in which the Company was not named, were consolidated in the United States District Court for the Northern District of California as In re International Air Transportation Surcharge Antitrust Litigation, M 06-01793 on October 25, 2006. On July 9, 2007, the Company was named as a defendant in the consolidated complaint. Plaintiffs are seeking trebled money damages and injunctive relief. American will vigorously defend these lawsuits; however, any adverse judgment could have a material adverse impact on the Company.

American is defending a lawsuit (Love Terminal Partners, L.P. et al. v. The City of Dallas, Texas et al.) filed on July 17, 2006 in the United States District Court in Dallas. The suit was brought by two lessees of facilities at Dallas Love Field Airport against American, the cities of Fort Worth and Dallas, Southwest Airlines, Inc., and the Dallas/Fort Worth International Airport Board. The suit alleges that an agreement by and between the five defendants with respect to Dallas Love Field violates Sections 1 and 2 of the Sherman Act. Plaintiffs seek injunctive relief and compensatory and statutory damages. American will vigorously defend this lawsuit; however, any adverse judgment could have a material adverse impact on the Company.

On August 21, 2006, a patent infringement lawsuit was filed against American and American Beacon Advisors, Inc. (a wholly-owned subsidiary of the Company), in the United States District Court for the Eastern District of Texas (Ronald A. Katz Technology Licensing, L.P. v. American Airlines, Inc., et al.). This case has been consolidated in the Central District of California for pre-trial purposes with numerous other cases brought by the plaintiff against other defendants. The plaintiff alleges that American and American Beacon infringe a number of the plaintiff's patents, each of which relates to automated telephone call processing systems. The plaintiff is seeking past and future royalties, injunctive relief, costs and attorneys' fees. Although the Company believes that the plaintiff's claims are without merit and is vigorously defending the lawsuit, a final adverse court decision awarding substantial money damages or placing material restrictions on existing automated telephone call system operations would have a material adverse impact on the Company.

American is defending a lawsuit (Kelley Kivilaan v. American Airlines, Inc.), filed on September 16, 2004 in the United States District Court for the Middle District of Tennessee. The suit was brought by a flight attendant who seeks to represent a purported class of current and former flight attendants. The suit alleges that several of the Company's medical benefits plans discriminate against females on the basis of their gender in not providing coverage in all circumstances for prescription contraceptives. Plaintiff seeks injunctive relief and monetary damages. A motion for class certification has been filed, but the case has not yet been certified as a class action. American will vigorously defend this lawsuit; however, any adverse judgment could have a material adverse impact on the Company.

Item 5. Other Information

As discussed in the Company's Proxy Statement, the Compensation

Committee of the Company's Board of Directors conducts annually a comprehensive review of compensation for the executive officers of the Company and American with independent compensation consultants engaged by the Committee. At the July 2007 meetings of the Compensation Committee and the Board, the following compensation initiatives were approved (effective July 23, 2007):

- Grants of stock-settled stock appreciation rights pursuant to the form of Stock Appreciation Right Agreement ("SAR Agreement"), attached as Exhibit 10.1 to this Form 10-Q. An attachment to the form SAR Agreement notes the stock-settled stock appreciation right grants to the executive officers, effective July 23, 2007.

- Grants of deferred shares pursuant to the form of Deferred Share Award Agreement for 2007 ("Deferred Share Agreement"). The form of the Deferred Share Agreement is attached as Exhibit 10.2 to this Form 10-Q, and an attachment to the form Deferred Share Agreement notes the deferred share grants to the executive officers, effective July 23, 2007.

- Grants of performance shares pursuant to the form of Performance Share Agreement ("Performance Share Agreement") under the 2007 - 2009 Performance Share Plan for Officers and Key Employees ("Performance Share Plan"). The form of the Performance Share Agreement and Performance Share Plan are attached as Exhibit 10.3 to this Form 10-Q, and an attachment to the form Performance Share Agreement notes the performance share grants to the executive officers, effective July 23, 2007.

- A grant of 58,000 career performance shares (effective July 23, 2007) pursuant to the terms of the Career Performance Shares, Deferred Stock Award Agreement between the Company and Gerard J. Arpey, dated as of July 25, 2005. The form of this agreement is attached as Exhibit 10.6 to the Company's report on Form 10-Q for the quarterly period ended June 30, 2005.

Item 6. Exhibits

The following exhibits are included herein:

10.1 Form of Stock Appreciation Right Agreement under the 1998 Long Term Incentive Plan, as Amended (with awards to executive officers noted)

10.2 Form of 2007 Deferred Share Award Agreement (with awards to executive officers noted)

10.3 Form of Performance Share Agreement under the 2007 - 2009 Performance Share Plan for Officers and Key Employees and the 2007 - 2009 Performance Share Plan for Officers and Key Employees (with awards to executive officers noted)

12 Computation of ratio of earnings to fixed charges for the three and six months ended June 30, 2007 and 2006.

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

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

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

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: July 24, 2007

BY: /s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief
Financial Officer
(Principal Financial and Accounting Officer)

STOCK APPRECIATION RIGHT AGREEMENT

STOCK APPRECIATION RIGHT AGREEMENT (this "Agreement") is granted effective as of July 23, 2007, by AMR Corporation, a Delaware corporation (the "Corporation"), to [FIRST NAME LAST NAME], employee number [EMPLOYEE NUMBER], an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Grantee").

