SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For fiscal year ended December 31, 1999.

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

Commission file number 1-8400.

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common stock, $1 par value per share	New York Stock Exchange
9.00% Debentures due 2016	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE
(Title of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Secton 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 20, 2000, was approximately $4,457,495,580. As of March 20, 2000, 148,583,186 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference certain information from the Proxy Statement for the Annual Meeting of Stockholders to be held May 17, 2000.

PART I

ITEM 1. BUSINESS

AMR Corporation (AMR or the Company) was incorporated in October 1982. Following the sale of AMR Services, AMR Combs and TeleService Resources in the first quarter of 1999 and the spin-off of AMR's 83 percent interest in Sabre Holdings Corporation (Sabre) in March of 2000, AMR's operations fall almost entirely in the airline industry. AMR's principal subsidiary, American Airlines, Inc. (American), was founded in 1934. American is one of the largest scheduled passenger airlines in the world. At the end of 1999, American provided scheduled jet service to more than 169 destinations throughout North America, the Caribbean, Latin America, Europe and the Pacific. American is also one of the largest scheduled air freight carriers in the world, providing a full range of freight and mail services to shippers throughout its system.

In addition, AMR Eagle Holding Corporation (AMR Eagle), a wholly-owned subsidiary of AMR, owns three regional airlines which operate as "American Eagle" -- American Eagle Airlines, Inc., Executive Airlines, Inc. and Business Express Airlines, Inc. (acquired in March 1999). The American Eagle carriers provide connecting service from seven of American's high-traffic cities to smaller markets throughout the United States, Canada, the Bahamas and the Caribbean.

On February 7, 2000, the Company declared its intent to distribute AMR's entire ownership interest in Sabre as a dividend on all outstanding shares of its common stock. To effect the dividend, AMR exchanged all of its 107,374,000 shares of Sabre's Class B common stock for an equal number of shares of Sabre's Class A common stock. Effective after the close of business on March 15, 2000, AMR distributed 0.722652 shares of Sabre Class A Common Stock for each share of AMR stock owned by AMR's shareholders. The record date for the Sabre stock dividend was the close of business on March 1, 2000. On February 18, 2000, Sabre paid a special one-time cash dividend of $675 million to shareholders of record of Sabre common stock at the close of business on February 15, 2000. AMR received approximately $560 million by means of this dividend. These funds will be used for general corporate purposes.

Sabre provides electronic distribution of travel through its Sabre(R) computer reservations system. In addition, Sabre is a provider of information technology solutions to the travel and transportation industries. It fulfills substantially all of the data processing, network and distributed systems needs of American and AMR's other subsidiaries, Canadian Airlines International Limited (Canadian), US Airways, Inc. and other customers.

Sabre has been treated as a discontinued operation in Item 6 - Selected Consolidated Financial Data, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8 - Consolidated Financial Statements. In addition, the discussion in the other Items of this Form 10-K relates solely to American and AMR Eagle.

AMR Investment Services, Inc., a wholly-owned subsidiary of AMR, is responsible for the investment and oversight of AMR's defined benefit and defined contribution plans, as well as its fixed income investments. It serves as manager of the American AAdvantage Funds, a family of mutual funds with both institutional and retail shareholders, and provides customized fixed income portfolio management services. As of December 31, 1999, AMR Investment Services was responsible for management of approximately $21.7 billion in assets, including direct management of approximately $8.4 billion in short-term investments.

COMPETITION

Most major air carriers have developed hub-and-spoke systems and schedule patterns in an effort to maximize the revenue potential of their service. American operates four hubs: Dallas/Fort Worth (DFW), Chicago O'Hare, Miami and San Juan, Puerto Rico. Delta Air Lines and United Airlines also have hub operations at DFW and Chicago O'Hare, respectively.

The American Eagle carriers increase the number of markets the Company serves by providing connections to American at American's hubs and certain other major airports. The American Eagle carriers serve smaller markets through Boston, DFW, Chicago, Miami, San Juan, Los Angeles and New York's John F. Kennedy International Airport. American's competitors also own or have marketing agreements with regional carriers which provide similar services at their major hubs.

In addition to its extensive domestic service, the Company provides international service to the Caribbean, Canada, Latin America, Europe and the Pacific. The Company's operating revenues from foreign operations were approximately $5.2 billion in 1999, $5.3 billion in 1998 and $5.2 billion in 1997. Additional information about the Company's foreign operations is included in Note 13 to the consolidated financial statements.

The domestic airline industry is fiercely competitive. Currently, any carrier deemed fit by the U.S. Department of Transportation (DOT) is free to operate scheduled passenger service between any two points within the U.S. and its possessions. On most of its domestic non-stop routes, the Company faces competing service from at least one, and sometimes more than one, major domestic airline including: America West Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, US Airways and their affiliated regional carriers. Competition is even greater between cities that require a connection, where as many as nine airlines may compete via their respective hubs. The Company also competes with national, regional, all-cargo, and charter carriers and, particularly on shorter segments, ground transportation.

On all of its routes, pricing decisions are affected, in part, by competition from other airlines, some of which have cost structures significantly lower than American's and can therefore operate profitably at lower fare levels. As of December 31, 1999, approximately 56 percent of American's bookings were impacted by competition from low-cost carriers.

The majority of the tickets for travel on American and American Eagle are sold by travel agents. Domestic travel agents generally receive a base commission of five percent of the price of the tickets they sell. This amount is capped at a maximum of $50 for a domestic roundtrip itinerary and $100 for an international roundtrip itinerary. Airlines often pay additional commissions in connection with special revenue programs. Accordingly, airlines compete not only with respect to the price of the tickets sold but also with respect to the amount of commissions paid.

The growing use of electronic distribution systems provides the Company with an ever-increasing ability to lower its distribution costs. The Company continues to expand the capabilities of its Internet website - AA.com - and the use of electronic ticketing throughout the Company's network. In addition, the Company has entered into various agreements with several Internet travel providers, including Travelocity.com, Expedia and Priceline.com. The base commission for sales through Internet travel providers is significantly lower than traditional travel agencies.

International air transportation is subject to extensive government regulation. In providing international air transportation, American competes with foreign investor-owned carriers, state-owned carriers and U.S. airlines that have been granted authority to provide scheduled passenger and cargo service between the U.S. and various overseas locations. American's operating authority in these markets is subject to aviation agreements between the U.S. and the respective countries, and in some cases, fares and schedules require the approval of the DOT and/or the relevant foreign governments. Because international air transportation is governed by bilateral or other agreements between the U.S. and the foreign country or countries involved, changes in U.S. or foreign government aviation policies could result in the alteration or termination of such agreements, diminish the value of such route authorities, or otherwise adversely affect American's international operations. Bilateral agreements between the U.S. and various foreign countries served by American are subject to frequent renegotiation. In addition, at most foreign airports, a carrier needs slots (landing and take-off authorizations) before the carrier can introduce new service or increase existing service. The availability of such slots is not assured and can therefore inhibit a carrier's efforts to compete in certain markets.

The major U.S. carriers have some advantage over foreign competitors in their ability to generate traffic from their extensive domestic route systems. In many cases, however, foreign governments, which own and subsidize some of American's foreign competitors, limit U.S. carriers' rights to carry passengers beyond designated gateway cities in foreign countries. To improve access to each other's markets, various U.S. and foreign carriers -- including American -- have established marketing relationships with other airlines. American currently has code-sharing programs with Air Pacific, Alaska Airlines, Asiana, Canadian, China Eastern Airlines, EVA, Finnair, TACA Group, Gulf Air, Hawaiian Airlines, Iberia, Japan Airlines, LanChile, LOT Polish Airlines, Qantas Airways, Sabena, SNCF, Swissair and the TAM Group. Certain of these relationships also include reciprocity between American and the other airlines' frequent flyer programs. In addition, the Company expects to implement or expand alliances with other international carriers, including Aeropostal, Aer Lingus, Avianca, Aerolineas Argentinas, British Airways, Cathay Pacific Airways and Turkish Airlines, pending regulatory approval. In the coming years, the Company expects to develop these programs further and to evaluate new alliances with other international carriers.

In February 1999, American, British Airways, Canadian, Cathay Pacific Airways and Qantas Airways formed the global alliance ONEworldTM. In September 1999, these five founding members were joined by Finnair and Iberia. The ONEworld alliance links the networks of the member carriers to enhance customer service and smooth connections to the destinations served by the alliance, including linking the carriers' frequent flyer programs and access to the carriers' airport lounge facilities. Following the acquisition of Canadian by Air Canada, Canadian will terminate its membership in oneworld in June 2000. Also in June 2000, Aer Lingus and LanChile will join the ONEworld alliance.

In December 1999, American reached a comprehensive agreement with Canadian and Air Canada to resolve outstanding issues arising from Air Canada's acquisition of Canadian. Under this agreement, American will continue to codeshare on Canadian for ten years, or as long as the Canadian brand remains in existence. Should Canadian be absorbed fully into Air Canada within the ten-year period, American will be allowed to place its code on Air Canada services which have replaced services operated by Canadian prior to its acquisition by Air Canada.

The Company believes that it has several advantages relative to its competition. Its fleet is efficient and quiet, and is one of the youngest fleets in the U.S. airline industry. It has a comprehensive domestic and international route structure, anchored by efficient hubs, which permit it to take full advantage of whatever traffic growth occurs. The Company believes American's AAdvantage frequent flyer program, which is the largest program in the industry, and its superior service also give it a competitive advantage. In addition, in February 2000, the Company announced a new program - "More Room Throughout Coach" - which will provide more room for passengers throughout its coach cabins. American's entire fleet will be reconfigured to increase the seat pitch for more than 75,000 coach seats, thereby increasing the seat pitch from the present industry standard of 31 and 32 inches to a predominant seat pitch of 34 and 35 inches. The Company believes that by providing greater comfort in the coach cabin, it will achieve a competitive advantage to its competition.

REGULATION

GENERAL The Airline Deregulation Act of 1978, as amended, eliminated most domestic economic regulation of passenger and freight transportation. However, the DOT and the Federal Aviation Administration (FAA) still exercise certain regulatory authority over air carriers. The DOT maintains jurisdiction over the approval of international codeshare agreements, international route authorities and certain consumer protection matters, such as advertising, denied boarding compensation, baggage liability and computer reservations systems.

The FAA regulates flying operations generally, including establishing personnel, aircraft and security standards. As part of that oversight, the FAA has implemented a number of requirements that American is incorporating into its maintenance program. These matters relate to, among other things, inspection and maintenance of aging aircraft, corrosion control, the installation of upgraded digital flight data recorders, enhanced ground proximity warning systems and cargo compartment smoke detection and fire suppression systems. Based on its current implementation schedule, American expects to be in compliance with the applicable requirements within the required time periods.

The U.S. Department of Justice has jurisdiction over airline antitrust matters. The U.S. Postal Service has jurisdiction over certain aspects of the transportation of mail and related services. Labor relations in the air transportation industry are regulated under the Railway Labor Act, which vests in the National Mediation Board certain regulatory functions with respect to disputes between airlines and labor unions relating to union representation and collective bargaining agreements. To the extent American continues to increase its alliances with international carriers, American may be subject to certain regulations of foreign agencies.

The Department of Justice is investigating the competitive practices of major carriers at major hub airports, including American's practices at DFW (for further information, see Item 3. Legal Proceedings). Also, in April 1998, the DOT issued proposed pricing and capacity rules that would severely limit major carriers' ability to compete with new entrant carriers. The outcomes of the investigations and the proposed DOT rules are unknown. However, to the extent that (i) restrictions are imposed upon American's ability to respond to a competitor, or (ii) competitors have an advantage because of federal assistance, American's business may be adversely impacted.

AIRLINE FARES Airlines are permitted to establish their own domestic fares without governmental regulation, and the industry is characterized by substantial price competition. The DOT maintains authority over international fares, rates and charges. International fares and rates are also subject to the jurisdiction of the governments of the foreign countries which American serves. While air carriers are required to file and adhere to international fare and rate tariffs, substantial commissions, overrides and discounts to travel agents, brokers and wholesalers characterize many international markets.

Legislation (sometimes referred to as the "Passengers' Bill of Rights") has been discussed in various legislatures, including the Congress. This legislation would, if enacted, (i) place various limitations on airline fares and/or (ii) affect operating practices such as baggage handling and overbooking. To the extent legislation is enacted that would inhibit American's flexibility with respect to fares, its revenue management system or other aspects of its customer service operations, American's financial results could be adversely affected. Effective December 15, 1999, the Company, as well as other domestic airlines, implemented a Customer Service Plan to address a number of service goals, including, but not limited to (i) lowest fare availability, (ii) delays, cancellations, and diversion events, (iii) baggage delivery and liability, (iv) guaranteed fares, (v) ticket refunds, (vi) accommodation of customers with special needs, (vii) essential customer needs during extraordinary delays, (viii) flight oversales, (ix) Frequent Flyer Program - AAdvantage, (x) other travel policies, (xi) service with domestic code share partners, and (xii) handling of customer issues.

Fare discounting by competitors has historically had a negative effect on the Company's financial results because the Company is generally required to match competitors' fares to maintain passenger traffic. During recent years, a number of new low-cost airlines have entered the domestic market and several major airlines, including American, implemented efforts to lower their cost structures. Further fare reductions, domestic and international, may occur in the future. If fare reductions are not offset by increases in passenger traffic, cost reductions or changes in the mix of traffic that improves yields, the Company's operating results will be negatively impacted.

AIRPORT ACCESS In 1968, the FAA issued a rule designating New York John F. Kennedy, New York LaGuardia, Washington Reagan, Chicago O'Hare and Newark airports as high density traffic airports. Newark was subsequently removed from the high density airport classification. The rule limits the number of Instrument Flight Rule (IFR) operations - take-offs and landings - permitted per hour and requires that a slot support each operation. Recently, legislation has been passed in Congress that would eliminate slots at Chicago O'Hare in 2002 and New York's John F. Kennedy and LaGuardia airports in 2007. The Company is currently evaluating what impact, if any, the elimination of slots will have on the Company's operations and its financial condition or results of operations. At December 31, 1999, the net book value of the Company's slots at New York John F. Kennedy, New York LaGuardia and Chicago O'Hare airports was approximately $160 million. Currently, the FAA permits the purchasing, selling (except those designated for international or essential air service), leasing, transferring and trading of these slots by airlines and others, subject to certain restrictions. Most foreign airports, including London Heathrow, a major European destination for American, also have slot allocations. Most foreign authorities do not permit the purchasing, selling or leasing of slots.

Although the Company is constrained by slots, it currently has sufficient slot authorizations to operate its existing flights and has generally been able to obtain slots to expand its operations and change its schedules. However, there is no assurance that American or American Eagle will be able to obtain slots for these purposes in the future because, among other factors, slot allocations are subject to changes in government policies.

ENVIRONMENTAL MATTERS The Company is subject to various laws and government regulations concerning environmental matters and employee safety and health in the U.S. and other countries. U.S. federal laws that have a particular impact on the Company include the Airport Noise and Capacity Act of 1990 (ANCA), the Clean Air Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or the Superfund Act). The Company is also subject to the oversight of the Occupational Safety and Health Administration (OSHA) concerning employee safety and health matters. The U.S. Environmental Protection Agency (EPA), OSHA, and other federal agencies have been authorized to promulgate regulations that have an impact on the Company's operations. In addition to these federal activities, various states have been delegated certain authorities under the aforementioned federal statutes. Many state and local governments have adopted environmental and employee safety and health laws and regulations, some of which are similar to federal requirements. As a part of its continuing safety, health and environmental program, the Company anticipates that it will comply with such requirements without any material adverse effect on its business.

For purposes of noise standards, jet aircraft are rated by categories or "stages." The ANCA required the phase-out by December 31, 1999, of Stage II aircraft operations, subject to certain exceptions. Under final regulations issued by the FAA in 1991, air carriers were required to reduce, by modification or retirement, the number of Stage II aircraft in their fleets 75 percent by December 31, 1998 and 100 percent by December 31, 1999. Alternatively, a carrier may have satisfied the regulations by operating a fleet that was at least 75 percent and 100 percent Stage III by the dates set forth in the preceding sentence, respectively. At December 31, 1999, all of American's active fleet was Stage III, the quietest rating category.

The ANCA recognizes the rights of airport operators with noise problems to implement local noise abatement programs so long as they do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. Authorities in several cities have promulgated aircraft noise reduction programs, including the imposition of nighttime curfews. The ANCA generally requires FAA approval of local noise restrictions on Stage III aircraft first effective after October 1990, and establishes a regulatory notice and review process for local restrictions on Stage II aircraft first proposed after October 1990. While American has had sufficient scheduling flexibility to accommodate local noise restrictions imposed to date, American's operations could be adversely affected if locally-imposed regulations become more restrictive or widespread.

American has been identified by the EPA as a potentially responsible party (PRP) at the Operating Industries, Inc. Superfund Site in California. American has signed a partial consent decree with respect to this site and is one of several PRPs named. American has also been identified as a PRP at the Beede Waste Oil Superfund Site in New Hampshire. American has responded to a 104(e) Request for Information regarding interaction with several companies related to this site. At the Operating Industries, Inc. and the Beede Waste Oil sites, American's alleged waste disposal volumes are minor compared to the other PRPs at these sites. In 1998, the EPA named American a de minimis PRP at the Casmalia Waste Disposal Site in California.

American, along with most other tenants at the San Francisco International Airport (SFIA), has been ordered by the California Regional Water Quality Control Board to engage in various studies of potential environmental contamination at the airport and to undertake remedial measures, if necessary. SFIA is also seeking to recover its past costs related to the contamination from the tenants.

The Miami International Airport Authority is currently remediating various environmental conditions at the Miami International Airport (the Airport) and funding the remediation costs through landing fee revenues. Future costs of the remediation effort may be borne by carriers operating at the Airport, including American, through increased landing fees and/or other charges since certain of the PRPs are no longer in business. The future increase in landing fees and/or other charges may be material but cannot be reasonably estimated due to various factors, including the unknown extent of the remedial actions that may be required, the proportion of the cost that will ultimately be recovered from the responsible parties, and uncertainties regarding the environmental agencies that will ultimately supervise the remedial activities and the nature of that supervision.

In 1999, American was ordered by the New York State Department of Environmental Conservation to conduct remediation of environmental contamination located at Terminals 8 and 9 at New York's John F. Kennedy International Airport. American is seeking to recover a portion of the related costs from previous users of the premises.

Also in 1999, the Company entered a plea agreement with the United States government with respect to a one count indictment relating to the storage of hazardous materials. As part of the plea agreement, the Company was placed on probation for three years and has adopted a comprehensive compliance program. To the extent the Company fails to abide by the terms of the probation or its compliance program, the Company's operations may be adversely impacted.

American and Executive Airlines, Inc., along with other tenants at the Luis Munoz Marin International Airport in San Juan, Puerto Rico, have been named as PRPs for environmental claims at the airport.

American Eagle Airlines, Inc. has been notified of its potential liability under New York law at an inactive hazardous waste site in Poughkeepsie, New York.

AMR does not expect these matters, individually or collectively, to have a material impact on its financial position or liquidity.

LABOR

The airline business is labor intensive. Wages, salaries and benefits represented approximately 37 percent of AMR's consolidated operating expenses for the year ended December 31, 1999.

The majority of American's employees are represented by labor unions and covered by collective bargaining agreements. American's relations with such labor organizations are governed by the Railway Labor Act. Under this act, the collective bargaining agreements among American and these organizations do not expire but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, it must notify the other party in the manner described in the agreement. After receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the National Mediation Board (NMB) to appoint a federal mediator. If no agreement is reached in mediation, the NMB may determine, at any time, that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected, a 30-day "cooling-off" period commences, following which the labor organization may strike and the airline may resort to "self-help," including the imposition of any or all of its proposed amendments and the hiring of workers to replace strikers.

In 1995, American reached agreements with the members of the Association of Professional Flight Attendants (APFA) and the Transport Workers Union (TWU) on their labor contracts. American's collective bargaining agreement with the APFA became amendable on November 1, 1998 and the collective bargaining agreement with the TWU becomes amendable on March 1, 2001. American exchanged proposals and commenced negotiations with the APFA on September 2, 1998. The parties reached a tentative agreement in mid-1999 which the membership subsequently did not ratify. Direct negotiations continue. American's current collective bargaining agreement with the Allied Pilots Association (APA) was ratified by the APA membership on May 5, 1997. That contract becomes amendable August 31, 2001.

In early February 1999, some members of the APA engaged in certain activities (increased sick time and declining to fly additional trips) that resulted in numerous cancellations across American's system. These actions were taken in response to the acquisition of Reno Air in December 1998. On February 10, 1999, American obtained a temporary restraining order prohibiting the union from unilaterally taking actions in violation of the Railway Labor Act. Because of continuing actions by the APA and its leaders after the entry of the temporary restraining order, American filed a motion to have the APA and its leaders held in contempt of the court's temporary restraining order. The court granted that motion on February 13, 1999, and the airline's operations thereafter returned to normal. The Company and the APA subsequently agreed to a method for combining the Reno pilot workforce into American. The parties also are engaged in discussions over certain other issues in an effort to improve their relationship, which includes a possible extension to the existing APA contract.

The Communications Workers of America (CWA) filed a petition with the NMB on October 8, 1998, seeking to represent American's passenger service employees, who currently are not so represented. The mail ballots in the election conducted by the NMB were counted on December 15, 1998. Forty-one percent of the employees voted to unionize, short of the 50 percent plus one needed for unionization to occur. The CWA challenged the results, claiming that certain of American's actions during the campaign interfered with the employees' ability to make a free choice. The NMB found that American's actions did not interfere and dismissed the CWA's petition. Under the NMB's rules, no further petitions to represent American's passenger service employees may be filed with the NMB until August 2000.

The Air Line Pilots Association (ALPA), which represents AMR Eagle pilots, reached agreement with AMR Eagle effective September 1, 1997, to have all of the pilots of the Eagle carriers covered by a single collective bargaining agreement. This agreement lasts until October 31, 2013. The parties have the right to seek limited changes in 2000, 2004, 2008 and 2012. If the parties are unable to agree on the limited changes, they also agreed that the issues would be resolved by interest arbitration, without the exercise of self-help (such as a strike). The Association of Flight Attendants (AFA), which represents the flight attendants of the Eagle carriers, reached agreement with AMR Eagle effective March 2, 1998, to have all flight attendants of the AMR Eagle carriers covered by a single contract. The agreement becomes amendable on September 2, 2002. The other union employees at the AMR Eagle carriers are covered by separate agreements with the TWU which were effective April 28, 1998, and are amendable April 28, 2003.

FUEL

The Company's operations are significantly affected by the availability and price of jet fuel. American's fuel costs and consumption for the years 1997 through 1999 were:

Year	Gallons Consumed (in millions)	Total Cost (in millions)	Average Cost Per Gallon (in cents)	Average Cost Per Gallon, Excluding Fuel Taxes (in cents)	Percent of AMR's Operating Expenses
1997	2,773	$ 1,860	67.1	62.1	12.1
1998	2,826	1,551	54.9	50.1	10.0
1999	2,957	1,622	54.8	50.1	9.8

The impact of fuel price changes on the Company and its competitors is dependent upon various factors, including hedging strategies. Although American's average cost per gallon of fuel in 1999 was flat in comparison to 1998, actual fuel prices began to increase in April 1999 and continued significantly throughout 1999 and into 2000. However, American has a fuel hedging program in which it enters into fuel swap and option contracts to protect against increases in jet fuel prices, which has had the effect of dampening American's average cost per gallon. To reduce the impact of potential continuing fuel price increases in 2000, American had hedged approximately 48 percent of its 2000 fuel requirements as of December 31, 1999. Based on projected fuel usage, American estimates that a 10 percent increase in the price per gallon of fuel would result in an increase to aircraft fuel expense of approximately $125 million in 2000, net of fuel hedge instruments outstanding at December 31, 1999. Due to the competitive nature of the airline industry, in the event of continuing increases in the price of jet fuel, there can be no assurance that American will be able to pass on increased fuel prices to its customers by increasing its fares. Likewise, any potential benefit of lower fuel prices may be offset by increased fare competition and lower revenues for all air carriers.

While American does not anticipate a significant reduction in fuel availability, dependency on foreign imports of crude oil and the possibility of changes in government policy on jet fuel production, transportation and marketing make it impossible to predict the future availability of jet fuel. If there were major reductions in the availability of jet fuel, American's business would be adversely affected.

Additional information regarding the Company's fuel program is included in the Outlook for 2000, Item 7(A) - Quantitative and Qualitative Disclosures about Market Risk, and in Note 6 to the consolidated financial statements.

FREQUENT FLYER PROGRAM

American established the AAdvantage frequent flyer program (AAdvantage) to develop passenger loyalty by offering awards to travelers for their continued patronage. AAdvantage members earn mileage credits for flights on American, American Eagle and certain other participating airlines, or by utilizing services of other program participants, including hotels, car rental companies and bank credit card issuers. American sells mileage credits and related services to the other companies participating in the program. American reserves the right to change the AAdvantage program rules, regulations, travel awards and special offers at any time without notice. American may initiate changes impacting, for example, participant affiliations, rules for earning mileage credit, mileage levels and awards, blackout dates and limited seating for travel awards, and the features of special offers. American reserves the right to end the AAdvantage program with six months' notice.

Mileage credits can be redeemed for free, discounted or upgraded travel on American, American Eagle or participating airlines, or for other travel industry awards. Once a member accrues sufficient mileage for an award, the member may request an award certificate from American. Award certificates may be redeemed up to one year after issuance. Most travel awards are subject to blackout dates and capacity controlled seating. In 1999, certain changes were made to the AAdvantage program so that miles do not expire, provided a customer has any type of qualifying activity at least once every 36 months.

American accounts for its frequent flyer obligation on an accrual basis using the incremental cost method. American's frequent flyer liability is accrued each time a member accumulates sufficient mileage in his or her account to claim the lowest level of free travel award (25,000 miles) and such award is expected to be used for free travel. American includes fuel, food, and reservations/ticketing costs, but not a contribution to overhead or profit, in the calculation of incremental cost. The cost for fuel is estimated based on total fuel consumption tracked by various categories of markets, with an amount allocated to each passenger. Food costs are tracked by market category, with an amount allocated to each passenger. Reservation/ticketing costs are based on the total number of passengers, including those traveling on free awards, divided into American's total expense for these costs. American defers the portion of revenues received from companies participating in the AAdvantage program related to the sale of mileage credits and recognizes such revenues over a period approximating the period during which the mileage credits are used.

At December 31, 1999 and 1998, American estimated that approximately 5.4 million and 4.9 million free travel awards, respectively, were expected to be redeemed for free travel on American. In making the estimate of free travel awards, American has excluded mileage in inactive accounts, mileage related to accounts that has not yet reached the lowest level of free travel award, and mileage in active accounts that has reached the lowest level of free travel award but which is not expected to ever be redeemed for free travel on American. The liability for the program mileage that has reached the lowest level of free travel award and is expected to be redeemed for free travel on American or other participating airlines and deferred revenues for mileage credits sold to others participating in the program was $827 million and $695 million, representing 14.1 percent and 13.1 percent of AMR's total current liabilities, at December 31, 1999 and 1998, respectively.

The number of free travel awards used for travel on American was 2.7 million in 1999, 2.3 million in 1998 and 2.2 million in 1997, representing 9.3 percent of total revenue passenger miles in 1999, 8.8 percent in 1998 and 8.6 percent in 1997. American believes displacement of revenue passengers is minimal given American's load factors, its ability to manage frequent flyer seat inventory, and the relatively low ratio of free award usage to revenue passenger miles.

OTHER MATTERS

SEASONALITY AND OTHER FACTORS The Company's results of operations for any interim period are not necessarily indicative of those for the entire year, since the air transportation business is subject to seasonal fluctuations. Higher demand for air travel has traditionally resulted in more favorable operating results for the second and third quarters of the year than for the first and fourth quarters.

The results of operations in the air transportation business have also significantly fluctuated in the past in response to general economic conditions. In addition, fare initiatives, fluctuations in fuel prices, labor actions and other factors could impact this seasonal pattern. Unaudited quarterly financial data for the two-year period ended December 31, 1999 is included in Note 14 to the consolidated financial statements.

No material part of the business of AMR and its subsidiaries is dependent upon a single customer or very few customers. Consequently, the loss of the Company's largest few customers would not have a materially adverse effect upon AMR.

INSURANCE American carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to its aircraft, in amounts which, in the opinion of management, are adequate.

OTHER GOVERNMENT MATTERS In time of war or during an unlimited national emergency or civil defense emergency, American and other major air carriers may be required to provide airlift services to the Military Airlift Command under the Civil Reserve Air Fleet program.

ITEM 2. PROPERTIES

FLIGHT EQUIPMENT

Owned and leased aircraft operated by American and AMR Eagle at December 31, 1999, included:

Equipment Type	Current Seating Capacity (1)	Owned	Capital Leased	Operating Leased	Total	Weighted Average Age (Years)
AMERICAN AIRCRAFT						
Airbus A300-600R	192/266/267	10	-	25	35	10
Boeing 727-200	150	60	8	-	68	22
Boeing 737-800	146	24	-	-	24	1
Boeing 757-200	188	56	15	31	102	7
Boeing 767-200	172	8	-	-	8	17
Boeing 767-200 Extended Range	165	9	13	-	22	14
Boeing 767-300 Extended Range	207	26	13	10	49	7
Boeing 777-200 IGW	237	11	-	-	11	1
Fokker 100	97	66	5	4	75	7
McDonnell Douglas DC-10-10	237/290/297	3	-	-	3	21
McDonnell Douglas DC-10-30	271/282	4	-	1	5	25
McDonnell Douglas MD-11	238/255	11	-	-	11	7
McDonnell Douglas MD-80	133/139	125	25	129	279	12
McDonnell Douglas MD-90	148	-	-	5	5	3
Total		413	79	205	697	11
AMR EAGLE AIRCRAFT						
ATR 42	46	20	-	12	32	9
Embraer 135	37	9	-	-	9	-
Embraer 145	50	45	-	-	45	1
Super ATR	64/66	40	-	3	43	5
Saab 340	34	22	61	31	114	8
Saab 340B Plus	34	-	-	25	25	4
Total		136	61	71	268	6

(1) In February 2000, American announced its "More Room Throughout Coach" program whereby American's entire fleet will be reconfigured to increase the seat pitch for more than 75,000 coach seats. As a result of this program, approximately 7,200 seats will be removed from American's aircraft.

For information concerning the estimated useful lives and residual values for owned aircraft, lease terms for leased aircraft and amortization relating to aircraft under capital leases, see Notes 1 and 4 to the consolidated financial statements.

In April 1995, American announced an agreement to sell 12 of its 19 McDonnell Douglas MD-11 aircraft to Federal Express Corporation (FedEx). In March 1998, the Company exercised its option to sell its remaining seven MD-11 aircraft to FedEx. Eight aircraft had been delivered as of December 31, 1999. The remaining 11 aircraft will be delivered between 2000 and 2002.

In addition, during 1999, the Company reached agreements to dispose of its remaining owned Boeing 727-200 and McDonnell Douglas DC-10-10 aircraft. These aircraft will be removed from the fleet between 2000 and 2003.

Lease expirations for the leased aircraft included in the preceding table as of December 31, 1999, were:

Equipment Type	2000	2001	2002	2003	2004	2005 and Thereafter
AMERICAN AIRCRAFT						
Airbus A300-600R	-	-	-	-	-	25
Boeing 727-200	-	5	-	3	-	-
Boeing 757-200	2	2	2	-	3	37
Boeing 767-200 Extended Range	-	-	-	-	-	13
Boeing 767-300 Extended Range	6	-	1	-	4	12
Fokker 100	-	2	3	-	-	4
McDonnell Douglas DC-10-30	-	1	-	-	-	-
McDonnell Douglas MD-80	1	10	13	6	2	122
McDonnell Douglas MD-90	-	-	-	-	-	5
	9	20	19	9	9	218
AMR EAGLE AIRCRAFT						
ATR 42	1	8	-	3	-	-
Super ATR	-	2	1	-	-	-
Saab 340	16	13	2	-	-	61
Saab 340B Plus	-	-	-	-	-	25
	17	23	3	3	-	86

Substantially all of the Company's aircraft leases include an option to purchase the aircraft or to extend the lease term, or both, with the purchase price or renewal rental to be based essentially on the market value of the aircraft at the end of the term of the lease or at a predetermined fixed amount.

GROUND PROPERTIES

American leases, or has built as leasehold improvements on leased property, most of its airport and terminal facilities; certain corporate office, maintenance and training facilities in Fort Worth, Texas; its principal overhaul and maintenance base at Tulsa International Airport, Tulsa, Oklahoma; its regional reservation offices; and local ticket and administration offices throughout the system. American has entered into agreements with the Tulsa Municipal Airport Trust; the Alliance Airport Authority, Fort Worth, Texas; and the Dallas/Fort Worth, Chicago O'Hare, Raleigh/Durham, Nashville, San Juan, New York, and Los Angeles airport authorities to provide funds for constructing, improving and modifying facilities and acquiring equipment which are or will be leased to American. American also utilizes public airports for its flight operations under lease or use arrangements with the municipalities or governmental agencies owning or controlling them and leases certain other ground equipment for use at its facilities. During 1999, the Company began construction of an approximate $1.3 billion terminal facility at New York's John F. Kennedy International Airport, which the Company expects to fund primarily through future tax-exempt financing.

For information concerning the estimated lives and residual values for owned ground properties, lease terms and amortization relating to ground properties under capital leases, and acquisitions of ground properties, see Notes 1, 3 and 4 to the consolidated financial statements.

ITEM 3. LEGAL PROCEEDINGS

In connection with its frequent flyer program, American was sued in several purported class action cases currently pending in the Circuit Court of Cook County, Illinois. In Wolens et al. v. American Airlines, Inc. and Tucker v. American Airlines, Inc. (hereafter, "Wolens"), plaintiffs seek money damages and attorneys' fees claiming that a change made to American's AAdvantage program in May 1988, which limited the number of seats available to participants travelling on certain awards, breached American's agreement with its AAdvantage members. (Although the Wolens complaint originally asserted several state law claims, only the plaintiffs' breach of contract claim remains after the U.S. Supreme Court ruled that the Airline Deregulation Act preempted the other claims). In Gutterman et al. v. American Airlines, Inc. (hereafter, "Gutterman"), plaintiffs also seek money damages and attorneys' fees claiming that the February 1995 increase in the award mileage required to claim a certain AAdvantage travel award breached the agreement between American and its AAdvantage members. On June 23, 1998, the court certified the Gutterman case as a class action, although to date no notice has been sent to the class.

In February 2000, American and the Wolens and Gutterman plaintiffs reached a settlement of both lawsuits. Pursuant to the agreement, American and the plaintiffs agreed to ask the court to consolidate the Wolens and Gutterman lawsuits for purposes of settlement. Further, American and the Wolens plaintiffs agreed to ask the court to certify a Wolens class of AAdvantage members who had at least 35,000 unredeemed AAdvantage miles as of December 31, 1988. In addition, American and the Gutterman plaintiffs agreed to ask the court to decertify the existing Gutterman class and to certify a new Gutterman class of AAdvantage members who as of December 31, 1993 (a) had redeemed 25,000 or 50,000 AAdvantage miles for certain AAdvantage awards and/or (b) had at least 4,700 unredeemed new miles in his or her account that were earned before January 1, 1992. Depending upon certain factors, Wolens and Gutterman class members will be entitled to receive certificates entitling them to mileage off certain AAdvantage awards or dollars off certain American fares.

As part of the settlement, American agreed to pay the Wolens and Gutterman plaintiffs' attorneys and the cost of administering the settlement, which amounts were accrued as of December 31, 1999. In consideration for the relief provided for in the settlement agreement, Wolens and Gutterman class members will release American from all claims arising from any changes that American has made to the AAdvantage program and reaffirming American's right to make changes to the AAdvantage program in the future. Before the settlement can become effective, the court must approve the settlement agreement after providing any objectors an opportunity to be heard.