W I T N E S S E T H:

WHEREAS, the stockholders of the Corporation approved the AMR Corporation 1998 Long Term Incentive Plan at the Corporation's annual meeting held on May 20, 1998 (such plan, as may be amended from time to time, to be referenced the "1998 Plan");

WHEREAS, the 1998 Plan provides for the grant of stock appreciation rights in respect of shares of the Corporation's Common Stock (as later defined) to those individuals selected by the Compensation Committee of the Board (as later defined) or, in lieu thereof, the Board of Directors of the Corporation (the "Board"); and

WHEREAS, the Board has determined that it is to the advantage and interest of the Corporation to grant the stock appreciation right provided for herein to the Grantee as an incentive for Grantee to remain in the employ of the Corporation or one of its Subsidiaries or Affiliates, and to provide Grantee an incentive to increase the value of the Corporation's Common Stock, $1 par value (the "Common Stock").

NOW, THEREFORE:

1. Stock Appreciation Right Grant. The Corporation hereby grants to the Grantee effective the date of this Agreement (the "Grant Date") a stock appreciation right, subject to the terms and conditions hereinafter set forth, in respect of an aggregate of [NUMBER] shares of Common Stock. The base price ("Base Price") of each such stock appreciation right is $28.59 per share (which is the Fair Market Value of the Common Stock on the date hereof). The stock appreciation right granted hereby is exercisable in approximately equal installments on and after the following dates and with respect to the following number of shares of Common Stock:

Exercisable On and After	Aggregate Number of Shares
First Anniversary of Grant Date	20% of total award
Second Anniversary of Grant Date	40% of total award
Third Anniversary of Grant Date	60% of total award
Fourth Anniversary of Grant Date	80% of total award
Fifth Anniversary of Grant Date	100% of total award

provided, that in no event shall this stock appreciation right be exercisable in whole or in part ten years from the Grant Date. The right to exercise this stock appreciation right and to purchase the number of shares comprising each such installment shall be cumulative, and once such right has become exercisable it may be exercised in whole at any time and in part from time to time until the date of termination of the Grantee's rights hereunder.

2. Restriction on Exercise. Notwithstanding any other provision hereof, this stock appreciation right shall not be exercised if at such time such exercise or the delivery of certificates representing shares of Common Stock purchased pursuant hereto shall constitute a violation of any rule of the Corporation, any provision of any applicable federal or state statute, rule or regulation, or any rule or regulation of any securities exchange on which the Common Stock may be listed.

3. Exercise. This stock appreciation right may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise in accordance with Section 1 pursuant to whatever procedures may be adopted from time to time by the Corporation. Upon the exercise of this stock appreciation right, in whole or in part, the Grantee shall be entitled to receive from the

Corporation a number of shares of Common Stock equal in value to the excess of the Fair Market Value (on the date of exercise) of one share of Common Stock over the Base Price, multiplied by the number of shares in respect of which the stock appreciation right is being exercised. The number of shares to be issued shall be calculated on the basis of the Fair Market Value of the shares on the date of exercise, with any fractional share being payable in cash based on the Fair Market Value on the date of exercise. Notwithstanding the foregoing, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the shares of Common Stock otherwise issuable upon any exercise of any portion of this stock appreciation right, to pay the Grantee an amount in cash or other marketable property of a value equivalent to the aggregate Fair Market Value on the date of exercise of the number of shares of Common Stock that the Committee is electing to settle in cash or other marketable property. Additionally, notwithstanding anything to the contrary contained in this Agreement, (i) any obligation of the Corporation to pay or distribute any shares under this Agreement is subject to and conditioned upon the Corporation having sufficient stock in the 1998 Plan or another shareholder-approved equity compensation plan to satisfy all payments or distributions under this Agreement and the 1998 Plan, and (ii) any obligation of the Corporation to pay or distribute cash or any other property under this Agreement is subject to and conditioned upon the Corporation having the right to do so without violating the terms of any covenant or agreement of the Corporation or any of its Subsidiaries. The amount of such cash, property, and/or shares of Common Stock shall be reduced by the aggregate amount of federal, state and local income taxes and payroll taxes that are required to be withheld in connection with the payment of such cash, property, and/or shares of Common Stock.