On August 7, 1998, a purported class action was filed against American Airlines in state court in Travis County, Texas (Boon Ins. Agency v. American Airlines, Inc., et al.) claiming that the $75 reissuance fee for changes to non-refundable tickets is an unenforceable liquidated damages clause and seeking a refund of the fee on behalf of all passengers who paid it, as well as interest and attorneys' fees. On September 23, 1998, Continental, Delta, and America West were added as defendants to the lawsuit. On February 2, 1999, prior to any discovery being taken and a class being certified, the court granted the defendants' motion for summary judgment holding that Plaintiff's claims are preempted by the Airline Deregulation Act. Plaintiff has filed an appeal of the dismissal of the lawsuit. American intends to vigorously defend the granting of the summary judgment on appeal.

On May 20, 1999, several class action lawsuits filed against the Allied Pilots Association (APA) seeking compensation for passengers and cargo shippers adversely affected by a labor disagreement that disrupted operations in February 1999 were consolidated in the United States District Court for the Northern District of Texas, Dallas Division (In re Allied Pilots Association Class Action Litigation). Plaintiffs are not seeking to hold American independently liable. Instead, Plaintiffs named American as a defendant because American has a $45.5 million judgment against the APA. APA filed cross claims against American alleging that American must indemnify pilots who put themselves on the sick list. APA also filed a motion to dismiss all claims against it. A United States District Court Magistrate recommended that the court dismiss all the claims in the lawsuit, concluding that certain claims are preempted by federal law and that certain other claims should be brought in state court, rather than federal court. The Magistrate's recommendations are pending before the court. American is vigorously defending all claims against it.

ITEM 3. LEGAL PROCEEDINGS (CONTINUED)

On July 26, 1999, a class action lawsuit was filed, and in November 1999 an amended complaint was filed, against AMR Corporation, American Airlines, Inc., AMR Eagle Holding Corporation, Airlines Reporting Corporation, and the Sabre Group Holdings, Inc. in the United States District Court for the Central District of California, Western Division (Westways World Travel, Inc. v. AMR Corp., et al.). The lawsuit alleges that requiring travel agencies to pay debit memos to American for violations of American's fare rules (by customers of the agencies) (1) breaches the Agent Reporting Agreement between American and American Eagle and plaintiffs, (2) constitutes unjust enrichment, and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The as yet uncertified class includes all travel agencies who have been or will be required to pay monies to American for debit memos for fare rules violations from July 26, 1995 to the present. Plaintiffs seek to enjoin American from enforcing the pricing rules in question and to recover the amounts paid for debit memos, plus treble damages, attorneys' fees, and costs. Defendants' motion to dismiss all claims is pending. American intends to vigorously defend the lawsuit.

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

Between May 14, 1999 and June 7, 1999, seven class action lawsuits were filed against AMR Corporation, American Airlines, Inc., and AMR Eagle Holding Corporation in the United States District Court in Wichita, Kansas seeking treble damages under federal and state antitrust laws, as well as injunctive relief and attorneys' fees. (King v. AMR Corp., et al.; Smith v. AMR Corp., et al.; Team Electric v. AMR Corp., et al.; Warren v. AMR Corp., et al.; Whittier v. AMR Corp., et al.; Wright v. AMR Corp., et al.; and Youngdahl v. AMR Corp., et al.). Collectively, these lawsuits allege that American unlawfully monopolized or attempted to monopolize airline passenger service to and from DFW by increasing service when new competitors began flying to DFW, and by matching these new competitors' fares. Two of the suits (Smith and Wright) also allege that American unlawfully monopolized or attempted to monopolize airline passenger service to and from DFW by offering discounted fares to corporate purchasers, by offering a frequent flyer program, by imposing certain conditions on the use and availability of certain fares, and by offering override commissions to travel agents. The suits propose to certify several classes of consumers, the broadest of which is all persons who purchased tickets for air travel on American into or out of DFW since 1995 to the present. On November 10, 1999, the District Court stayed all of these actions pending developments in the case brought by the Department of Justice. As a result, to date no class has been certified. American intends to defend these lawsuits vigorously.

On March 1, 2000, American was served with a federal grand jury subpoena calling for American to produce documents relating to de-icing operations at DFW since 1992. American is not able at this time to determine either the full scope of the grand jury's investigation or American's role in the investigation. American intends to fully cooperate with the government's investigation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following information relates to the executive officers of AMR during 1999 and reflects changes made in the executive officer staff in January 2000.

Donald J. Carty	Mr. Carty was elected Chairman, President and Chief Executive Office of AMR and American in May 1998. He has been President of American since March 1995. Prior to that, he served as Executive Vice President of AMR since October 1989. Except for two years service as President and CEO of Canadian Pacific Air between March 1985 and March 1987, he has been with the Company in various finance and planning positions since 1978. Age 53.
Gerard J. Arpey	Mr. Arpey was elected Executive Vice President - Operations of American Airlines on January 19, 2000. He is also an Executive Vice President of AMR. Mr. Arpey served as Chief Financial Officer of AMR from March 1995 through January 19, 2000 and Senior Vice President of American since April 1992. Prior to that, he served as a Vice President of American since October 1989. Age 41.
Thomas W. Horton	Mr. Horton was elected Senior Vice President and Chief Financial Officer of AMR and Senior Vice President - Finance and Chief Financial Officer of American Airlines on January 19, 2000. Prior to that he served as a Vice President of American since March 1994. Age 38.
Anne H. McNamara	Ms. McNamara was elected Senior Vice President and General Counsel in June 1988. She had served as Vice President - Personnel Resources of American from January 1988 through May 1988. She was elected Corporate Secretary of AMR in 1982 and of American in 1979 and held those positions through 1987. Age 52.
Charles D. MarLett	Mr. MarLett was elected Corporate Secretary in January 1988. He joined American as an attorney in June 1984. Age 45.

There are no family relationships among the executive officers of the Company named above.

There have been no events under any bankruptcy act, no criminal proceedings, and no judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the past five years.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York Stock Exchange (symbol AMR). The approximate number of record holders of the Company's common stock at March 20, 2000, was 13,600.

The range of closing market prices for AMR's common stock on the New York Stock Exchange was:

	1999		1998	
	High	Low	High	Low
QUARTER ENDED				
March 31	$ 71 7/16	$ 53 3/16	$ 73 1/8	$ 61 13/16
June 30	74 5/16	60 9/16	83 1/4	68 15/16
September 30	72 3/4	52 13/16	89 1/4	50
December 31	68 1/2	53 9/16	69 15/16	47 1/8

No cash dividends on common stock were declared for any period during 1999 or 1998. Payment of dividends is subject to the restrictions described in Note 5 to the consolidated financial statements.

In April 1998, the Company's Board of Directors approved a two-for-one stock split in the form of a stock dividend, effective on June 9, 1998 for shareholders of record on May 26, 1998. All share information, including the market price per share information disclosed above, and earnings per share amounts have been presented to give effect to the stock split.

Effective after the close of business on March 15, 2000, AMR distributed 0.722652 shares of Sabre Class A common stock for each share of AMR stock owned by AMR's shareholders. The record date for the Sabre stock dividend was the close of business on March 1, 2000. As a result of the dividend, AMR's stock price was adjusted from $60 9/16 to $25 9/16 by the New York Stock Exchange after the market close on March 15, 2000 to exclude the value of Sabre.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(in millions, except per share amounts)

	1999	1998 (2)	1997 (2)	1996 (2)	1995 (2)
Total operating revenues	$ 17,730	$ 17,516	$ 16,957	$ 16,249	$ 15,571
Operating income	1,156	1,988	1,595	1,477	603
Income (loss) from continuing operations before extraordinary loss	656	1,114	809	901	(51)
Net earnings	985	1,314	985	1,016	162
Earnings (loss) per common share from continuing operations before extraordinary loss and effect of preferred stock exchange:(1)					
Basic	4.30	6.60	4.54	5.23	(0.33)
Diluted	4.17	6.38	4.43	4.88	(0.33)
Net earnings per common share:(1)					
Basic	6.46	7.78	5.52	5.90	1.06
Diluted	6.26	7.52	5.39	5.59	1.05
Total assets	24,374	21,455	20,287	20,004	19,339
Long-term debt, less current maturities	4,078	2,436	2,248	2,737	4,967
Obligations under capital leases, less current obligations	1,611	1,764	1,629	1,790	2,069
Obligation for postretirement benefits	1,669	1,598	1,527	1,483	1,388

(1) The earnings per share amounts reflect the stock split on June 9, 1998.

(2) Restated to reflect the discontinued operations of Sabre.

No dividends were declared on common shares during any of the periods above.

Information on the comparability of results is included in Management's Discussion and Analysis and the notes to the consolidated financial statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

AMR Corporation (AMR or the Company) was incorporated in October 1982. AMR's principal subsidiary, American Airlines, Inc. (American), was founded in 1934. Following the sale of AMR Services, AMR Combs and TeleService Resources in the first quarter of 1999, and the spin-off of AMR's 83 percent interest in Sabre Holdings Corporation (Sabre) in March of 2000, AMR's operations fall almost entirely in the airline industry.

RESULTS OF OPERATIONS

AMR's net earnings in 1999 were $985 million, or $6.46 per common share ($6.26 diluted). AMR's income from continuing operations in 1999 was $656 million, or $4.30 per common share ($4.17 diluted). A labor disagreement that disrupted operations during the first quarter of 1999 negatively impacted the Company's 1999 results by an estimated $225 million ($140 million after tax). The results for 1999 also include the following: (i) American's December 1998 acquisition of Reno Air, Inc. (Reno) and AMR Eagle's March 1999 acquisition of Business Express, Inc. (Business Express), (ii) a gain of $83 million ($64 million after tax) on the sale of AMR Services, AMR Combs and TeleService Resources, which is included in discontinued operations, (iii) a gain of approximately $213 million ($118 million after taxes and minority interest) resulting from the sale of a portion of the Company's holding in Equant N.V. (Equant), of which approximately $75 million ($47 million after tax) is included in income from continuing operations, (iv) a gain of $40 million ($25 million after tax) related to the Company's sale of its investment in the cumulative mandatorily redeemable convertible preferred stock of Canadian Airlines International Limited (Canadian) and a $67 million tax benefit resulting from the tax loss on the Company's investment in Canadian, and (v) a charge of approximately $37 million ($25 million after tax) relating to the provision for certain litigation items. AMR's net earnings in 1998 were $1.3 billion, or $7.78 per common share ($7.52 diluted). AMR's income from continuing operations in 1998 was $1.1 billion, or $6.60 per common share ($6.38 diluted).

REVENUES

1999 COMPARED TO 1998 The Company's revenues increased $214 million, or 1.2 percent, versus 1998. American's passenger revenues increased by 0.1 percent, or $12 million. American's yield (the average amount one passenger pays to fly one mile) of 13.12 cents decreased by 2.7 percent compared to 1998. For the year, domestic yields decreased 1.1 percent, while European, Pacific and Latin American yields decreased 7.2 percent, 6.0 percent and 4.5 percent, respectively. The decrease in domestic yield was due primarily to increased capacity, the labor disagreement during the first quarter of 1999, and the impact of international yield decreases on domestic yields. The decrease in international yields was due primarily to weak economies in certain parts of the world, large industry capacity additions and increased fare sale activity.

American's domestic traffic increased 2.1 percent to 76.4 billion revenue passenger miles (RPMs), while domestic capacity, as measured by available seat miles (ASMs), increased 4.1 percent. The increase in domestic traffic was due primarily to the addition of Reno. International traffic grew 4.6 percent to 35.7 billion RPMs on a capacity increase of 3.1 percent. The increase in international traffic was led by a 44.2 percent increase in the Pacific on capacity growth of 44.1 percent, a 5.7 percent increase in Europe on capacity growth of 7.3 percent, partially offset by a 1.9 percent decrease in Latin America on a capacity decrease of 5.1 percent. In 1999, American derived approximately 70 percent of its passenger revenues from domestic operations and approximately 30 percent from international operations.

AMR Eagle's passenger revenues increased $173 million, or 15.4 percent. AMR Eagle's traffic increased to 3.4 billion RPMs, up 20.9 percent, while capacity increased to 5.6 billion ASMs, or 26.1 percent, due primarily to the addition of Business Express in March 1999.

1998 COMPARED TO 1997 The Company's revenues of $17.5 billion in 1998 were up $559 million, or 3.3 percent, versus 1997. American's passenger revenues increased 2.7 percent, or $385 million. The increase in passenger revenues resulted from a 0.9 percent increase in passenger yield from 13.37 to 13.49 cents, and a 1.8 percent increase in passenger traffic. For the year, domestic yields increased 3.1 percent, while Pacific, Latin American and European yields decreased 6.7 percent, 5.8 percent and 1.0 percent, respectively. The decrease in international yields was due primarily to an increase in industry capacity and a decline in economic conditions. In 1998, American derived approximately 70 percent of its passenger revenues from domestic operations and approximately 30 percent from international operations.

American's domestic traffic increased 0.7 percent to 74.9 billion RPMs, while domestic capacity decreased 1.4 percent. International traffic grew 4.3 percent to 34.1 billion RPMs on a capacity increase of 6.4 percent. The increase in international traffic was led by a 17.1 percent increase in the Pacific on capacity growth of 29.3 percent, a 4.9 percent increase in Latin America on capacity growth of 6.6 percent and a 1.8 percent increase in Europe on capacity growth of 2.7 percent.

AMR Eagle's passenger revenues increased $104 million, or 10.2 percent. The increase in passenger revenues resulted from a 0.9 percent increase in passenger yield and a 9.2 percent increase in traffic. AMR Eagle's traffic increased to 2.8 billion RPMs while capacity increased to 4.5 billion ASMs, up 6.0 percent.

Other revenues increased $101 million, or 10.7 percent, primarily as a result of increased administrative service charges, higher employee travel service charges and increased service contracts, primarily related to ramp and consulting services.

OPERATING EXPENSES

1999 COMPARED TO 1998 The Company's operating expenses increased 6.7 percent, or approximately $1 billion. American's cost per ASM increased by 1.5 percent to 9.39 cents. Wages, salaries and benefits increased $327 million, or 5.6 percent, primarily due to an increase in the average number of equivalent employees and contractual wage rate and seniority increases that are built into the Company's labor contracts, partially offset by a decrease in the provision for profit-sharing. Fuel expense increased $92 million, or 5.7 percent, due to a 4.6 percent increase in American's fuel consumption, partially offset by a 0.2 percent decrease in American's average price per gallon. The increase in fuel expense is net of gains of approximately $111 million recognized during 1999 related to the Company's fuel hedging program. Commissions to agents decreased 5.2 percent, or $64 million, despite a 1.2 percent increase in passenger revenues, due to the benefit from the changes in the international commission structure in late 1998 and the base commission structure in October 1999, and a decrease in the percentage of commissionable transactions. Depreciation and amortization expense increased $52 million, or 5.0 percent, due primarily to the addition of new aircraft, partially offset by the change in depreciable lives and residual values for certain types of aircraft in 1999 (see Note 1 to the consolidated financial statements). Maintenance, materials and repairs expense increased 7.3 percent, or $68 million, due primarily to the addition of Reno and Business Express aircraft during 1999. Other rentals and landing fees increased 12.3 percent, or $103 million, due primarily to higher facilities rent and landing fees across American's system and the addition of Reno and Business Express. Food service increased $65 million, or 9.6 percent, due primarily to rate increases and the addition of Reno. Aircraft rentals increased $61 million, up 10.7 percent, primarily due to the addition of Reno and Business Express aircraft. Other operating expenses increased $342 million, or 12.0 percent, due primarily to increases in outsourced services, travel and incidental costs and booking fees.

1998 COMPARED TO 1997 The Company's operating expenses of $15.5 billion in 1998 were up $166 million, or 1.1 percent, versus 1997. American's cost per ASM decreased 0.2 percent to 9.25 cents. Wages, salaries and benefits increased $282 million, or 5.1 percent, due primarily to an increase in the average number of equivalent employees, contractual wage rate and seniority increases that are built into the Company's labor contracts and an increase in the provision for profit-sharing. Fuel expense decreased $319 million, or 16.6 percent, due to an 18.2 percent decrease in American's average price per gallon, partially offset by a 1.9 percent increase in American's fuel consumption. Commissions to agents decreased 4.1 percent, or $52 million, despite a 3.2 percent increase in passenger revenues, due to the continued benefit from the commission rate reduction initiated in September 1997. Maintenance, materials and repairs expense increased 8.5 percent, or $73 million, due to an increase in airframe and engine maintenance volumes at American's maintenance bases as a result of the maturing of its fleet. Other operating expenses increased $192 million, or 7.2 percent, due primarily to spending on the Company's Year 2000 Readiness program, an increase in outsourced services and higher costs resulting from higher passenger revenues, such as credit card fees.

OTHER INCOME (EXPENSE)

Other income (expense) consists of interest income and expense, interest capitalized and miscellaneous - net.

1999 COMPARED TO 1998 Interest income decreased $25 million, or 21.9 percent, due primarily to lower investment balances throughout most of 1999. Interest expense increased $21 million, or 5.6 percent, resulting primarily from an increase in long-term debt. Interest capitalized increased 13.5 percent, or $14 million, due to an increase in purchase deposits for flight equipment throughout most of 1999. Miscellaneous - net increased $37 million due primarily to the sale of a portion of American's interest in Equant in 1999, which resulted in an approximate $75 million gain, and a gain of approximately $40 million from the sale of the Company's investment in the preferred stock of Canadian. These gains were partially offset by the provision for the settlement of litigation items and the write-down of certain investments held by the Company during 1999.

1998 COMPARED TO 1997 Interest expense decreased $49 million, or 11.6 percent, due primarily to scheduled debt repayments of approximately $400 million in 1998. Interest capitalized increased $84 million, to $104 million, due primarily to the increase in purchase deposits for flight equipment.

OPERATING STATISTICS

The following table provides statistical information for American and AMR Eagle for the years ended December 31, 1999, 1998 and 1997.