4. Termination of Stock Appreciation Right. This stock appreciation right shall terminate and may no longer be exercised if (i) the Grantee ceases to be an employee of the Corporation or one of its Subsidiaries or Affiliates; (ii) the Grantee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (iii) the Grantee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation (or one of its Subsidiaries or Affiliates) and the Grantee; except that

(a) If the Grantee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of death, the vesting of the stock appreciation right will be accelerated and the stock appreciation right will remain exercisable until its expiration;

(b) If the Grantee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Disability, the stock appreciation right will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Grantee dies after such Disability the vesting of the stock appreciation right will be accelerated and the stock appreciation right will remain exercisable until its expiration;

(c) Subject to Section 7(c), if the Grantee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Normal or Early Retirement, the stock appreciation right will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Grantee dies after Retirement the vesting of the stock appreciation right will be accelerated and the stock appreciation right will remain exercisable until its expiration;

(d) If the Grantee's employment by the Corporation (or any Subsidiary or Affiliate) is involuntarily terminated by the Corporation or a Subsidiary or Affiliate (as the case may be) without Cause, the stock appreciation right may thereafter be exercised, to the extent it was exercisable at the time of termination, for a period of three months from the date of such termination of employment or until the stated term of such stock appreciation right, whichever period is shorter; and

(e) In the event of a Change in Control or a Potential Change in Control of the Corporation, this stock appreciation right shall become exercisable in accordance with the 1998 Plan, or its successor.

5. Adjustments in Common Stock. In the event of a stock dividend, stock split, merger, consolidation, re-organization, re-capitalization or other change in the corporate structure of the Corporation, appropriate adjustments shall be made by the Board in the number of shares, class or classes of securities and the base price per share applicable in respect to the stock appreciation rights subject to this Agreement.

6. Non-Transferability of Stock Appreciation Right. Unless the Board shall permit (on such terms and conditions as it shall establish), a stock appreciation right may not be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Grantee this stock appreciation right may be exercised only by him or her (unless otherwise determined by the Board).

7. Miscellaneous.

(a) This stock appreciation right (i) shall be binding upon and inure to the benefit of any successor of the Corporation, (ii) shall be governed by the laws of the State of Texas, and any applicable laws of the United States, and (iii) may not be amended without the written consent of both the Corporation and the Grantee. Notwithstanding the foregoing, this Agreement may be amended from time to time without the written consent of the Grantee pursuant to Section 10 below and as permitted by the 1998 Plan (or its successor). No contract or right of employment shall be implied by this stock appreciation right.

(b) If this stock appreciation right is assumed or a new stock appreciation right is substituted therefor in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 424(a) of the Internal Revenue Code of 1986, as amended (the "Code")), employment by such assuming or substituting corporation or by a parent corporation or a subsidiary thereof shall be considered for all purposes of this stock appreciation right to be employment by the Corporation.

(c) In the event the Grantee's employment is terminated by reason of Early or Normal Retirement and the Grantee subsequently is employed by a competitor of the Corporation, the Corporation reserves the right, upon notice to the Grantee, to declare the stock appreciation right forfeited and of no further validity.

(d) In consideration of the Grantee's privilege to participate in the 1998 Plan and to receive this stock appreciation right award, the Grantee agrees: (i) not to disclose any trade secrets of, or other confidential or restricted information of the Corporation or any of its Subsidiaries to any unauthorized party; (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during or after his or her employment with any Subsidiary of the Corporation; and (iii) not to solicit any then current employees of any Subsidiary of the Corporation to join the employee at his or her new place of employment after such employment has terminated. The failure by the employee to abide by the foregoing obligations shall result in his or her award being forfeited in its entirety.

(e) To the extent the stock appreciation right award is forfeited, any and all rights of the Grantee under this Agreement shall cease and terminate with respect to such forfeited award, or portion thereof, without any further obligation on the part of the Corporation.

8. Securities Law Requirements. Notwithstanding any provision in the Agreement to the contrary, the Corporation shall not be required to issue shares upon the exercise of this stock appreciation right during such period that the Corporation reasonably anticipates that issuing the shares will violate federal securities laws or other applicable law. The Corporation may require the Grantee to furnish to the Corporation, prior to the issuance of any shares in connection with the exercise of this stock appreciation right, an agreement, in such form as the Corporation may from time to time deem appropriate, in which the Grantee represents that the shares acquired by him or her upon such exercise are being acquired for investment and not with a view to the sale or distribution thereof.

9. Stock Appreciation Right Subject to 1998 Plan. This stock appreciation right shall be subject to all the terms and provisions of the 1998 Plan (or its successor) and the Grantee shall abide by and be bound by all rules, regulations and determinations of the Board now or hereafter made in connection with the administration of the 1998 Plan (or its successor). Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1998 Plan (or its successor, as applicable).

10. Section 409A Compliance. This Agreement is intended to avoid, and not otherwise be subject to, the income inclusion requirements, interest and penalty taxes of Section 409A of the Code and the regulations and other guidance issued thereunder, and this stock appreciation right award is not intended to constitute a deferral of compensation within the meaning of Treasury Regulation 1.409A-1(b) or successor guidance thereto. This Agreement shall be interpreted in a manner consistent with that intent described above. In addition to amendments permitted by Section 7(a) above, amendments to this Agreement and/or the 1998 Plan (or its successor) may be made by the Corporation, without the Grantee's consent, in order to ensure compliance with Section 409A of the Code and the regulations and other guidance issued thereunder.

IN WITNESS WHEREOF, this stock appreciation right agreement is entered into as of the date first above written.

Grantee	AMR Corporation
- ---------------------------	---------------------------
	Kenneth W. Wimberly
	Corporate Secretary

Grant of SSARS
July 23, 2007

Officer Name	# of SSARs Granted
G. J. Arpey	75,000
T. W. Horton	34,800
D. P. Garton	34,800
G. F. Kennedy	19,800
W. R. Reding	19,800

DEFERRED SHARE AWARD AGREEMENT

This Deferred Share Award Agreement (the "Agreement") is effective as of July 23, 2007, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and [FIRST NAME LAST NAME], employee number [EMPLOYEE NUMBER] (the "Employee"), an officer or key employee of one of the Corporation's Subsidiaries.

WHEREAS, pursuant to the AMR Corporation 1998 Long Term Incentive Plan, as amended (the "LTIP"), and as adopted by the Board of Directors of the Corporation (the "Board"), the Compensation Committee of the Board (the "Committee") has determined that the Employee is an officer or key employee and has further determined to make an award of deferred stock from and pursuant to the LTIP (the "Award") to the Employee as an inducement for the Employee to remain an employee of one of the Corporation's Subsidiaries.

NOW, THEREFORE, the Corporation and the Employee hereby agree as follows:

1. Grant of Award.

Subject to the terms and conditions of this Agreement, the Employee is hereby granted the Award effective as of July 23, 2007 (the "Grant Date"), in respect to [NUMBER] shares of the Corporation's Common Stock (the "Shares"). Subject to the terms and conditions of this Agreement, the Shares covered by the Award will vest, if at all, in accordance with Section 2 hereof, on July 23, 2010 (such date hereby established as the "Vesting Date" of the Award).

2. Distribution of Award.

Distribution with respect to the Award will occur, if at all, in accordance with the following terms and conditions:

(a) If the Employee is on the payroll of a Subsidiary that is wholly-owned, directly or indirectly, by the Corporation as of the Vesting Date, the Shares covered by the Award will be paid by the Corporation to the Employee on or about the Vesting Date.

(b) In the event the Employee's employment with a Subsidiary of the Corporation is terminated prior to the Vesting Date due to the Employee's death, Disability (as defined in Section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended (the "Code")), Retirement or termination not for Cause (each an "Early Termination"), the Shares covered by the Award will vest on a pro-rata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for the purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate). The pro-rata basis will be a percentage where: (i) the denominator of which is 36, and (ii) the numerator of which is the number of months from the Grant Date through the month of Early Termination, inclusive. The Shares comprising the pro-rata Award will be paid by the Corporation to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for the purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) on or about the Vesting Date, subject to Section 2(e) of this Agreement. Notwithstanding the foregoing, in no event will a payment be provided to the Employee unless and until the Employee's Retirement or termination not for Cause constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto.

(c) In the event of a Change in Control of the Corporation prior to the payment of the Shares subject to the Award, such payment will be made within 60 days of the date of the Change in Control. In such event, the Vesting Date will be the date of the Change in Control. The term "Change in Control" is defined for purposes of this Agreement in Section 5.

(d) Notwithstanding the terms of Sections 2(a), 2(b) and 2(c), the Award will be forfeited in its entirety if prior to the Vesting Date:

(i) the Employee's employment with a Subsidiary of the Corporation is terminated for Cause, or if the Employee terminates such employment prior to his or her Retirement;

(ii) the Employee becomes an employee of a Subsidiary that is not wholly-owned, directly or indirectly, by the Corporation; or

(iii) the Employee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation (or a Subsidiary or Affiliate thereof) and the Employee.

(e) Notwithstanding the third sentence of Section 2(b) above, if the Employee is a "specified employee" pursuant to Treasury Regulation 1.409A-1(i) or successor guidance thereto, any payment on account of his or her Retirement or termination not for Cause shall be delayed until the earlier of: (i) the sixth month anniversary of the date of separation from employment due to Retirement or termination not for Cause, or (ii) the date of the Employee's death.

(f) To the extent the Shares covered by the Award are otherwise payable pursuant to this Agreement and except as otherwise provided herein, such Shares will be paid on the applicable dates and events specified in herein (each a "Payment Date"); provided however, in no event shall any such payment be made later than the 15th day of the third month of the calendar year immediately following the calendar year in which the Payment Date occurs.

(g) The amount of the Shares paid hereunder shall be reduced by the aggregate amount of federal, state, and local income and payroll taxes that are required to be withheld in connection with the payment of such Shares.

3. Transfer Restrictions.

Unless otherwise permitted by the Committee, this award is non-transferable, other than by will or by the laws of descent and distribution, and may not be assigned, pledged or hypothecated and will not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in the interest after the Employee's death) to effect any such disposition, or upon the levy of any such process, the Award may immediately become null and void, at the discretion of the Committee.

4. [Intentionally omitted]

5. Miscellaneous.

This Agreement (a) will be binding upon and inure to the benefit of any successor of the Corporation, (b) will be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. Notwithstanding the foregoing, this Agreement may be amended from time to time without the written consent of the Employee pursuant to Section 7 below and as permitted by the LTIP (or its successor). No contract or right of employment will be implied by this Agreement.