	Year Ended December 31,		
	1999	1998	1997
AMERICAN AIRLINES			
Revenue passenger miles (millions)	112,067	108,955	107,026
Available seat miles (millions)	161,211	155,297	153,917
Cargo ton miles (millions)	2,068	1,974	2,032
Passenger load factor	69.5%	70.2%	69.5%
Breakeven load factor	63.8%	59.9%	61.0%
Passenger revenue yield per passenger mile (cents)	13.12	13.49	13.37
Passenger revenue per available seat mile (cents)	9.12	9.46	9.30
Cargo revenue yield per ton mile (cents)	30.70	32.85	33.78
Operating expenses per available seat mile (cents)	9.39	9.25	9.27
Operating aircraft at year-end	697	648	641
AMR EAGLE			
Revenue passenger miles (millions)	3,371	2,788	2,553
Available seat miles (millions)	5,640	4,471	4,218
Passenger load factor	59.8%	62.4%	60.5%
Operating aircraft at year-end	268	209	199

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provided net cash of $2.3 billion in 1999, $2.8 billion in 1998 and $2.5 billion in 1997. The $533 million decrease from 1998 to 1999 resulted primarily from a decrease in income from continuing operations.

Capital expenditures in 1999 totaled $3.5 billion, compared to $2.3 billion in 1998 and $1.1 billion in 1997, and included aircraft acquisitions of approximately $2.7 billion. In 1999, American took delivery of 24 Boeing 737-800s, 11 Boeing 777-200IGWs, six Boeing 757-200s and four Boeing 767-300ER aircraft. AMR Eagle took delivery of 25 Embraer ERJ-145s and nine Embraer ERJ-135 aircraft. These expenditures, as well as the expansion of certain airport facilities, were funded primarily with internally generated cash, except for (i) the Embraer aircraft acquisitions, which were funded through secured debt agreements, (ii) 14 Boeing aircraft, which were financed through secured mortgage agreements, and (iii) one Boeing 757-200 aircraft, which was financed through a sale-leaseback transaction.

At December 31, 1999, the Company had commitments to acquire the following aircraft: 81 Boeing 737-800s, 26 Boeing 777-200IGWs, 86 Embraer ERJ-135s, five Embraer ERJ-145s and 25 Bombardier CRJ-700s. Deliveries of all aircraft extend through 2006. Future payments for all aircraft, including the estimated amounts for price escalation, will approximate $2.2 billion in 2000, $1.8 billion in 2001, $600 million in 2002 and an aggregate of approximately $1.0 billion in 2003 through 2006. In addition to these commitments for aircraft, the Company expects to spend approximately $1.6 billion in 2000 for modifications to aircraft, renovations of -- and additions to -- airport and off-airport facilities, and the acquisition of various other equipment and assets, of which approximately $470 million has been authorized by the Company's Board of Directors. The Company expects to fund its 2000 capital expenditures from the Company's existing cash and short-term investments, internally generated cash, and new financing depending upon capital market conditions and the Company's evolving view of its long-term needs.

For the year ended December 31, 1999, the Company purchased approximately 14.1 million shares of its common stock under two separate share repurchase programs at a total cost of approximately $871 million. Additional share repurchases of up to $34 million, the remaining amount currently authorized by the Company's Board of Directors, may be made from time to time, depending on market conditions, and may be discontinued at any time.

At December 31, 1999, the Company owned approximately 3.5 million depository certificates convertible, subject to certain restrictions, into the common stock of Equant, which completed an initial public offering in July 1998. As of December 31, 1999, the estimated fair value of these depository certificates was approximately $395 million, based upon the publicly traded market value of Equant common stock. Of the 3.5 million depository certificates owned by the Company as of December 31, 1999, approximately 2.3 million depository certificates, with an estimated market value of approximately $259 million, are held by the Company on behalf of Sabre.

On February 7, 2000, the Company declared its intent to distribute AMR's entire ownership interest in Sabre as a dividend on all outstanding shares of its common stock. To effect the dividend, AMR exchanged all of its 107,374,000 shares of Sabre's Class B common stock for an equal number of shares of Sabre's Class A common stock. Effective after the close of business on March 15, 2000, AMR distributed 0.722652 shares of Sabre Class A common stock for each share of AMR stock owned by AMR's shareholders. The record date for the dividend of Sabre stock was the close of business on March 1, 2000. In addition, on February 18, 2000, Sabre paid a special one-time cash dividend of $675 million to shareholders of record of Sabre common stock at the close of business on February 15, 2000. Based upon its approximate 83 percent interest in Sabre, AMR received approximately $560 million of this dividend. These funds will be used for general corporate purposes. The dividend of AMR's entire ownership interest in Sabre's common stock resulted in a reduction to AMR's retained earnings in March of 2000 equal to the carrying value of the Company's investment in Sabre on March 15, 2000, which approximated $600 million. The fair market value of AMR's investment in Sabre on March 15, 2000, based upon the quoted market closing price of Sabre Class A common stock on the New York Stock Exchange, was approximately $5.2 billion.

The Company's March 15, 2000 distribution of its ownership interest in Sabre represented a designated event, as defined, under event risk covenants contained in agreements related to certain indebtedness of the Company and American. Under these covenants, the interest rate on such indebtedness will be increased if, during a specified period following the occurrence of a designated event, the credit rating of such indebtedness is downgraded below certain levels. However, the Company has not received indication that the credit rating on any such indebtedness will be downgraded. For additional information concerning these event risk covenants, see Note 3 to the consolidated financial statements.

American has a $1.0 billion credit facility agreement that expires December 19, 2001. At American's option, interest on the agreement can be calculated on one of several different bases. For most borrowings, American would anticipate choosing a floating rate based upon the London Interbank Offered Rate (LIBOR). At December 31, 1999, no borrowings were outstanding under the agreement.

AMR (principally American Airlines) historically operates with a working capital deficit as do most other airline companies. The existence of such a deficit has not in the past impaired the Company's ability to meet its obligations as they become due and is not expected to do so in the future.

OTHER INFORMATION

ENVIRONMENTAL MATTERS Subsidiaries of AMR have been notified of potential liability with regard to several environmental cleanup sites and certain airport locations. At sites where remedial litigation has commenced, potential liability is joint and several. AMR's alleged volumetric contributions at these sites are minimal. AMR does not expect these matters, individually or collectively, to have a material impact on its results of operations, financial position or liquidity. Additional information is included in Note 3 to the consolidated financial statements.

YEAR 2000 PROJECT The Company did not experience any significant malfunctions or errors in its operating or business systems on January 1, 2000, and has not since that date. Although it is possible that the full impact of the date change has not been fully recognized, the Company believes any such problems are likely to be minor and correctable. In addition, the Company could still be negatively affected if its customers or major suppliers are adversely affected by the Year 2000 or similar issues. However, the Company is not currently aware of any significant Year 2000 or similar problems that have arisen for its customers or major suppliers.

As of December 31, 1999, the Company's total cost of the Year 2000 Project was approximately $214 million. Costs associated with the Year 2000 Project were expensed as incurred, other than capitalized hardware costs, and were funded through cash from operations.

DALLAS LOVE FIELD In 1968, as part of an agreement between the cities of Fort Worth and Dallas to build and operate Dallas/Fort Worth Airport (DFW), a bond ordinance was enacted by both cities (the Bond Ordinance). The Bond Ordinance required both cities to direct all scheduled interstate passenger operations to DFW and was an integral part of the bonds issued for the construction and operation of DFW. In 1979, as part of a settlement to resolve litigation with Southwest Airlines, the cities agreed to expand the scope of operations allowed under the Bond Ordinance at Dallas' Love Field. Congress enacted the Wright Amendment to prevent the federal government from acting inconsistent with this agreement. The Wright Amendment limited interstate operations at Love Field to the four states contiguous to Texas (New Mexico, Oklahoma, Arkansas, and Louisiana) and prohibited through ticketing to any destination outside that perimeter. In 1997, without the consent of either city, Congress amended the Wright Amendment by (i) adding three states (Kansas, Mississippi, and Alabama) to the perimeter and (ii) removing some federal restrictions on large aircraft configured with 56 seats or less (the 1997 Amendment).

In October 1997, the City of Fort Worth filed suit in state district court against the City of Dallas and others seeking to enforce the Bond Ordinance. Fort Worth contends that the 1997 Amendment does not preclude the City of Dallas from exercising its proprietary rights to restrict traffic at Love Field in a manner consistent with the Bond Ordinance and, moreover, that Dallas has an obligation to do so. American joined in this litigation. On October 15, 1998, the state district court granted summary judgment in favor of Fort Worth and American, which summary judgment is being appealed to the Fort Worth Court of Appeals. In the same lawsuit, DFW filed claims alleging that irrespective of whether the Bond Ordinance is enforceable, the DFW Use Agreement prohibits American and other DFW signatory airlines from moving any interstate operations to Love Field. These claims remain unresolved.

Dallas filed a separate declaratory judgment action in the United States District Court for the Northern District of Texas, Dallas Division, seeking to have the court declare that, as a matter of law, the 1997 Amendment precludes Dallas from exercising any restrictions on operations at Love Field. Further, in May 1998, Continental Airlines and Continental Express filed a lawsuit in Dallas federal court seeking a judicial declaration that the Bond Ordinance cannot be enforced to prevent them from operating flights from Love Field to Cleveland using regional jets. These two federal court lawsuits were consolidated and stayed.

In December 1998, the Department of Transportation (DOT) issued an order on the federal law questions concerning the Bond Ordinance, local proprietary powers, DFW's Use Agreement with DFW carriers such as American, and the Wright and 1997 Amendments, and concluded that the Bond Ordinance was preempted by federal law and was therefore not enforceable. The DOT also found that the DFW Use Agreement did not preclude American from conducting interstate operations at Love Field. Fort Worth, American and DFW appealed the DOT's order to the Fifth Circuit Court of Appeals, and on February 1, 2000, the Fifth Circuit affirmed the DOT's order in all respects.

In January 2000, the Department of Justice, at the behest of the DOT, filed a lawsuit in the United States District Court for the Northern District of Texas, Dallas Division, against Fort Worth and American seeking to enforce the DOT's order and to prevent any party from interfering with any carrier operating under that order.

American has announced new service from Love Field beginning May 1, 2000, to Chicago and Los Angeles and is seeking facilities at Love Field from Dallas. As a result of the foregoing, the future of interstate flight operations at Love Field and American's DFW hub are uncertain. An increase in operations at Love Field to new interstate destinations could adversely impact American's business.

OUTLOOK FOR 2000

The Company is cautiously optimistic about the 2000 revenue environment. The U.S. economy remains strong, and many of the world's economies are expected to continue to improve. Against this backdrop, the chief concerns are the industry's ability to match capacity growth with the demand for air travel, and the much higher fuel prices. For American, capacity is expected to increase only slightly in 2000. The increase in American's seating capacity from the delivery of new aircraft will be mostly offset by the removal of approximately 7,200 seats from its fleet. (In February 2000, the Company announced its "More Room Throughout Coach" initiative, which will provide more room to passengers throughout the coach cabins. American's entire fleet will be reconfigured to increase the seat pitch from the present industry standard of 31 and 32 inches to a predominant seat pitch of 34 and 35 inches.)

Over the course of the year, the Company expects to strengthen its position in key domestic markets, while strategically expanding its international network. Domestically, American and AMR Eagle look to continue to benefit from the integration of Reno and Business Express, and the marketing relationships with U.S. Airways, Inc. and Alaska Airlines, Inc. Internationally, while American will introduce minimal service increases, it will, where appropriate, expand its various code-share alliances. Further, ONEworld will admit two new partners in 2000 -- LanChile and Aer Lingus -- and, while losing Canadian Airlines, will look to otherwise buttress its position in Canada.

Pressure to reduce costs will continue, although the volatility of fuel prices makes any prediction of overall costs very difficult. Excluding fuel, the Company anticipates an increase in operating expenses of about five percent, driven primarily by higher labor costs associated with the normal seniority and scale increases in union contracts, an increase in depreciation and amortization expense and maintenance, materials and repairs expense as the Company continues to acquire new aircraft, and an increase in airport landing fees and facility rent expense from higher rates. Other expense lines will see volume-driven increases and inflationary pressures. Partially offsetting this expected increase in costs, the Company expects savings in commission expense due to changes made in late 1999 to the commission structure, and a decrease in the percentage of commissionable transactions.

Overshadowing all other expenses, though, is the expected increase in fuel expense, owing to significantly higher fuel prices. Although the Company has hedged approximately 48 percent of its 2000 fuel requirements as of December 31, 1999, its 2000 earnings will be adversely impacted by this significant rise in fuel prices. The magnitude of this impact will be driven by the duration of the higher prices, which, at a minimum, will dampen the Company's first half 2000 financial results. In addition to the direct effect, the higher fuel prices may, if sustained at their current levels for an extended period of time, indirectly negatively impact the Company by slowing the economy and thereby the demand for air travel.

FORWARD-LOOKING INFORMATION

The preceding discussions under Business and Management's Discussion and Analysis of Financial Condition and Results of Operations 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," and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, expectations as to results of operations and financial condition, including changes in capacity, revenues and costs, expectations as to future financing needs, Year 2000 expectations, overall economic projections and the Company's plans and objectives for future operations, including plans to develop future code-sharing programs and to evaluate new alliances. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expectations. 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:

UNCERTAINTY OF FUTURE COLLECTIVE BARGAINING AGREEMENTS AND EVENTS The Company's operations could be adversely affected by failure of the Company to reach agreement with any labor union representing the Company's employees or by an agreement with a labor union representing the Company's employees that contains terms which prevent the Company from competing effectively with other airlines. In addition, a dispute between the Company and an employee work group (outside the confines of a collective bargaining agreement) could adversely impact the Company's operations.

ECONOMIC AND OTHER CONDITIONS The airline industry is affected by changes in international, national, regional and local economic conditions, inflation, war or political instability (or the threat thereof), consumer preferences and spending patterns, demographic trends, disruptions to the air traffic control system, consumer perceptions of airline safety, costs of safety, security and environmental measures, and the weather.

COMMODITY PRICES Due to the competitive nature of the airline industry, in the event of any increase in the price of jet fuel, there can be no assurance that the Company would be able to pass on increased fuel prices to its customers by increasing fares.

COMPETITION IN THE AIRLINE INDUSTRY Service over almost all of the Company's routes is highly competitive. The Company faces vigorous competition from major domestic airlines, national, regional, all-cargo and charter carriers, foreign carriers, low-cost carriers, and, particularly on shorter segments, ground transportation. Pricing decisions are affected by competition from other airlines. Fare discounting by competitors has historically had a negative effect on the Company's financial results because American is generally required to match competitors' fares to maintain passenger traffic. No assurance can be given that any future fare reduction would be offset by increases in passenger traffic, a reduction in costs or changes in the mix of traffic that would improve yields.

CHANGING BUSINESS STRATEGY Although it has no current plan to do so, the Company may change its business strategy in the future and may not pursue some of the goals stated herein.

GOVERNMENT REGULATION Future results of the Company's operations may vary based upon any actions which the governmental agencies with jurisdiction over the Company's operations may take, including the granting and timing of certain governmental approvals (including foreign government approvals) needed for code-sharing alliances and other arrangements with other airlines, restrictions on competitive practices (e.g., new regulations which would curtail an airline's ability to respond to a competitor), the adoption of regulations that impact customer service standards, and the adoption of more restrictive locally-imposed noise restrictions.

UNCERTAINTY IN INTERNATIONAL OPERATIONS The Company's current international activities and prospects could be adversely affected by factors such as reversals or delays in the opening of foreign markets, exchange controls, currency and political risks, taxation and changes in international government regulation of the Company's operations.

ITEM 7(A). QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK SENSITIVE INSTRUMENTS AND POSITIONS

The risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel, foreign currency exchange rates and interest rates as discussed below. 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 its exposure to such changes. Actual results may differ. See Note 6 to the consolidated financial statements for accounting policies and additional information.

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 utilizing swap and option contracts. Market risk is estimated as a hypothetical 10 percent increase in the December 31, 1999 and 1998 cost per gallon of fuel. Based on projected 2000 fuel usage, such an increase would result in an increase to aircraft fuel expense of approximately $125 million in 2000, net of fuel hedge instruments outstanding at December 31, 1999. Comparatively, based on projected 1999 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately $73 million in 1999, net of fuel hedge instruments outstanding at December 31, 1998. The change in market risk is due primarily to the increase in fuel prices. As of December 31, 1999, the Company had hedged approximately 48 percent of its 2000 fuel requirements and approximately 10 percent of its 2001 fuel requirements, compared to approximately 48 percent of its 1999 fuel requirements and 19 percent of its 2000 fuel requirements hedged at December 31, 1998.

FOREIGN CURRENCY The Company is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated operating revenues and expenses. The Company's largest exposure comes from the Japanese yen, British pound, Canadian dollar, Euro and various Latin and South American currencies. The Company uses options to hedge a portion of its anticipated foreign currency-denominated net cash flows. The result of a uniform 10 percent strengthening in the value of the U.S. dollar from December 31, 1999 and 1998 levels relative to each of the currencies in which the Company has foreign currency exposure would result in a decrease in operating income of approximately $39 million and $22 million for the years ending December 31, 2000 and 1999, respectively, net of hedge instruments outstanding at December 31, 1999 and 1998, due to the Company's foreign-denominated revenues exceeding its foreign-denominated expenses. This sensitivity analysis was prepared based upon projected 2000 and 1999 foreign currency-denominated revenues and expenses as of December 31, 1999 and 1998. Furthermore, this calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar.

INTEREST The Company's earnings are also affected by changes in interest rates due to the impact those changes have on its interest income from cash and short-term investments and its interest expense from variable-rate debt instruments. The Company has variable-rate debt instruments representing approximately 21 percent and six percent of its total long-term debt, respectively, at December 31, 1999 and 1998, and interest rate swaps on notional amounts of approximately $696 million and $1.1 billion, respectively, at December 31, 1999 and 1998. If interest rates average 10 percent more in 2000 than they did at December 31, 1999, the Company's interest expense would increase by approximately $10 million and interest income from cash and short-term investments would increase by approximately $11 million. In comparison, at December 31, 1998, the Company estimated that if interest rates averaged 10 percent more in 1999 than they did at December 31, 1998, the Company's interest expense would have increased by approximately $6 million and interest income from cash and short-term investments would have increased by approximately $8 million. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable-rate long-term debt, interest rate swap agreements, and cash and short-term investment balances at December 31, 1999 and 1998.

Market risk for fixed-rate long-term debt is estimated as the potential increase in fair value resulting from a hypothetical 10 percent decrease in interest rates, and amounts to approximately $156 million and $96 million as of December 31, 1999 and 1998, respectively. The fair values of the Company's long-term debt were estimated using quoted market prices or discounted future cash flows based on the Company's incremental borrowing rates for similar types of borrowing arrangements.

INVESTMENTS The Company is subject to market risk related to its ownership of, excluding the depository certificates held on behalf of Sabre, approximately 1.2 million and 1.4 million depository certificates convertible, subject to certain restrictions, into the common stock of Equant, as of December 31, 1999 and 1998, respectively. The estimated fair value of these depository certificates was approximately $136 million and $100 million as of December 31, 1999 and 1998, respectively, based upon the market value of Equant common stock.

In addition, the Company holds investments in certain other entities, primarily foreign airlines, which are subject to market risk. However, the impact of such market risk on earnings is not significant due to the immateriality of the carrying value and the geographically diverse nature of these holdings.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
AMR Corporation

We have audited the accompanying consolidated balance sheets of AMR Corporation as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AMR Corporation at December 31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

2121 San Jacinto
Dallas, Texas 75201
January 17, 2000, except for the second
paragraph of Note 12, for which the
date is March 15, 2000.

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

	Year Ended December 31,		
	1999	1998	1997
REVENUES			
Passenger - American Airlines, Inc.	$ 14,707	$ 14,695	$ 14,310
- AMR Eagle	1,294	1,121	1,017
Cargo	643	656	687
Other revenues	1,086	1,044	943
Total operating revenues	17,730	17,516	16,957
EXPENSES			
Wages, salaries and benefits	6,120	5,793	5,511
Aircraft fuel	1,696	1,604	1,923
Commissions to agents	1,162	1,226	1,278
Depreciation and amortization	1,092	1,040	1,040
Maintenance, materials and repairs	1,003	935	862
Other rentals and landing fees	942	839	842
Food service	740	675	677
Aircraft rentals	630	569	574
Other operating expenses	3,189	2,847	2,655
Total operating expenses	16,574	15,528	15,362
OPERATING INCOME	1,156	1,988	1,595
OTHER INCOME (EXPENSE)			
Interest income	89	114	110
Interest expense	(393)	(372)	(421)
Interest capitalized	118	104	20
Miscellaneous - net	36	(1)	32
	(150)	(155)	(259)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,006	1,833	1,336
Income tax provision	350	719	527
INCOME FROM CONTINUING OPERATIONS	656	1,114	809
INCOME FROM DISCONTINUED OPERATIONS, NET OF APPLICABLE INCOME TAXES AND MINORITY INTEREST	265	200	176
GAIN ON SALE OF DISCONTINUED OPERATIONS, NET OF APPLICABLE INCOME TAXES	64	--	--
NET EARNINGS	$ 985	$ 1,314	$ 985

Continued on next page.

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

	Year Ended December 31,		
	1999	1998	1997
EARNINGS APPLICABLE TO COMMON SHARES	$ 985	$ 1,314	$ 985
EARNINGS PER COMMON SHARE:			
BASIC			
Income from continuing operations	$ 4.30	$ 6.60	$ 4.54
Discontinued operations	2.16	1.18	0.98
Net earnings	$ 6.46	$ 7.78	$ 5.52
DILUTED			
Income from continuing operations	$ 4.17	$ 6.38	$ 4.43
Discontinued operations	2.09	1.14	0.96
Net earnings	$ 6.26	$ 7.52	$ 5.39

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

AMR CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except shares and par value)

	December 31, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS		
Cash	$ 85	$ 87
Short-term investments	1,706	1,448
Receivables, less allowance for uncollectible accounts (1999 - $57; 1998 - $19)	1,134	1,225
Inventories, less allowance for obsolescence (1999 - $279; 1998 - $214)	708	596
Deferred income taxes	612	443
Other current assets	179	170
Total current assets	4,424	3,969
EQUIPMENT AND PROPERTY		
Flight equipment, at cost	16,912	13,688
Less accumulated depreciation	5,589	4,976
	11,323	8,712
Purchase deposits for flight equipment	1,582	1,624
Other equipment and property, at cost	3,247	2,999
Less accumulated depreciation	1,814	1,669
	1,433	1,330
	14,338	11,666
EQUIPMENT AND PROPERTY UNDER CAPITAL LEASES		
Flight equipment	3,141	3,159
Other equipment and property	155	146
	3,296	3,305
Less accumulated amortization	1,347	1,230
	1,949	2,075
OTHER ASSETS		
Route acquisition costs, less accumulated amortization (1999 - $269; 1998 - $240)	887	916
Airport operating and gate lease rights, less accumulated amortization (1999 - $181; 1998 - $161)	304	312
Prepaid pension cost	257	304
Other	2,215	2,213
	3,663	3,745
TOTAL ASSETS	$ 24,374	$ 21,455

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

AMR CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except shares and par value)

	December 31, 1999	December 31, 1998
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 1,115	$ 1,047
Accrued salaries and wages	849	917
Accrued liabilities	1,107	973
Air traffic liability	2,255	2,163
Current maturities of long-term debt	302	48
Current obligations under capital leases	236	154
Total current liabilities	5,864	5,302
LONG-TERM DEBT, LESS CURRENT MATURITIES	4,078	2,436
OBLIGATIONS UNDER CAPITAL LEASES, LESS CURRENT OBLIGATIONS	1,611	1,764
OTHER LIABILITIES AND CREDITS		
Deferred income taxes	1,846	1,470
Deferred gains	613	573
Postretirement benefits	1,669	1,598
Other liabilities and deferred credits	1,835	1,614
	5,963	5,255
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - $1 par value; shares authorized: 750,000,000; Shares issued: 1999 and 1998 - 182,278,766	182	182
Additional paid-in capital	3,061	3,075
Treasury shares at cost: 1999 - 34,034,110; 1998 - 20,927,692	(2,101)	(1,288)
Accumulated other comprehensive income	(2)	(4)
Retained earnings	5,718	4,733
	6,858	6,698
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 24,374	$ 21,455

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

AMR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	1999	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES:			
Income from continuing operations	$ 656	$ 1,114	$ 809
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation	864	830	831
Amortization	228	210	209
Deferred income taxes	183	268	321
Gain on sale of other investments, net	(95)	--	--
Gain on disposition of equipment and property	(15)	(19)	(24)
Change in assets and liabilities:			
Decrease (increase) in receivables	261	(185)	72
Increase in inventories	(140)	(36)	(41)
Increase in accounts payable and accrued liabilities	42	345	64
Increase in air traffic liability	89	119	155
Other, net	191	151	127
Net cash provided by operating activities	2,264	2,797	2,523
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures, including purchase deposits on flight equipment	(3,539)	(2,342)	(1,139)
Net decrease (increase) in short-term investments	(253)	348	(480)
Acquisitions and other investments	(99)	(137)	--
Proceeds from:			
Sale of discontinued operations	259	--	--
Sale of other investments	85	--	--
Sale of equipment and property	79	262	291
Other	18	--	--
Net cash used for investing activities	(3,450)	(1,869)	(1,328)
CASH FLOW FROM FINANCING ACTIVITIES:			
Repurchase of common stock	(871)	(945)	(740)
Payments on long-term debt and capital lease obligations	(280)	(547)	(648)
Proceeds from:			
Issuance of long-term debt	1,956	246	--
Short-term loan from affiliate	300	--	--
Sale-leaseback transactions	54	270	--
Exercise of stock options	25	85	200
Net cash provided by (used for) financing activities	1,184	(891)	(1,188)
Net increase (decrease) in cash	(2)	37	7
Cash at beginning of year	87	50	43
Cash at end of year	$ 85	$ 87	$ 50
ACTIVITIES NOT AFFECTING CASH			
Payment of short-term loan from affiliate against receivable from affiliate	$ 300	$ --	$ --
Capital lease obligations incurred	$ 54	$ 270	$ --

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

AMR CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions, except share amounts)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at January 1, 1997	$ 182	$ 3,075	$ --	$ (23)	$ 2,434	$ 5,668
Net earnings	--	--	--	--	985	985
Adjustment for minimum pension liability, net of tax expense of $13	--	--	--	19	--	19
Total comprehensive income						1,004
Issuance of 312,140 shares pursuant to stock option, deferred stock and restricted stock incentive plans	--	13	--	--	--	13
Issuance of 11,500,000 stock options at $5 below market value at date of grant	--	58	--	--	--	58
Repurchase of 14,086,750 common shares	--	--	(740)	--	--	(740)
Issuance of 5,005,918 shares from Treasury pursuant to stock option, deferred stock and restricted stock incentive plans, net of tax benefit of $15	--	(42)	255	--	--	213
Balance at December 31, 1997	182	3,104	(485)	(4)	3,419	6,216
Net earnings and total comprehensive income	--	--	--	--	1,314	1,314
Repurchase of 14,342,008 common shares	--	--	(944)	--	--	(944)
Issuance of 2,495,148 shares from Treasury pursuant to stock option, deferred stock and restricted stock incentive plans, net of tax benefit of $17	--	(29)	141	--	--	112
Balance at December 31, 1998	182	3,075	(1,288)	(4)	4,733	6,698
Net earnings	--	--	--	--	985	985
Adjustment for minimum pension liability, net of tax expense of $1	--	--	--	3	--	3
Unrealized loss on investments, net of tax benefit of $1	--	--	--	(1)	--	(1)
Total comprehensive income						987
Repurchase of 14,062,358 common shares	--	--	(871)	--	--	(871)
Issuance of 955,940 shares from Treasury pursuant to stock option, deferred stock and restricted stock incentive plans, net of tax benefit of $4	--	(14)	58	--	--	44
Balance at December 31, 1999	$ 182	$ 3,061	$ (2,101)	$ (2)	$ 5,718	$ 6,858

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

BASIS OF PRESENTATION The consolidated financial statements include the accounts of AMR Corporation (AMR or the Company), its wholly owned subsidiaries, including its principal subsidiary American Airlines, Inc. (American), and its majority-owned subsidiaries, including Sabre Holdings Corporation (Sabre). All significant intercompany transactions have been eliminated. The results of operations, cash flows and net assets for Sabre, AMR Services, AMR Combs and TeleService Resources have been reflected in the consolidated financial statements as discontinued operations. Unless specifically indicated otherwise, the information in the footnotes relates to the continuing operations of AMR. All share and per share amounts reflect the stock split on June 9, 1998, where appropriate. Certain amounts from prior years have been reclassified to conform with the 1999 presentation.

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

INVENTORIES Spare parts, materials and supplies relating to flight equipment are carried at average acquisition cost and are expensed when incurred in operations. Allowances for obsolescence are provided, over the estimated useful life of the related aircraft and engines, for spare parts expected to be on hand at the date aircraft are retired from service, plus allowances for spare parts currently identified as excess. These allowances are based on management estimates, which are subject to change.

EQUIPMENT AND PROPERTY The provision for depreciation of operating equipment and property is computed on the straight-line method applied to each unit of property, except that major rotable parts, avionics and assemblies are depreciated on a group basis. The depreciable lives used for the principal depreciable asset classifications are:

	Depreciable Life
Boeing 727-200 aircraft	August 31, 2003 (1)
DC-10 aircraft	December 31, 2000 (1)
Other American jet aircraft	20 - 30 years
Regional aircraft and engines	16 - 20 years
Major rotable parts, avionics and assemblies	Life of equipment to which applicable
Improvements to leased flight equipment	Term of lease
Buildings and improvements (principally on leased land)	10-30 years or term of lease
Furniture, fixtures and other equipment	3-20 years
Capitalized software	3-10 years

(1) Approximate final aircraft retirement date.

Residual values for aircraft, engines, major rotable parts, avionics and assemblies are generally five to 10 percent, except when a guaranteed residual value or other agreements exist to better estimate the residual value.

Effective January 1, 1999, in order to more accurately reflect the expected useful life of its aircraft, the Company changed its estimate of the depreciable lives of certain aircraft types from 20 to 25 years and increased the residual value from five to 10 percent. It also established a 30-year life for its new Boeing 777 aircraft, first delivered in the first quarter of 1999. As a result of this change, depreciation and amortization expense was reduced by approximately $158 million and net earnings were increased by approximately $99 million, or $0.63 per common share diluted, for the year ended December 31, 1999.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Equipment and property under capital leases are amortized over the term of the leases or, in the case of certain aircraft, over their expected useful lives, and such amortization is included in depreciation and amortization. Lease terms vary but are generally 10 to 25 years for aircraft and seven to 40 years for other leased equipment and property.

MAINTENANCE AND REPAIR COSTS Maintenance and repair costs for owned and leased flight equipment are charged to operating expense as incurred, except engine overhaul costs incurred by AMR Eagle Holding Corporation (AMR Eagle) and costs incurred for maintenance and repair under power by the hour maintenance contract agreements, which are accrued on the basis of hours flown.

INTANGIBLE ASSETS Route acquisition costs and airport operating and gate lease rights represent the purchase price attributable to route authorities, airport take-off and landing slots and airport gate leasehold rights acquired. These assets are being amortized on a straight-line basis over 40 years for route authorities, 25 years for airport take-off and landing slots, and the term of the lease for airport gate leasehold rights.

PASSENGER REVENUES Passenger ticket sales are initially recorded as a component of air traffic liability. Revenue derived from ticket sales is recognized at the time service is provided. However, due to various factors, including the complex pricing structure and interline agreements throughout the industry, certain amounts are recognized in revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. Actual results could differ from those estimates.

ADVERTISING COSTS The Company expenses the costs of advertising as incurred. Advertising expense was $206 million, $196 million and $181 million for the years ended December 31, 1999, 1998 and 1997, respectively.

FREQUENT FLYER PROGRAM The estimated incremental cost of providing free travel awards is accrued when such award levels are reached. American sells mileage credits and related services to companies participating in its frequent flyer program. The portion of the revenue related to the sale of mileage credits is deferred and recognized over a period approximating the period during which the mileage credits are used.

STATEMENTS OF CASH FLOWS Short-term investments, without regard to remaining maturity at acquisition, are not considered as cash equivalents for purposes of the statements of cash flows.

STOCK OPTIONS The Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Under APB 25, no compensation expense is recognized for stock option grants if the exercise price of the Company's stock option grants is at or above the fair market value of the underlying stock on the date of grant.

2. INVESTMENTS

Short-term investments consisted of (in millions):

	December 31, 1999	December 31, 1998
Overnight investments and time deposits	$ -	$ 133
Corporate and bank notes	1,173	705
U. S. Government agency notes	234	-
Asset backed securities	145	353
U. S. Government agency mortgages	94	102
Other	60	155
	$ 1,706	$ 1,448

Short-term investments at December 31, 1999, by contractual maturity included (in millions):

Due in one year or less	$ 750
Due between one year and three years	899
Due after three years	57
	$ 1,706

All short-term investments are classified as available-for-sale and stated at fair value. Net unrealized gains and losses, net of deferred taxes, are reflected as an adjustment to stockholders' equity.

At December 31, 1998, the Company owned approximately 3.1 million depository certificates convertible, subject to certain restrictions, into the common stock of Equant N.V. (Equant), which completed an initial public offering in July 1998. Approximately 1.7 million of the certificates were held by the Company on behalf of Sabre. As of December 31, 1998, the estimated fair value of these depository certificates was approximately $210 million, of which approximately $110 million was held by the Company on behalf of Sabre, based upon the publicly traded market value of Equant common stock. The carrying value (cost basis) of the Company's investment in the depository certificates as of December 31, 1998 was de minimis.

During 1999, the Company acquired approximately 400,000 Equant depository certificates from other airlines. In addition, based upon a reallocation between the owners of the certificates in July 1999, the Company received an additional 2.6 million certificates. In connection with two secondary offerings by Equant in February and December 1999, the Company sold approximately 2.7 million depository certificates for a net gain of approximately $118 million, after taxes and minority interest. Of this amount, approximately $75 million is included in Miscellaneous - net and approximately $71 million, net of taxes and minority interest, related to depository certificates held by the Company on behalf of Sabre, is included in income from discontinued operations on the accompanying consolidated statements of operations. Accordingly, as of December 31, 1999, the Company holds approximately 3.5 million depository certificates with an estimated market value of approximately $395 million, of which approximately 2.3 million depository certificates with an estimated market value of approximately $259 million, are held by the Company on behalf of Sabre. The carrying value of the Company's investment in the depository certificates as of December 31, 1999 was approximately $20 million.

In December 1999, the Company entered into an agreement to sell its investment in the cumulative mandatorily redeemable convertible preferred stock of Canadian Airlines International Limited (Canadian) for approximately $40 million, resulting in a gain of $40 million, which is included in Miscellaneous - - net on the accompanying consolidated statements of operations. In addition, the Company recognized a tax benefit of $67 million resulting from the tax loss on the investment, representing the reversal of a deferred tax valuation allowance since it is more likely than not that the tax benefit will be realized. The valuation allowance was established in 1996 when the investment was written-off because, at that time, it was not more likely than not that the tax benefit of the write-off would be realized.

3. COMMITMENTS AND CONTINGENCIES

At December 31, 1999, the Company had commitments to acquire the following aircraft: 81 Boeing 737-800s, 26 Boeing 777-200IGWs, 86 Embraer ERJ-135s, five Embraer ERJ-145s and 25 Bombardier CRJ-700s. Deliveries of all aircraft extend through 2006. Future payments for all aircraft, including estimated amounts for price escalation, will approximate $2.2 billion in 2000, $1.8 billion in 2001, $600 million in 2002 and an aggregate of approximately $1.0 billion in 2003 through 2006. In addition to these commitments for aircraft, the Company's Board of Directors has authorized expenditures of approximately $800 million over the next five years for modifications to aircraft, renovations of -- and additions to -- airport and off-airport facilities, and the acquisition of various other equipment and assets. AMR expects to spend approximately $470 million of this authorized amount in 2000.