In consideration of the Employee's privilege to receive the Award under this Agreement, the Employee agrees: (i) not to disclose any trade secrets of, or other confidential or restricted information of the Corporation or any of its Subsidiaries to any unauthorized party; (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during or after his or her employment with any Subsidiary of the Corporation; and (iii) not to solicit any then current employees of any Subsidiary of the Corporation to join the employee at his or her new place of employment after such employment has terminated. The failure by the employee to abide by the foregoing obligations shall result in his or her award being forfeited in its entirety.

For purposes of Section 2(c), the term "Change in Control" will mean a "change in ownership" or "change in effective control" or "change in ownership of the assets" of the Corporation, as determined pursuant to Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto.

The Employee shall not have the right to defer any payment of the Shares covered by the Award. Except as provided in this Agreement, the Committee and Corporation will not accelerate the payment of any of the Shares covered by the Award.

Notwithstanding anything in this Agreement to the contrary, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the Shares, to make substitutions for such Shares, all to the effect that the Employee will receive cash or other marketable property of a value equivalent to what the Employee would have received upon a payment of Shares. Additionally, notwithstanding anything to the contrary contained in this Agreement, (i) any obligation of the Corporation to pay or distribute any shares under this Agreement is subject to and conditioned upon the Corporation having sufficient stock in the LTIP or another shareholder-approved equity compensation plan to satisfy all payments or distributions under this Agreement and the LTIP, and (ii) any obligation of the Corporation to pay or distribute cash or any other property under this Agreement is subject to and conditioned upon the Corporation having the right to do so without violating the terms of any covenant or agreement of the Corporation or any of its Subsidiaries.

To the extent the Award is forfeited, any and all rights of the Employee under this Agreement shall cease and terminate with respect to such forfeited Award, or portion thereof, without any further obligation on the part of the Corporation.

Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the LTIP (or its successor).

6. Adjustments in Awards.

In the event of a stock dividend, stock split, merger, consolidation, re-organization, re-capitalization or other change in the corporate structure of the Corporation, appropriate adjustments shall be made by the Board of Directors to the Award.

7. Section 409A Compliance.

This Agreement is intended to avoid, and not otherwise be subject to, the income inclusion requirements, interest and penalty taxes of Section 409A of the Code, and the regulations and other guidance issued thereunder, and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with Section 409A of the Code, the Corporation and the Committee shall have the discretion to accelerate the time of payment of the Shares covered by the Award, but only to the extent of the amount required to be included in income as a result of such failure. Amendments to this Agreement and/or the LTIP (or its successor) may be made by the Corporation, without the Employee's consent, in order to ensure compliance with Section 409A of the Code and the regulations and other guidance issued thereunder.

8. Securities Law Requirements.

Notwithstanding any provision in this Agreement to the contrary, the Corporation shall not be required to make any distribution of Shares pursuant to this Award during such period that the Corporation reasonably anticipates that such distribution will violate federal securities laws or other applicable law. The Corporation may require the Employee to furnish to the Corporation, prior to the issuance of any

Shares hereunder, an agreement, in such form as the Corporation may from time to time deem appropriate, in which the Employee represents that the Shares acquired by him or her hereunder are being acquired for investment and not with a view to the sale or distribution thereof.

IN WITNESS HEREOF, this Agreement is entered into as of the date first above written.

Employee	AMR CORPORATION
_______________________	__________________________ Kenneth W. Wimberly Corporate Secretary

Grant of Deferred Shares
July 23, 2007

Officer Name	# of Deferred Shares Granted
G. J. Arpey	20,000
T. W. Horton	7,500
D. P. Garton	10,700
G. F. Kennedy	4,250
W. R. Reding	4,250

2007/2009 PERFORMANCE SHARE AGREEMENT

This 2007/2009 Performance Share Agreement ("Agreement") is effective as of July 23, 2007, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and [FIRST NAME LAST NAME], employee number [EMPLOYEE NUMBER] (the "Employee" or the "Recipient"), an officer or key employee of one of the Corporation's Subsidiaries.

WHEREAS, pursuant to the 2007/2009 Performance Share Plan for Officers and Key Employees (the "Plan"), as adopted by the Board of Directors of the Corporation (the "Board"), the Compensation Committee of the Board (the "Committee") has determined to make an award to the Employee (subject to the terms of the Plan and this Agreement), as an inducement for the Employee to remain an employee of one of the Corporation's Subsidiaries during the time frame of 2007 - 2009 and to retain and motivate such Employee during such employment.

This Agreement sets forth the terms and conditions attendant to the Award under the Plan.

1. Grant of Award. Subject to the terms and conditions of this Agreement, the Plan and the AMR Corporation 1998 Long Term Incentive Plan, as amended (the "LTIP"), the Recipient is hereby granted an Award effective as of July 23, 2007 (the "Grant Date"), in respect to [NUMBER] of shares of the Corporation's Common Stock ("Common Stock"). The Award shall vest, if at all, in accordance with Section 2 of this Agreement. On or about the date the Award vests (if at all), the Recipient will receive a payment from the Corporation of a combination of cash and/or Common Stock. The Committee will determine the amount of the Award to be paid in cash, if any (the "Cash Award"), and the amount of the Award to be settled in shares of Common Stock (the "Stock Distribution"). Any such Cash Award will be paid on or about April 30, 2010 (such Cash Award will be made pursuant to the Annual Incentive Plan). The Stock Distribution will be paid on or about April 22, 2010 (such Stock Distribution will be made from shares available for issuance under the LTIP and/or another shareholder-approved equity compensation plan). The sum of the Cash Award and the Stock Distribution will equal the product of: (a) the Fair Market Value of the Common Stock on April 21, 2010, and (b) the number of shares of Common Stock comprising the Award.

2. Vesting and Distribution.

(a) The Award will vest, if at all, in accordance with Schedule A, attached hereto and made a part of this Agreement.

(b) In the event the Employee's employment with one of the Corporation's Subsidiaries is terminated prior to the end of the measurement period set forth in Schedule A (the "Measurement Period") due to his or her death, Disability (as defined in Section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended (the "Code")), Retirement (subject to the second paragraph of Section 4) or termination not for Cause (each an "Early Termination"), the Award will vest, if at all, on a pro-rata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate). The pro-rata basis will be a percentage where: (i) the denominator of which is 36, and (ii) the numerator of which is the number of months from January 1, 2007 through the month of Early Termination, inclusive. The cash and/or Common Stock subject to this pro-rata Award will be paid to the Recipient at the same time as Cash Awards and Stock Distributions under the Plan are paid to then current employees who have Awards under the Plan, subject to Section 2(f) of this Agreement. Notwithstanding the foregoing, in no event will a payment be provided to the Employee unless and until the Employee's Retirement or termination not for Cause constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto.

(c) In the event the Recipient's employment with one of the Corporation's Subsidiaries is terminated for Cause, or if the Recipient terminates such employment with such Subsidiary prior to his or her Retirement, each occurring prior to April 21, 2010, the Award shall be forfeited in its entirety.

(d) If, prior to April 21, 2010, the Recipient becomes an employee of a Subsidiary that is not wholly-owned, directly or indirectly, by the Corporation, or if the Recipient begins a leave of absence without reinstatement rights, then in each case the Award shall be forfeited in its entirety.

(e) In the event of a Change in Control of the Corporation prior to the payment of the cash and/or Common Stock subject to the Award, such payment will be made within 60 days of the date of the Change in Control. In such event, the vesting date will be the date of the Change in Control. The term "Change in Control" is defined for purposes of this Agreement in Section 7.

(f) Notwithstanding the third sentence of Section 2(b) above, if the Employee is a "specified employee" pursuant to Treasury Regulation 1.409A-1(i) or successor guidance thereto, any payment on account of his or her Retirement or termination not for Cause shall not be paid until the earlier of: (i) the sixth month anniversary of the date of separation from employment due to Retirement or termination not for Cause or (ii) the date of the Employee's death.

(g) To the extent the Cash Award and/or Stock Distribution subject to the Award is otherwise payable pursuant to this Agreement and except as otherwise provided herein, such Cash Award and/or Stock Distribution will be paid on the applicable dates and events specified herein (each a "Payment Date"); provided, however, in no event shall any such payment be made later than the 15th day of the third month of the calendar year immediately following the calendar year in which the Payment Date occurs.

3. Transfer Restrictions. This Award is non-transferable, other than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and shall not be subject to execution, attachment or similar process. Upon any attempt by the Recipient (or the Recipient's successor in interest after the Recipient's death) to effect any such disposition, or upon the levy of any such process, the Award may immediately become null and void and of no further validity, at the discretion of the Committee.

4. Miscellaneous. This Agreement (a) shall be binding upon and inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. Notwithstanding the foregoing, this Agreement may be amended from time to time without the written consent of the Employee pursuant to Section 8 below and as permitted by the Plan or the LTIP (or its successor). No contract or right of employment shall be implied by this Agreement.

In the event the Employee's employment is terminated by reason of Early or Normal Retirement and the Employee is subsequently employed by a competitor (as determined in the Board's discretion) of the Corporation or any of its Subsidiaries prior to the complete payment of the cash and/or Common Stock subject to the Award, the Corporation reserves the right, upon notice to the Employee, to declare the Award forfeited and of no further validity.

In consideration of the Employee's privilege to participate in the Plan and receive the Award under this Agreement, the Employee agrees: (i) not to disclose any trade secrets of, or other confidential or restricted information of the Corporation or any of its Subsidiaries to any unauthorized party; (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during or after his or her employment with any Subsidiary of the Corporation; and (iii) not to solicit any then current employees of any Subsidiary of the Corporation to join the employee at his or her new place of employment after such employment has terminated. The failure by the employee to abide by the foregoing obligations shall result in his or her award being forfeited in its entirety.

The Employee shall not have the right to defer any payment of the Cash Award or the Stock Distribution. Except as provided in this Agreement, the Committee and Corporation shall not accelerate the payment of any Cash Award or the Stock Distribution.