The Miami International Airport Authority is currently remediating various environmental conditions at the Miami International Airport (the Airport) and funding the remediation costs through landing fee revenues. Future costs of the remediation effort may be borne by carriers operating at the Airport, including American, through increased landing fees and/or other charges since certain of the potentially responsible parties are no longer in business. The future increase in landing fees and/or other charges may be material but cannot be reasonably estimated due to various factors, including the unknown extent of the remedial actions that may be required, the proportion of the cost that will ultimately be recovered from the responsible parties, and uncertainties regarding the environmental agencies that will ultimately supervise the remedial activities and the nature of that supervision. In addition, the Company is subject to environmental issues at various other airport and non-airport locations. Management believes, after considering a number of factors, that the ultimate disposition of these environmental issues is not expected to materially affect the Company's consolidated financial position, results of operations, or cash flows. Amounts recorded for environmental issues are based on the Company's current assessments of the ultimate outcome and, accordingly, could increase or decrease as these assessments change.

In April 1995, American announced an agreement to sell 12 of its 19 McDonnell Douglas MD-11 aircraft to Federal Express Corporation (FedEx). In March 1998, the Company exercised its option to sell its remaining seven MD-11 aircraft to FedEx. No significant gain or loss is expected to be recognized as a result of these transactions. Eight aircraft had been delivered as of December 31, 1999. The remaining 11 aircraft will be delivered between 2000 and 2002. The carrying value of the 11 remaining aircraft American has committed to sell was approximately $690 million as of December 31, 1999.

AMR and American have included event risk covenants in approximately $3.0 billion of indebtedness. These covenants permit the holders of such indebtedness to receive a higher rate of return (between 75 and 650 basis points above the stated rate) if a designated event, as defined, should occur and the credit rating of such indebtedness is downgraded below certain levels. The Company's March 15, 2000 distribution of its ownership interest in Sabre represents a designated event under these debt covenants. However, the Company has not received indication that the credit rating on any such indebtedness will be downgraded.

Special facility revenue bonds have been issued by certain municipalities, primarily to purchase equipment and improve airport facilities that are leased by American. In certain cases, the bond issue proceeds were loaned to American and are included in long-term debt. Certain bonds have rates that are periodically reset and are remarketed by various agents. In certain circumstances, American may be required to purchase up to $437 million of the special facility revenue bonds prior to scheduled maturity, in which case American has the right to resell the bonds or to use the bonds to offset its lease or debt obligations. American may borrow the purchase price of these bonds under standby letter of credit agreements. At American's option, these letters of credit are secured by funds held by bond trustees and by approximately $489 million of short-term investments.

4. LEASES

AMR's subsidiaries lease various types of equipment and property, including aircraft and airport and off-airport facilities. The future minimum lease payments required under capital leases, together with the present value of net minimum lease payments, and future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 1999, were (in millions):

Year Ending December 31,	Capital Leases	Operating Leases
2000	$ 347	$ 1,015
2001	329	1,006
2002	280	952
2003	198	965
2004	249	954
2005 and subsequent	1,081	12,169
	2,484(1)	$ 17,061(2)
Less amount representing interest	637	
Present value of net minimum lease payments	$ 1,847	

(1) Future minimum payments required under capital leases include $187 million guaranteed by AMR relating to special facility revenue bonds issued by municipalities.

(2) Future minimum payments required under operating leases include $6.5 billion guaranteed by AMR relating to special facility revenue bonds issued by municipalities.

At December 31, 1999, the Company had 205 jet aircraft and 71 turboprop aircraft under operating leases, and 79 jet aircraft and 61 turboprop aircraft under capital leases. The aircraft leases can generally be renewed at rates based on fair market value at the end of the lease term for one to five years. Most aircraft leases have purchase options at or near the end of the lease term at fair market value, but generally not to exceed a stated percentage of the defined lessor's cost of the aircraft or at a predetermined fixed amount.

During 1996, American made prepayments on the cancelable operating leases it had on 12 of its Boeing 767-300 aircraft. Upon the expiration of the amended leases, American can purchase the aircraft for a nominal amount. As a result, the aircraft were recorded as flight equipment under capital leases. During 1999, the Company exercised its option to purchase two of the Boeing 767-300 aircraft for a nominal fee. As such, these two aircraft were reclassified from flight equipment under capital leases to owned flight equipment.

Rent expense, excluding landing fees, was $1.3 billion for 1999 and $1.1 billion for 1998 and 1997.

5. INDEBTEDNESS

Long-term debt (excluding amounts maturing within one year) consisted of (in millions):

	December 31, 1999	December 31, 1998
Secured variable and fixed rate indebtedness due through 2015 (effective rates from 6.232% - 9.597% at December 31, 1999)	$ 2,556	$ 857
7.875% - 10.62% notes due through 2039	812	865
9.0% - 10.20% debentures due through 2021	437	437
6.0% - 7.10% bonds due through 2031	176	176
Variable rate indebtedness due through 2024 (3.55% at December 31, 1999)	86	86
Other	11	15
Long-term debt, less current maturities	$ 4,078	$ 2,436

Maturities of long-term debt (including sinking fund requirements) for the next five years are: 2000 - $302 million; 2001 - $516 million; 2002 - $150 million; 2003 - $116 million; 2004 - $123 million.

American has a $1.0 billion credit facility agreement that expires December 19, 2001. At American's option, interest on the agreement can be calculated on one of several different bases. For most borrowings, American would anticipate choosing a floating rate based upon the London Interbank Offered Rate (LIBOR). At December 31, 1999, no borrowings were outstanding under the agreement.

Certain debt is secured by aircraft, engines, equipment and other assets having a net book value of approximately $2.7 billion. In addition, certain of American's debt and credit facility agreements contain restrictive covenants, including a minimum net worth requirement, which could limit American's ability to pay dividends. At December 31, 1999, under the most restrictive provisions of those debt and credit facility agreements, approximately $2.6 billion of the retained earnings of American was available for payment of dividends to AMR.

Cash payments for interest, net of capitalized interest, were $237 million, $277 million and $411 million for 1999, 1998 and 1997, respectively.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As part of the Company's risk management program, AMR uses a variety of financial instruments, including interest rate swaps, fuel swap and option contracts and currency exchange agreements. The Company does not hold or issue derivative financial instruments for trading purposes.

NOTIONAL AMOUNTS AND CREDIT EXPOSURES OF DERIVATIVES

The notional amounts of derivative financial instruments summarized in the tables which follow do not represent amounts exchanged between the parties and, therefore, are not a measure of the Company's exposure resulting from its use of derivatives. The amounts exchanged are calculated based on the notional amounts and other terms of the instruments, which relate to interest rates, exchange rates or other indices.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company is exposed to credit losses in the event of non-performance by counterparties to these financial instruments, but it does not expect any of the counterparties to fail to meet its obligations. The credit exposure related to these financial instruments is represented by the fair value of contracts with a positive fair value at the reporting date, reduced by the effects of master netting agreements. To manage credit risks, the Company selects counterparties based on credit ratings, limits its exposure to a single counterparty under defined guidelines, and monitors the market position of the program and its relative market position with each counterparty. The Company also maintains industry-standard security agreements with the majority of its counterparties which may require the Company or the counterparty to post collateral if the value of these instruments falls below certain mark-to-market thresholds. As of December 31, 1999, no collateral was required under these agreements, and the Company does not expect to post collateral in the near future.

INTEREST RATE RISK MANAGEMENT

American enters into interest rate swap contracts to effectively convert a portion of its fixed-rate obligations to floating-rate obligations. These agreements involve the exchange of amounts based on a floating interest rate for amounts based on fixed interest rates over the life of the agreement without an exchange of the notional amount upon which the payments are based. The differential to be paid or received as interest rates change is accrued and recognized as an adjustment of interest expense related to the obligation. The related amount payable to or receivable from counterparties is included in current liabilities or assets. The fair values of the swap agreements are not recognized in the financial statements. Gains and losses on terminations of interest rate swap agreements are deferred as an adjustment to the carrying amount of the outstanding obligation and amortized as an adjustment to interest expense related to the obligation over the remaining term of the original contract life of the terminated swap agreement. In the event of the early extinguishment of a designated obligation, any realized or unrealized gain or loss from the swap would be recognized in income coincident with the extinguishment.

The following table indicates the notional amounts and fair values of the Company's interest rate swap agreements (in millions):

	December 31,			
	1999		1998	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest rate swap agreements	$ 696	$ (9)	$ 1,054	$ 38

The fair values represent the amount the Company would pay or receive if the agreements were terminated at December 31, 1999 and 1998, respectively.

At December 31, 1999, the weighted-average remaining life of the interest rate swap agreements in effect was 5.1 years. The weighted-average floating rates and fixed rates on the contracts outstanding were:

	December 31,	
	1999	1998
Average floating rate	5.855%	5.599%
Average fixed rate	6.593%	6.277%

Floating rates are based primarily on LIBOR and may change significantly, affecting future cash flows.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

FUEL PRICE RISK MANAGEMENT

American enters into fuel swap and option contracts to protect against increases in jet fuel prices. Under the fuel swap agreements, American receives or makes payments based on the difference between a fixed price and a variable price for certain fuel commodities. Under the fuel option agreements, American pays a premium to cap prices at a fixed level. The changes in market value of such agreements have a high correlation to the price changes of the fuel being hedged. Gains or losses on fuel hedging agreements are recognized as a component of fuel expense when the underlying fuel being hedged is used. Any premiums paid to enter into option contracts are recorded as a prepaid expense and amortized to fuel expense over the respective contract periods. Gains and losses on fuel hedging agreements would be recognized immediately should the changes in the market value of the agreements cease to have a high correlation to the price changes of the fuel being hedged. At December 31, 1999, American had fuel hedging agreements with broker-dealers on approximately two billion gallons of fuel products, which represents approximately 48 percent of its expected 2000 fuel needs and approximately 10 percent of its expected 2001 fuel needs. The fair value of the Company's fuel hedging agreements at December 31, 1999, representing the amount the Company would receive to terminate the agreements, totaled $232 million. At December 31, 1998, American had fuel hedging agreements with broker-dealers on approximately two billion gallons of fuel products, which represented approximately 48 percent of its expected 1999 fuel needs and approximately 19 percent of its expected 2000 fuel needs. The fair value of the Company's fuel hedging agreements at December 31, 1998, representing the amount the Company would pay to terminate the agreements, totaled $108 million.

FOREIGN EXCHANGE RISK MANAGEMENT

To hedge against the risk of future exchange rate fluctuations on a portion of American's foreign cash flows, the Company enters into various currency put option agreements on a number of foreign currencies. The option contracts are denominated in the same foreign currency in which the projected foreign cash flows are expected to occur. These contracts are designated and effective as hedges of probable quarterly foreign cash flows for various periods through December 31, 2000, which otherwise would expose the Company to foreign currency risk. Realized gains on the currency put option agreements are recognized as a component of passenger revenues. At December 31, 1999 and 1998, the notional amount related to these options totaled approximately $445 million and $597 million, respectively, and the fair value, representing the amount AMR would receive to terminate the agreements, totaled approximately $14 million and $10 million, respectively.

The Company has entered into Japanese yen currency exchange agreements to effectively convert certain yen-based lease obligations into dollar-based obligations. Changes in the value of the agreements due to exchange rate fluctuations are offset by changes in the value of the yen-denominated lease obligations translated at the current exchange rate. Discounts or premiums are accreted or amortized as an adjustment to interest expense over the lives of the underlying lease obligations. The related amounts due to or from counterparties are included in other liabilities or other assets. The net fair values of the Company's yen currency exchange agreements, representing the amount the Company would receive or pay to terminate the agreements, were (in millions):

	December 31,			
	1999		1998	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Japanese yen	33.6 billion	$ 41	33.7 billion	$ (5)

The exchange rates on the Japanese yen agreements range from 66.50 to 116.89 yen per U.S. dollar.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of the Company's long-term debt were estimated using quoted market prices where available. For long-term debt not actively traded, fair values were estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amounts and estimated fair values of the Company's long-term debt, including current maturities, were (in millions):

	December 31,			
	1999		1998	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured variable and fixed rate indebtedness	$ 2,651	$ 2,613	$ 890	$ 1,013
7.875% - 10.62% notes	1,014	1,024	875	973
9.0% - 10.20% debentures	437	469	437	531
6.0% - 7.10% bonds	176	174	176	189
Variable rate indebtedness	86	86	86	86
Other	16	16	20	20
	$ 4,380	$ 4,382	$ 2,484	$ 2,812

All other financial instruments, except for the investment in Equant, are either carried at fair value or their carrying value approximates fair value.

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), as amended, is required to be adopted in fiscal years beginning after June 15, 2000. SFAS 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company is currently evaluating the impact of SFAS 133 on the Company's financial condition and results of operations.

7. INCOME TAXES

The significant components of the income tax provision were (in millions):

	Year Ended December 31,		
	1999	1998	1997
Current	$ 167	$ 451	$ 206
Deferred	183	268	321
	$ 350	$ 719	$ 527

The income tax provision includes a federal income tax provision of $290 million, $628 million and $462 million and a state income tax provision of $49 million, $78 million and $56 million for the years ended December 31, 1999, 1998 and 1997, respectively.

7. INCOME TAXES (CONTINUED)

The income tax provision differed from amounts computed at the statutory federal income tax rate as follows (in millions):

	Year Ended December 31,		
	1999	1998	1997
Statutory income tax provision	$ 352	$ 641	$ 467
State income tax provision, net	32	51	36
Meal expense	19	18	20
Change in valuation allowance	(67)	(4)	--
Other, net	14	13	4
Income tax provision	$ 350	$ 719	$ 527

The change in valuation allowance in 1999 relates to the reversal of the Company's investment in Canadian (see Note 2). The change in valuation allowance in 1998 relates to the utilization of foreign tax credits.

The components of AMR's deferred tax assets and liabilities were (in millions):

	December 31,	
	1999	1998
Deferred tax assets:		
Postretirement benefits other than pensions	$ 614	$ 593
Rent expense	449	376
Frequent flyer obligation	307	258
Alternative minimum tax credit carryforwards	289	515
Gains from lease transactions	238	223
Other	520	359
Valuation allowance	-	(68)
Total deferred tax assets	2,417	2,256
Deferred tax liabilities:		
Accelerated depreciation and amortization	(3,381)	(3,044)
Pensions	(50)	(69)
Other	(220)	(170)
Total deferred tax liabilities	(3,651)	(3,283)
Net deferred tax liability	$ (1,234)	$ (1,027)

At December 31, 1999, AMR had available for federal income tax purposes approximately $289 million of alternative minimum tax credit carryforwards which are available for an indefinite period.

Cash payments for income taxes were $71 million, $408 million and $294 million for 1999, 1998 and 1997, respectively.

8. COMMON AND PREFERRED STOCK

The Company has 20 million shares of preferred stock (without par value) authorized at December 31, 1999 and 1998. On June 9, 1998, a two-for-one stock split in the form of a stock dividend was effective for shareholders of record on May 26, 1998. All prior period share and earnings per share amounts reflect the stock split.

9. STOCK AWARDS AND OPTIONS

Under the 1998 Long Term Incentive Plan, as amended, officers and key employees of AMR and its subsidiaries may be granted stock options, stock appreciation rights, restricted stock, deferred stock, stock purchase rights, other stock-based awards and/or performance-related awards, including cash bonuses. The total number of common shares authorized for distribution under the 1998 Long Term Incentive Plan is 10,000,000 shares. The 1998 Long Term Incentive Plan, the successor to the 1988 Long Term Incentive Plan, which expired May 18, 1998, will terminate no later than May 21, 2008. Options granted under the 1988 and 1998 Long Term Incentive Plans (collectively, the Plans) are awarded with an exercise price equal to the fair market value of the stock on date of grant, become exercisable in equal annual installments over five years following the date of grant and expire 10 years from the date of grant. Stock appreciation rights may be granted in tandem with options awarded.

In 1999, 1998 and 1997, the total charge for stock compensation expense included in wages, salaries and benefits expense was $53 million, $52 million and $67 million, respectively. No compensation expense was recognized for stock option grants under the Plans since the exercise price was the fair market value of the underlying stock on the date of grant.

Stock option activity was:

	Year Ended December 31,					
	1999		1998		1997	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at January 1	4,147,124	$ 46.60	3,506,774	$ 38.77	3,663,590	$ 33.59
Granted	1,539,585	63.19	1,216,720	63.01	895,480	52.28
Exercised	(258,875)	68.17	(470,810)	31.82	(985,776)	32.17
Canceled	(208,200)	49.96	(105,560)	42.34	(66,520)	33.82
Outstanding at December 31	5,219,634	$ 52.06	4,147,124	$ 46.60	3,506,774	$ 38.77
Exercisable options outstanding at December 31	2,012,889	$ 40.63	1,586,974	$ 36.49	1,615,020	$ 31.32

The following table summarizes information about the stock options outstanding at December 31, 1999:

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
$22-$33	671,114	3.38	$ 29.92	668,614	$ 29.94
$34-$42	1,093,575	5.92	37.84	744,935	37.68
$43-$52	1,009,400	8.18	50.59	356,240	49.72
$53-$62	1,131,155	9.25	58.77	118,040	58.14
$63-$73	1,314,390	9.08	70.55	125,060	72.94
	5,219,634	7.55	$ 52.06	2,012,889	$ 40.63

In May 1997, in conjunction with the labor agreement reached between American and members of the APA, the Company established the Pilots Stock Option Plan (The Pilot Plan). The Pilot Plan granted members of the APA the option to purchase 11.5 million shares of AMR stock at $41.69 per share, $5 less than the average fair market value of the stock on the date of grant, May 5, 1997. These shares were exercisable immediately.

9. STOCK AWARDS AND OPTIONS (CONTINUED)

Pilot Plan option activity was:

	Year Ended December 31,		
	1999	1998	1997
Outstanding at January 1	5,791,381	7,438,220	-
Granted	-	-	11,500,000
Exercised	(371,353)	(1,646,839)	(4,061,780)
Outstanding at December 31	5,420,028	5,791,381	7,438,220

The weighted-average grant date fair value of all stock option awards granted during 1999, 1998 and 1997 was $23.17, $21.15 and $11.00, respectively.