Any Cash Award will be net of applicable withholding and social security taxes. The Employee will pay to the Corporation timely any and all such taxes on account of the Stock Distribution. The failure by the Employee to pay timely such taxes will result in a withholding from any and all payments from the Corporation or any Subsidiary to the Employee in order to satisfy such taxes.

Notwithstanding anything in this Agreement or the Plan to the contrary, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the Common Stock comprising the Stock Distribution, to make substitutions for such Common Stock, all to the effect that the employee will receive cash or other marketable property of a value equivalent to what the Employee would have received in a Stock Distribution. Additionally, notwithstanding anything to the contrary contained in this Agreement or the Plan, (i) any obligation of the Corporation to pay or distribute any shares under this Agreement or the Plan is subject to and conditioned upon the Corporation having sufficient stock in the LTIP or another shareholder-approved equity compensation plan to satisfy all payments or distributions under the Plan and the LTIP, and (ii) any obligation of the Corporation to pay or distribute cash or any other property under this Agreement or the Plan is subject to and conditioned upon the Corporation having the right to do so without violating the terms of any covenant or agreement of the Corporation or any of its Subsidiaries.

To the extent the Award is forfeited, any and all rights of the Employee under this Agreement shall cease and terminate with respect to such forfeited Award, or portion thereof, without any further obligation on the part of the Corporation.

5. [Intentionally Omitted]

6. Adjustments in Awards. In the event of a stock dividend, stock split, merger, consolidation, re-organization, re-capitalization or other change in the corporate structure of the Corporation, appropriate adjustments shall be made by the Board of Directors to the Award.

7. Incorporation of the Provisions of the Plan and LTIP. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the Plan and the LTIP (or its successor). For purposes of Section 2(e), the term "Change in Control" will mean a "change in ownership" or "change in effective control" or "change in ownership of the assets" of the Corporation, as determined pursuant to Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto.

8. Section 409A Compliance. This Agreement is intended to avoid, and not otherwise be subject to, the income inclusion requirements, interest and penalty taxes of Section 409A of the Code and the regulations and other guidance issued thereunder, and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with Section 409A of the Code, the Board shall have the discretion to accelerate the time of payment of a Stock Distribution or Cash Award, but only to the extent of the amount required to be included in income as a result of such failure. In addition to amendments permitted by Section 4 above, amendments to this Agreement, the Plan and/or the

LTIP (or its successor) may be made by the Corporation, without the Employee's consent, in order to ensure compliance with Section 409A of the Code and the regulations and other guidance issued thereunder.

9. Securities Law Requirements. Notwithstanding any provision in this Agreement or the Plan to the contrary, the Corporation shall not be required to make any Stock Distribution pursuant to this Award during such period that the Corporation reasonably anticipates that such Stock Distribution will violate federal securities laws or other applicable law. The Corporation may require the Recipient to furnish to the Corporation, prior to the issuance of any shares of Common Stock hereunder, an agreement, in such form as the Corporation may from time to time deem appropriate, in which the Recipient represents that the shares acquired by him or her upon such exercise are being acquired for investment and not with a view to the sale or distribution thereof.

IN WITNESS HEREOF, this Performance Share Agreement is entered into as of the date first above written.

Employee	AMR CORPORATION
___________________________	______________________ Kenneth W. Wimberly Corporate Secretary

Schedule A

2007/2009 PERFORMANCE SHARE PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2007/2009 Performance Share Plan for Officers and Key Employees, as amended (the "Plan"), is to provide greater incentive to officers and key employees of the subsidiaries and affiliates of AMR Corporation ("AMR" or the "Corporation") to achieve the highest level of individual performance and to meet or exceed specified goals during the time frame 2007 - 2009, which will contribute to the success of the Corporation.

Definitions

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

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

"Board" is defined as the Board of Directors of the Corporation.

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

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

"Corporate Objectives" is defined as being the objectives established by the Committee at the beginning of each fiscal year during the Measurement Period.

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

"Measurement Period" is defined as the three-year period beginning January 1, 2007 and ending December 31, 2009.

"National Exchange" is defined as the New York Stock Exchange (NYSE), the National Association of Securities Dealers Automated Quotations (NASDAQ), or the American Stock Exchange (AMEX).

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

Accumulation of Shares

Any distribution under the Plan will be determined by (i) the Corporation's TSR rank within the Comparator Group and/or (ii) the Corporation's attainment of the Corporate Objectives during each year of the Measurement Period and (iii) the terms and conditions of the award agreement (the "Agreement") between the Corporation and the employee. The distribution percentage of shares pursuant to the TSR metric and based on rank is specified below. In the event that a carrier (or carriers) in the Comparator Group ceases to trade on a National Exchange at any point in the Measurement Period, the following distribution percentage of shares originally awarded, based on rank and the number of remaining carriers within the Comparator Group, will be used accordingly:

Percent of Original Award (Based on Rank)

Number of Carriers in Comparator Group	Rank						
	7	6	5	4	3	2	1
7	0%	25%	50%	75%	100%	135%	175%
6	-	0%	50%	75%	100%	135%	175%
5	-	-	50%	75%	100%	135%	175%
4	-	-	-	75%	100%	135%	175%
3	-	-	-	-	100%	135%	175%

At the end of each fiscal year during the Measurement Period, the Committee will determine whether the Corporate Objectives have been achieved. At the end of the Measurement Period the Committee will determine the distribution percentage of an award based upon the TSR metric and, with respect to senior officer awards, the Corporate Objectives. The size of the award that may vest will range from 0% to 175% of the original award.

Administration

The Committee shall have authority to administer and interpret the Plan and any Agreements thereunder, establish, amend and rescind administrative rules, approve eligible participants, and take any other action necessary for the proper and efficient operation of the Plan and any Agreements thereunder. The TSR metric will be determined based on an audit of AMR's TSR rank by the General Auditor of American Airlines, Inc. A summary of awards under the Plan shall be provided to the Board at its first regular meeting following determination of any such awards. The awards will be paid on or about April 21, 2010, or such date in 2010 that the award is approved for distribution by the Committee, but in no event later than March 15, 2011.

The distribution of any shares under this Plan and any Agreements thereunder is subject to the Corporation having sufficient shares of stock in a stock plan to make such a distribution. In the event the Corporation does not have sufficient shares of stock in such a stock plan for the distribution contemplated by this Plan, the Committee will have the authority and discretion to make substitutions for such shares, all to the effect that the employee will receive cash or other marketable property of a value equivalent to what the employee would have received in a stock distribution. Notwithstanding anything to the contrary contained in this Plan or any Agreement hereunder, (i) any obligation of the Corporation to pay or distribute any shares under this Plan and any Agreement hereunder is subject to and conditioned upon the Corporation having sufficient stock in the Corporation's 1998 Long Term Incentive Plan, as amended (the "LTIP") or another shareholder-approved equity compensation plan to satisfy all payments or distributions contemplated by the LTIP, and (ii) any obligation of the Corporation to pay or distribute cash or any other property under this Plan or any Agreements hereunder is subject to and conditioned upon the Corporation having the right to do so without violating the terms of any covenant or agreement of the Corporation or any of its Subsidiaries.

Corporate Objectives will be used as a metric for determining the distribution of shares only for senior officers of the Corporation (or a Subsidiary thereof) unless the Committee determines otherwise.

General

Neither this Plan nor any action taken hereunder shall be construed as giving any employee or participant the right to be retained in the employ of the Corporation or any Subsidiary of the Corporation or to receive any proprietary interest in the Corporation.

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive an award as may have been expressly awarded by the Committee subject to the terms and conditions of the Agreement between the Corporation and the employee and the Plan. Until an employee receives payment of cash and/or shares subject to his or her award, title to and beneficial ownership of all benefits described in the Plan and any Agreement thereunder shall at all times remain with the Corporation.

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or any other act beyond the control of the Corporation, whether similar or dissimilar (each a "Force Majeure Event"), which Force Majeure Event affects the Corporation or its Subsidiaries or its Affiliates, the Committee, in its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Committee may deem necessary), or substitute any awards due currently or in the future under the Plan, including, but not limited to, any awards that have accrued to the benefit of participants but have not yet been paid, in any case to the extent permitted under Treasury Regulation 1.409A-3(d) or successor guidance thereto.

In consideration of the employee's privilege to participate in the Plan, the employee agrees: (i) not to disclose any trade secrets of, or other confidential or restricted information of the Corporation or any of its Subsidiaries to any unauthorized party; (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during or after his or her employment with any Subsidiary of the Corporation; and (iii) not to solicit any then current employees of any Subsidiary of the Corporation to join the employee at his or her new place of employment after such employment has terminated. The failure by the employee to abide by the foregoing obligations shall result in his or her award being forfeited in its entirety.

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

Officer Name	# of Performance Shares Granted
G. J. Arpey	95,000
T. W. Horton	52,000
D. P. Garton	52,000
G. F. Kennedy	29,600
W. R. Reding	29,600

Exhibit 12

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

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Earnings (loss):				
Earnings (loss) before income taxes	$271	$280	$ 322	$ 174
Add: Total fixed charges (per below)	418	426	852	845
Less: Interest capitalized	5	7	14	14
Total earnings before income taxes	$684	$699	$1,160	$1,005
Fixed charges:				
Interest	$203	$211	$ 410	$ 418
Portion of rental expense representative of the interest factor	212	212	436	419
Amortization of debt expense	3	3	6	8
Total fixed charges	$418	$426	$ 852	$ 845
Ratio of earnings to fixed charges	1.64	1.64	1.36	1.19

Note: As of June 30, 2007, American has guaranteed approximately $1.1 billion of AMR's unsecured debt and approximately $368 million of AMR Eagle's secured debt. The impact of these unconditional guarantees is not included in the above computation.

Exhibit 31.1

I, Gerard J. Arpey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Airlines, Inc.;

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: July 24, 2007

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

Exhibit 31.2

I, Thomas W. Horton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Airlines, Inc.;

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: July 24, 2007

/s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief Financial Officer

Exhibit 32

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (the Form 10-Q) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, 2007

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

Date: July 24, 2007

/s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief Financial Officer

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