Shares of deferred stock are awarded at no cost to officers and key employees under the Plans' Career Equity Program and will be issued upon the individual's retirement from AMR or, in certain circumstances, will vest on a pro rata basis. Deferred stock activity was:

	Year Ended December 31,		
	1999	1998	1997
Outstanding at January 1	2,401,532	2,457,190	2,394,662
Granted	146,200	185,812	175,500
Issued	(122,042)	(190,911)	(67,340)
Canceled	(115,010)	(50,559)	(45,632)
Outstanding at December 31	2,310,680	2,401,532	2,457,190

The weighted-average grant date fair value of career equity awards granted during 1999, 1998 and 1997 was $63.54, $57.77 and $54.98, respectively.

A performance share plan was implemented in 1993 under the terms of which shares of deferred stock are awarded at no cost to officers and key employees under the Plans. The fair value of the performance shares granted is equal to the market price of the Company's stock at the date of grant. The shares vest over a three-year performance period based upon AMR's ratio of cash flow to adjusted gross assets. Performance share activity was:

	Year Ended December 31,		
	1999	1998	1997
Outstanding at January 1	1,565,616	1,737,274	1,679,460
Granted	509,822	644,680	808,736
Issued	(208,265)	(205,458)	(190,766)
Awards settled in cash	(513,370)	(522,234)	(513,064)
Canceled	(138,159)	(88,646)	(47,092)
Outstanding at December 31	1,215,644	1,565,616	1,737,274

The weighted-average grant date fair value of performance share awards granted during 1999, 1998 and 1997 was $62.95, $62.06 and $52.28, respectively.

There were approximately 20 million shares of AMR's common stock at December 31, 1999 reserved for the issuance of stock upon the exercise of options and the issuance of stock awards. See Note 12 for information regarding the impact on stock awards and options due to the Sabre spin-off.

9. STOCK AWARDS AND OPTIONS (CONTINUED)

The Company has adopted the pro forma disclosure features of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). As required by SFAS 123, pro forma information regarding income from continuing operations and earnings per share from continuing operations has been determined as if the Company had accounted for its employee stock options and awards granted subsequent to December 31, 1994 using the fair value method prescribed by SFAS 123. The fair value for the stock options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1999, 1998 and 1997: risk-free interest rates ranging from 5.01% to 6.07%; dividend yields of 0%; expected stock volatility ranging from 25.5% to 31.3%; and expected life of the options of 4.5 years for the Plans and 1.5 years for The Pilot Plan.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. In addition, because SFAS 123 is applicable only to options and stock-based awards granted subsequent to December 31, 1994, its pro forma effect is not fully reflected in years prior to 1999.

The following table shows the Company's pro forma income from continuing operations and earnings per share from continuing operations assuming the Company had accounted for its employee stock options using the fair value method (in millions, except per share amounts):

	Year Ended December 31,		
	1999	1998	1997
Income from continuing operations:			
As reported	$ 656	$ 1,114	$ 809
Pro forma	651	1,114	785
Basic earnings per share from continuing operations:			
As reported	$ 4.30	$ 6.60	$ 4.54
Pro forma	4.27	6.60	4.40
Diluted earnings per share from continuing operations:			
As reported	$ 4.17	$ 6.38	$ 4.43
Pro forma	4.14	6.38	4.30

10. RETIREMENT BENEFITS

All employees of American and employees of certain other subsidiaries are eligible to participate in pension plans. The defined benefit plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. Airline pilots and flight engineers also participate in defined contribution plans for which Company contributions are determined as a percentage of participant compensation.

In addition to pension benefits, other postretirement benefits, including certain health care and life insurance benefits, are also provided to retired employees. The amount of health care benefits is limited to lifetime maximums as outlined in the plan. Substantially all employees of American and employees of certain other subsidiaries may become eligible for these benefits if they satisfy eligibility requirements during their working lives.

Certain employee groups make contributions toward funding a portion of their retiree health care benefits during their working lives. AMR funds benefits as incurred and makes contributions to match employee prefunding.

10. RETIREMENT BENEFITS (CONTINUED)

The following table provides a reconciliation of the changes in the plans' benefit obligations and fair value of assets for the years ended December 31, 1999 and 1998, and a statement of funded status as of December 31, 1999 and 1998 (in millions):

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
Reconciliation of benefit obligation				
Obligation at January 1	$ 6,117	$ 5,666	$ 1,526	$ 1,356
Service cost	236	213	56	52
Interest cost	433	418	108	99
Actuarial loss (gain)	(849)	300	(311)	84
Plan amendments	75	--	--	--
Benefit payments	(388)	(464)	(70)	(65)
Curtailments/Special termination benefits	4	--	(3)	--
Settlements	--	(16)	--	--
Obligation at December 31	$ 5,628	$ 6,117	$ 1,306	$ 1,526
Reconciliation of fair value of plan assets				
Fair value of plan assets at January 1	$ 5,564	$ 5,127	$ 62	$ 49
Actual return on plan assets	7	850	1	4
Employer contributions	100	70	79	74
Benefit payments	(388)	(464)	(70)	(65)
Settlements	--	(16)	--	--
Transfers	(1)	(3)	--	--
Fair value of plan assets at December 31	$ 5,282	$ 5,564	$ 72	$ 62
Funded status				
Accumulated benefit obligation (ABO)	$ 4,700	$ 5,073	$ 1,306	$ 1,526
Projected benefit obligation (PBO)	5,628	6,117	--	--
Fair value of assets	5,282	5,564	72	62
Funded status at December 31	(346)	(553)	(1,234)	(1,464)
Unrecognized loss (gain)	288	651	(395)	(89)
Unrecognized prior service cost	139	68	(40)	(45)
Unrecognized transition asset	(7)	(11)	--	--
Prepaid (accrued) benefit cost	$ 74	$ 155	$ (1,669)	$ (1,598)

At December 31, 1999 and 1998, plan assets of approximately $71 million and $61 million, respectively, were invested in shares of mutual funds managed by a subsidiary of AMR.

10. RETIREMENT BENEFITS (CONTINUED)

The following tables provide the components of net periodic benefit cost for the years ended December 31, 1999, 1998 and 1997 (in millions):

	Pension Benefits		
	1999	1998	1997
Components of net periodic benefit cost			
Defined benefit plans:			
Service cost	$ 236	$ 213	$ 179
Interest cost	433	418	393
Expected return on assets	(514)	(478)	(421)
Amortization of:			
Transition asset	(4)	(11)	(12)
Prior service cost	5	4	4
Unrecognized net loss	21	22	26
Settlement loss	--	6	--
Net periodic benefit cost for defined benefit plans	177	174	169
Defined contribution plans	155	158	145
Total	$ 332	$ 332	$ 314

	Other Benefits		
	1999	1998	1997
Components of net periodic benefit cost			
Service cost	$ 56	$ 52	$ 44
Interest cost	108	99	92
Expected return on assets	(6)	(5)	(4)
Amortization of:			
Prior service cost	(5)	(5)	(5)
Unrecognized net gain	--	(2)	(9)
Net periodic benefit cost	$ 153	$ 139	$ 118

The following table provides the amounts recognized in the consolidated balance sheets as of December 31, 1999 and 1998 (in millions):

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
Prepaid benefit cost	$ 244	$ 297	$ --	$ --
Accrued benefit liability	(170)	(142)	(1,669)	(1,598)
Additional minimum liability	(15)	(13)	--	--
Intangible asset	13	7	--	--
Accumulated other comprehensive income	2	6	--	--
Net amount recognized	$ 74	$ 155	$ (1,669)	$ (1,598)

10. RETIREMENT BENEFITS (CONTINUED)

The following assumptions were used by the Company in the measurement of the benefit obligation as of December 31:

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
Weighted-average assumptions				
Discount rate	8.25%	7.00%	8.25%	7.00%
Salary scale	4.26	4.26	--	--
Expected return on plan assets	9.50	9.50	9.50	9.50

The assumed health care cost trend rate was five percent in 1999 and 1998, decreasing gradually to an ultimate rate of four percent by 2001.

A one percentage point change in the assumed health care cost trend rates would have the following effects (in millions):

	One percent increase	One percent decrease
Impact on 1999 service and interest cost	$ 24	$ (22)
Impact on postretirement benefit obligation as of December 31, 1999	$ 115	$ (105)

11. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in millions, except per share amounts):

	Year Ended December 31,		
	1999	1998	1997
NUMERATOR:			
Numerator for earnings per share -income from continuing operations	$ 656	$ 1,114	$ 809
DENOMINATOR:			
Denominator for basic earnings per share - weighted-average shares	152	169	178
Effect of dilutive securities:			
Employee options and shares	12	13	14
Assumed treasury shares purchased	(7)	(7)	(9)
Dilutive potential common shares	5	6	5
Denominator for diluted earnings per share - adjusted weighted-average shares	157	175	183
Basic earnings per share from continuing operations	$ 4.30	$ 6.60	$ 4.54
Diluted earnings per share from continuing operations	$ 4.17	$ 6.38	$ 4.43

12. DISCONTINUED OPERATIONS

During the first quarter of 1999, the Company completed the sales of AMR Services, AMR Combs and TeleService Resources. As a result of these sales, the Company recorded a gain of approximately $64 million, net of income taxes of approximately $19 million.

On February 7, 2000, the Company declared its intent to distribute AMR's entire ownership interest in Sabre as a dividend on all outstanding shares of its common stock. To effect the dividend, AMR exchanged all of its 107,374,000 shares of Sabre's Class B common stock for an equal number of shares of Sabre's Class A common stock. Effective after the close of business on March 15, 2000, AMR distributed 0.722652 shares of Sabre Class A common stock for each share of AMR stock owned by AMR's shareholders. The record date for the dividend of Sabre stock was the close of business on March 1, 2000. In addition, on February 18, 2000, Sabre paid a special one-time cash dividend of $675 million to shareholders of record of Sabre common stock at the close of business on February 15, 2000. Based upon its approximate 83 percent interest in Sabre, AMR received approximately $560 million of this dividend. These funds will be used for general corporate purposes. The dividend of AMR's entire ownership interest in Sabre's common stock resulted in a reduction to AMR's retained earnings in March of 2000 equal to the carrying value of the Company's investment in Sabre on March 15, 2000, which approximated $600 million. The fair market value of AMR's investment in Sabre on March 15, 2000, based upon the quoted market closing price of Sabre Class A common stock on the New York Stock Exchange, was approximately $5.2 billion. In addition, effective March 15, 2000, the Company reduced the exercise price and increased the number of stock options and awards by approximately 18 million to offset the dilution to the holders, which occurred as a result of the spin-off. These changes were made to keep the holders in the same economic position as before the spin-off. This dilution adjustment was determined in accordance with Emerging Issues Task Force Consensus No. 90-9, "Changes to Fixed Employee Stock Option Plans as a Result of Equity Restructuring," and will have no impact on earnings.

The results of operations for Sabre, AMR Services, AMR Combs and TeleService Resources have been reflected in the consolidated statements of operations as discontinued operations. Summarized financial information of the discontinued operations is as follows (in millions):

	Year Ended December 31,		
	1999	1998	1997
SABRE			
Revenues	$ 2,435	$ 2,306	$ 1,788
Minority interest	57	40	36
Income taxes	196	140	124
Net income	265	192	164
AMR SERVICES, AMR COMBS AND TELESERVICE RESOURCES			
Revenues	$ 97	$ 513	$ 518
Income taxes	-	7	10
Net income	-	8	12

The historical assets and liabilities of Sabre, AMR Services, AMR Combs and TeleService Resources, which have been reflected on a net basis in other assets on the consolidated balance sheets, are summarized as follows (in millions):

	December 31,		
	1999	1998	1997
Current assets	$ 976	$ 1,004	$ 967
Total assets	1,951	2,198	1,758
Current liabilities	525	434	359
Total liabilities, including minority interest	912	1,263	987
Net assets of discontinued operations	1,039	935	771

13. SEGMENT REPORTING

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131) requires that a public company report annual and interim financial and descriptive information about its reportable operating segments. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company has two primary operating segments, consisting primarily of American and AMR Eagle, which represent one reportable segment. American is one of the largest scheduled passenger airlines in the world. At the end of 1999, American provided scheduled jet service to more than 169 destinations throughout North America, the Caribbean, Latin America, Europe and the Pacific. American is also one of the largest scheduled air freight carriers in the world, providing a full range of freight and mail services to shippers throughout its system. AMR Eagle owns three regional airlines which operate as "American Eagle" -- American Eagle Airlines, Inc., Executive Airlines, Inc. and Business Express Airlines, Inc. (acquired in March 1999). The American Eagle carriers provide connecting service from seven of American's high-traffic cities to smaller markets throughout the United States, Canada, the Bahamas and the Caribbean.

Revenues from other segments below the quantitative threshold for determining reportable segments consist primarily of revenues from AMR Investment Services, Inc., Americas Ground Services and Airline Management Services. The difference between the financial information of the Company's one reportable segment and the financial information included in the consolidated statements of operations and balance sheets as a result of these entities is not material.

The Company's operating revenues by geographic region are summarized below (in millions):

	Year Ended December 31,		
	1999	1998	1997
Domestic	$ 12,563	$ 12,262	$ 11,750
Latin America	2,697	2,830	2,816
Europe	1,984	2,039	2,035
Pacific	486	385	356
Total consolidated revenues	$ 17,730	$ 17,516	$ 16,957

The Company attributes operating revenues by geographic region based upon the origin and destination of each flight segment. The Company's tangible assets consist primarily of flight equipment which is mobile across geographic markets and, therefore, has not been allocated.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

Unaudited summarized financial data by quarter for 1999 and 1998 (in millions, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1999*				
Operating revenues	$ 4,007	$ 4,541	$ 4,695	$ 4,487
Operating income	46	414	426	270
Income from continuing operations	17	216	213	210
Net earnings	158	268	279	280
Earnings per common share:				
Basic				
From continuing operations	0.11	1.41	1.42	1.42
Net earnings	0.99	1.76	1.86	1.89
Diluted				
From continuing operations	0.11	1.36	1.38	1.37
Net earnings	0.99	1.70	1.76	1.84
1998*				
Operating revenues	$ 4,242	$ 4,506	$ 4,601	$ 4,167
Operating income	434	614	634	306
Income from continuing operations	226	351	373	164
Net earnings	290	409	433	182
Earnings per common share:				
Basic				
From continuing operations	1.31	2.04	2.21	1.01
Net earnings	1.68	2.38	2.57	1.12
Diluted				
From continuing operations	1.26	1.97	2.14	0.98
Net earnings	1.62	2.30	2.49	1.09

* Results for 1998 have been restated for discontinued operations and the first, second and third quarters of 1999 have been restated from amounts previously reported for the discontinued operations of Sabre.

During the first quarter of 1999, the Company recorded an after-tax gain of approximately $64 million related to the sale of AMR Services, AMR Combs and TeleService Resources, and a $37 million after-tax gain related to the sale of a portion of the Company's holdings in Equant, of which approximately $18 million is recorded in income from discontinued operations (see Note 2). Results for the fourth quarter of 1999 include the following: (i) a $25 million after-tax gain related to the Company's sale of its investment in the preferred stock of Canadian and a $67 million tax benefit resulting from the tax loss on the Company's investment in Canadian (see Note 2), (ii) an after-tax gain of approximately $81 million related to the sale of a portion of the Company's holdings in Equant, of which approximately $53 million is recorded in income from discontinued operations (see Note 2), (iii) a $28 million after-tax increase in passenger revenue resulting from a change in estimate related to certain passenger revenues earned during the first nine months of 1999, and (iv) a $25 million after-tax provision for certain litigation settlements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 17, 2000. Information concerning the executive officers is included in Part I of this report on page 14.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 17, 2000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 17, 2000.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 17, 2000.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) The following financial statements and Independent Auditors' Report are filed as part of this report:

(2) The following financial statement schedule and Independent Auditors' Report are filed as part of this report:

Schedules not included have been omitted because they are not applicable or because the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits required to be filed by Item 601 of Regulation S-K. (Where the amount of securities authorized to be issued under any of AMR's long-term debt agreements does not exceed 10 percent of AMR's assets, pursuant to paragraph (b)(4) of Item 601 of Regulation S-K, in lieu of filing such as an exhibit, AMR hereby agrees to furnish to the Commission upon request a copy of any agreement with respect to such long-term debt.)

EXHIBIT	
3.1	Restated Certificate of Incorporation of AMR, incorporated by reference to AMR's Registration Statement on Form S-4, file number 33-55191.
3.2	Bylaws of AMR, amended as of November 18, 1998, incorporated by reference to Exhibit 3.2 to AMR's report on Form 10-K for the year ended December 31, 1998.
3.3	Bylaws of AMR, amended as of January 19, 2000.
10.1	Employment Agreement among AMR, American Airlines and Robert L. Crandall, dated January 1, 1988, incorporated by reference to Exhibit 10(t) to AMR's report on Form 10-Q for the period ended March 31, 1988; amendments thereto incorporated by reference to Exhibit 10(ff) to AMR's report on Form 10-K for the year ended December 31, 1989, Exhibit 10(tt) to AMR's report on Form 10-K for the year ended December 31, 1990, Exhibit 10(uu) to AMR's report on Form 10-Q for the period ended June 30, 1992, and Exhibit 10(ooo) to AMR's report on Form 10-Q for the period ended March 31, 1995.
10.2	Amended and Restated Employment Agreement among AMR, American Airlines and Robert L. Crandall, dated January 21, 1998, incorporated by reference to Exhibit 10.2 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.3	Compensation and Benefit Agreement relative to the retirement of Robert L. Crandall, between AMR and Robert L. Crandall, dated September 18, 1998, incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.4	Irrevocable Executive Trust Agreement, dated as of May 1, 1992, between AMR and Wachovia Bank of North Carolina N.A., incorporated by reference to Exhibit 10(vv) to AMR's report on Form 10-K for the year ended December 31, 1992.
10.5	Deferred Compensation Agreement, dated April 14, 1973, as amended March 1, 1975, between American and Robert L. Crandall, incorporated by reference to Exhibit 10(c)(7) to American's Registration Statement No. 2-76709.
10.6	Form of Executive's Termination Benefits Agreement incorporated by reference to Exhibit 10(p) to AMR's report on Form 10-K for the year ended December 31, 1985.

10.7	Management Severance Allowance, dated as of February 23, 1990, for levels 1-4 employees of American Airlines, Inc., incorporated by reference to Exhibit 10(oo) to AMR's report on Form 10-K for the year ended December 31, 1989.
10.8	Management Severance Allowance, dated as of February 23, 1990, for level 5 and above employees of American Airlines, Inc., incorporated by reference to Exhibit 10(pp) to AMR's report on Form 10-K for the year ended December 31, 1989.
10.9	Description of informal arrangement relating to deferral of payment of directors' fees, incorporated by reference to Exhibit 10(c)(11) to American's Registration Statement No. 2-76709.
10.10	Directors Stock Equivalent Purchase Plan, incorporated by reference to Exhibit 10(gg) to AMR's report on Form 10-K for the year ended December 31, 1989.
10.11	Directors Stock Incentive Plan dated May 18, 1994, as amended, incorporated by reference to Exhibit 10.9 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.13	Deferred Compensation Agreement, dated as of December 27, 1995, between AMR and Howard P. Allen, incorporated by reference to Exhibit 10(sss) to AMR's report on Form 10-K for the year ended December 31, 1995.
10.14	Deferred Compensation Agreement, dated as of January 31, 1990, between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10(hh) to AMR's report on Form 10-K for the year ended December 31, 1989.
10.15	Deferred Compensation Agreement, dated as of June 1, 1998, between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10.15 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.15(a)	Deferred Compensation Agreement, dated as of January 11, 2000, between AMR and Edward A. Brennan.
10.16	Deferred Compensation Agreement, dated as of February 7, 1996, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10(ttt) to AMR's report on Form 10-K for the year ended December 31, 1995.
10.17	Deferred Compensation Agreement, dated as of February 10, 1997, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.13 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.18	Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.15 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.19	Deferred Compensation Agreement, dated as of January 13, 1999, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.19 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.20	Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Armando M. Codina.
10.21	Deferred Compensation Agreement, dated as of February 23, 1996, between AMR and Charles H. Pistor, Jr., incorporated by reference to Exhibit 10(vvv) to AMR's report on Form 10-K for the year ended December 31, 1995.

10.22	Deferred Compensation Agreement, dated as of January 30, 1997, between AMR and Charles H. Pistor, Jr., incorporated by reference to Exhibit 10.17 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.23	Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Charles H. Pistor, Jr., incorporated by reference to Exhibit 10.21 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.24	Deferred Compensation Agreement, dated as of January 7, 1999, between AMR and Charles H. Pistor, Jr., incorporated by reference to Exhibit 10.27 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.25	Deferred Compensation Agreement, dated as of January 24, 2000, between AMR and Charles H. Pistor, Jr.
10.26	Deferred Compensation Agreement, dated as of July 16, 1997, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.22 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.27	Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.23 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.28	Deferred Compensation Agreement, dated as of January 7, 1999, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.29	Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Judith Rodin.
10.30	Description of American's Split Dollar Insurance Program, dated December 28, 1977, incorporated by reference to Exhibit 10(c)(1) to American's Registration Statement No. 2-76709.
10.31	AMR Corporation 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10(t) to AMR's report on Form 10-K for the year ended December 31, 1988.
10.32	Amendment to AMR's 1988 Long-term Incentive Plan dated May 18, 1994, incorporated by reference to Exhibit A to AMR's definitive proxy statement with respect to the annual meeting of stockholders held on May 18, 1994.
10.33	AMR Corporation 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.34 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.34	Form of Stock Option Agreement for Corporate Officers under the AMR 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10(rr) to AMR's report on Form 10-K for the year ended December 31, 1990.
10.35	Current form of Stock Option Agreement under the AMR 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.28 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.36	Current form of Stock Option Agreement under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.37 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.37	Current form of Stock Option Agreement under the AMR 1998 Long-Term Incentive Plan.

10.38	Form of Career Equity Program Agreement, incorporated by reference to Exhibit 10(nnn) to AMR's report on Form 10-K for the year ended December 31, 1994.
10.39	Current Form of Career Equity Program Deferred Stock Award Agreement for Corporate Officers under the AMR 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.40	Current form of Career Equity Program Deferred Stock Award Agreement for non-officers under the AMR 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.31 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.41	Current Form of Career Equity Program Deferred Stock Award Agreement for Corporate Officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.41 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.42	Current form of Career Equity Program Deferred Stock Award Agreement for non-officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.42 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.43	Current form of Career Equity Program Deferred Stock Award Agreement for Senior Officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.42(a) to AMR's report on Form 10-K for the year ended December 31, 1998.
10.44	Current form of Career Equity Program Deferred Stock Award Agreement for Employees under the AMR 1998 Long-Term Incentive Plan.
10.45	Form of Guaranty to Career Equity Program under the AMR 1988 Long-Term Incentive Plan, incorporated by reference to Exhibit 10(ccc) to AMR's report on Form 10-K for the year ended December 31, 1993.
10.46	Performance Share Program for the years 1994 to 1996 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10(lll) to AMR's report on Form 10-K for the year ended December 31, 1994.
10.47	Performance Share Program for the years 1995 to 1997 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10(ooo) to AMR's report on Form 10-K for the year ended December 31, 1995.
10.48	Performance Share Program for the years 1996 to 1998 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.49	Performance Share Program for the years 1997 to 1999 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10.27 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.50	Form of Performance Share Program for the years 1997 to 1999 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10.37 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.51	Performance Share Program for the years 1998 to 2000 under the 1988 Long-term Incentive Program, incorporated by reference to Exhibit 10.38 to AMR's report on Form 10-K for the year ended December 31, 1997.

10.52	Performance Share Program for the years 1999 to 2001 under the 1998 Long-term Incentive Program, incorporated by reference to Exhibit 10.50 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.53	Performance Share Program for the years 2000 to 2002 under the 1998 Long-term Incentive Program.
10.54	American Airlines, Inc. Supplemental Executive Retirement Program, as amended January 1997, incorporated by reference to Exhibit 10.28 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.55	AMR Corporation 1987 Executive Deferral Plan, as amended through 1999, incorporated by reference to Exhibit 10.52 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.56	American Airlines, Inc. 1996 Employee Profit Sharing Plan, incorporated by reference to Exhibit 10.29 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.57	American Airlines, Inc. 1997 Employee Profit Sharing Plan, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.58	American Airlines, Inc. 1998 Employee Profit Sharing Plan, incorporated by reference to Exhibit 10.43 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.59	American Airlines, Inc. 1999 Employee Profit Sharing Plan, incorporated by reference to Exhibit 10.56 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.60	American Airlines, Inc. 2000 Employee Profit Sharing Plan.
10.61	American Airlines, Inc. 1996 Incentive Compensation Plan for Officers and Key Employees, incorporated by reference to Exhibit 10(qqq) to AMR's report on Form 10-K for the year ended December 31, 1995.
10.62	American Airlines, Inc. 1997 Incentive Compensation Plan for Officers and Key Employees, incorporated by reference to Exhibit 10.32 to AMR's report on Form 10-K for the year ended December 31, 1996.
10.63	American Airlines, Inc. 1998 Incentive Compensation Plan for Officers and Key Employees, incorporated by reference to Exhibit 10.46 to AMR's report on Form 10-K for the year ended December 31, 1997.
10.64	American Airlines, Inc. 1999 Incentive Compensation Plan for Officers and Key Employees, incorporated by reference to Exhibit 10.60 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.65	American Airlines, Inc. 2000 Incentive Compensation Plan for Officers and Key Employees.
10.66	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Gerard J. Arpey, dated May 21, 1998, incorporated by reference to Exhibit 10.61 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.67	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Robert W. Baker, dated May 21, 1998, incorporated by reference to Exhibit 10.62 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.68	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Peter M. Bowler, dated May 21, 1998, incorporated by reference to Exhibit 10.63 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.69	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Donald J. Carty, dated May 21, 1998, incorporated by reference to Exhibit 10.64 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.70	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Peter J. Dolara, dated May 21, 1998, incorporated by reference to Exhibit 10.65 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.71	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Daniel P. Garton, dated May 21, 1998, incorporated by reference to Exhibit 10.66 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.72	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Michael W. Gunn, dated May 21, 1998, incorporated by reference to Exhibit 10.67 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.73	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Thomas W. Horton, dated January 19, 2000.
10.74	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Henry C. Joyner, dated January 19, 2000.
10.75	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Thomas J. Kiernan, dated May 21, 1998, incorporated by reference to Exhibit 10.68 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.76	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and David L. Kruse, dated May 21, 1998, incorporated by reference to Exhibit 10.69 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.77	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Charles D. MarLett, dated May 21, 1998, incorporated by reference to Exhibit 10.70 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.78	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Anne H. McNamara, dated May 21, 1998, incorporated by reference to Exhibit 10.71 to AMR's report on Form 10-K for the year ended December 31, 1998.
10.79	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and William K. Ris, Jr., dated October 20, 1999.
10.80	Aircraft Sales Agreement by and between American Airlines, Inc. and Federal Express Corporation, dated April 7, 1995, incorporated by reference to Exhibit 10(rrr) to AMR's report on Form 10-K for the year ended December 31, 1995. Confidential treatment was granted as to a portion of this document.
10.81	Aircraft Purchase Agreement by and between American Airlines, Inc. and The Boeing Company, dated October 31, 1997, incorporated by reference to Exhibit 10.48 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.

10.82	Aircraft Purchase Agreement by and between AMR Eagle Holding Corporation and Bombardier Inc., dated January 31, 1998, incorporated by reference to Exhibit 10.49 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.
10.83	Aircraft Purchase Agreement by and between AMR Eagle, Inc. and Embraer-Empresa Brasileira de Aeronautica S.A., dated December 22, 1997, incorporated by reference to Exhibit 10.50 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.
10.84	Aircraft Purchase Agreement by and between AMR Eagle Holding Corporation and Embraer-Empresa Brasileira de Aeronautica S.A., dated September 30, 1998, incorporated by reference to Exhibit 10.76 to AMR's report on Form 10-K for the year ended December 31, 1998. Confidential treatment was granted as to a portion of this document.
12	Computation of ratio of earnings to fixed charges for the years ended December 31, 1995, 1996, 1997, 1998 and 1999
21	Significant subsidiaries of the registrant as of December 31, 1999.
23	Consent of Independent Auditors.
27.1	Financial Data Schedule as of December 31, 1999.
27.2	Restated Financial Data Schedule as of December 31, 1998.
27.3	Restated Financial Data Schedule as of December 31, 1997.

(b) Reports on Form 8-K:

On December 15, 1999, AMR filed a report on Form 8-K relative to a press release issued to announce that the Company intends to distribute in the first quarter of 2000 all of its remaining ownership in Sabre Holdings Corporation.

On December 20, 1999, AMR filed a report on Form 8-K relative to a statement issued by Don Carty, Chairman and Chief Executive Officer of the Company and American Airlines, Inc., regarding the Company's plea agreement to the illegal storage of hazardous materials at the Company's facilities at Miami International Airport.

On January 20, 2000, AMR filed a report on Form 8-K relative to a press release issued to report the Company's fourth quarter and full year 1999 earnings.

On February 9, 2000, AMR filed a report on Form 8-K relative to a press release issued to announce that the Company declared on February 7, 2000, its intent to distribute a dividend on all outstanding shares of AMR's common stock and to set the timeline for the Sabre spin-off.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMR CORPORATION

/s/ Donald J. Carty
- ---
Donald J. Carty
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

/s/ Thomas W. Horton
- ---
Thomas W. Horton
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 27, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates noted:

Directors:

/s/ David L. Boren	/s/ Ann D. McLaughlin
David L. Boren	Ann D. McLaughlin
/s/ Edward A. Brennan	/s/ Charles H. Pistor, Jr.
Edward A. Brennan	Charles H. Pistor, Jr.
/s/ Armando M. Codina	/s/ Philip J. Purcell
Armando M. Codina	Philip J. Purcell
/s/ Earl G. Graves	/s/ Joe M. Rodgers
Earl G. Graves	Joe M. Rodgers
/s/ Dee J. Kelly	/s/ Judith Rodin
Dee J. Kelly	Judith Rodin

Date: March 27, 2000

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
AMR Corporation

We have audited the consolidated financial statements of AMR Corporation as of December 31, 1999 and 1998, and for each of the three years in the period ended December 31, 1999, and have issued our report thereon dated January 17, 2000, except for the second paragraph of Note 12, for which the date is March 15, 2000. Our audits also included Schedule II - Valuation and Qualifying Accounts and Reserves. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

2121 San Jacinto
Dallas, Texas 75201
January 17, 2000, except for the second
paragraph of Note 12, for which the
date is March 15, 2000.

AMR CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(IN MILLIONS)

	BALANCE AT BEGINNING OF YEAR	INCREASES CHARGED TO INCOME STATEMENT ACCOUNTS	PAYMENTS	WRITE-OFFS (NET OF RECOVERIES)	SALES, RETIRE-MENTS AND TRANSFERS	BALANCE AT END OF YEAR
YEAR ENDED DECEMBER 31, 1999						
Allowance for obsolescence of inventories	$ 214	$ 59	$ --	$ --	$ 6	$ 279
Allowance for uncollectible accounts	19	34	--	4	--	57
Reserves for environmental remediation costs	23	48	(6)	--	--	65
Reserves for litigation	--	39	(8)	--	--	31
YEAR ENDED DECEMBER 31, 1998						
Allowance for obsolescence of inventories	203	40	--	--	(29)	214
Allowance for uncollectible accounts	9	12	--	(2)	--	19
Reserves for environmental remediation costs	14	12	(3)	--	--	23
YEAR ENDED DECEMBER 31, 1997						
Allowance for obsolescence of inventories	212	36	--	--	(45)	203
Allowance for uncollectible accounts	7	11	--	(9)	--	9
Reserves for environmental remediation costs	18	--	(4)	--	--	14

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.3	Bylaws of AMR, amended as of January 19, 2000.
10.15(a)	Deferred Compensation Agreement, dated as of January 11, 2000, between AMR and Edward A. Brennan.
10.20	Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Armando M. Codina.
10.25	Deferred Compensation Agreement, dated as of January 24, 2000, between AMR and Charles H. Pistor, Jr.
10.29	Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Judith Rodin.
10.37	Current form of Stock Option Agreement under the AMR 1998 Long-Term Incentive Plan.
10.44	Current form of Career Equity Program Deferred Stock Award Agreement for Employees under the AMR 1998 Long-Term Incentive Plan.
10.53	Performance Share Program for the years 2000 to 2002 under the 1998 Long-term Incentive Program.
10.60	American Airlines, Inc. 2000 Employee Profit Sharing Plan.
10.65	American Airlines, Inc. 2000 Incentive Compensation Plan for Officers and Key Employees.
10.73	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Thomas W. Horton, dated January 19, 2000.
10.74	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Henry C. Joyner, dated January 19, 2000.
10.79	Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and William K. Ris, Jr., dated October 20, 1999.
12	Computation of ratio of earnings to fixed charges for the years ended December 31, 1995, 1996, 1997, 1998 and 1999
21	Significant subsidiaries of the registrant as of December 31, 1999.
23	Consent of Independent Auditors.
27.1	Financial Data Schedule as of December 31, 1999.
27.2	Restated Financial Data Schedule as of December 31, 1998.
27.3	Restated Financial Data Schedule as of December 31, 1997.

Exhibit 3.3

AMR CORPORATION

BYLAWS

(As amended January 19, 2000)

ARTICLE I

Offices

The registered office of the corporation in the State of Delaware is to be located in the City of Wilmington, County of New Castle. The corporation may have other offices within and without the State of Delaware.

ARTICLE II

Meetings of Stockholders

Section l. Annual Meetings. An annual meeting of stockholders to elect directors and to take action upon such other matters as may properly come before the meeting shall be held on the third Wednesday in May of each year, or on such other day, and at such time and at such place, within or without the State of Delaware, as the board of directors or the chairman of the board may from time to time fix.

Any stockholder wishing to bring a matter before an annual meeting must notify the secretary of the corporation of such fact not less than sixty nor more than ninety days before the date of the meeting. Such notice shall be in writing and shall set forth the business proposed to be brought before the meeting, shall identify the stockholder and shall disclose the stockholder's interest in the proposed business.

Section 2. Special Meetings. A special meeting of stockholders shall be called by the secretary upon receipt of a request in writing of the board of directors, the chairman of the board or the president. Any such meeting shall be held at the principal business office of the corporation unless the board shall name another place therefor, at the time specified by the body or persons calling such meeting.

Section 3. Nominees For Election As Director. Nominations for election as director, other than those made by or at the direction of the board of directors, must be made by timely notice to the secretary, setting forth as to each nominee the information required to be included in a proxy statement under the proxy rules of the Securities and Exchange Commission. If such election is to occur at an annual meeting of stockholders, notice shall be timely if it meets the requirements of such proxy rules for proposals of security holders to be presented at an annual meeting. If such election is to occur at a special meeting of stockholders, notice shall be timely if received not less than ninety days prior to such meeting.

Section 4. Notice of Meetings. Written notice of each meeting of stockholders shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, such notice shall be mailed, postage prepaid, to each stockholder entitled to vote at such meeting, at his address as it appears on the records of the corporation, not less than ten nor more than sixty days before the date of the meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty days or a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. Chairman and Secretary at Meetings. At any meeting of stockholders the chairman of the board, or in his absence, the president, or if neither such person is available, then a person designated by the board of directors, shall preside at and act as chairman of the meeting. The secretary, or in his absence a person designated by the chairman of the meeting, shall act as secretary of the meeting.

Section 6. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 7. Quorum. At all meetings of the stockholders the holders of one-third of the number of shares of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum requisite for the election of directors and the transaction of other business, except as otherwise provided by law or by the certificate of incorporation or by any resolution of the board of directors creating any series of Preferred Stock.

If holders of the requisite number of shares to constitute a quorum shall not be present in person or represented by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time until a quorum shall be present or represented. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Voting. At any meeting of stockholders, except as otherwise provided by law or by the certificate of incorporation or by any resolution of the board of directors creating any series of Preferred Stock:

(a) Each holder of record of a share or shares of stock on the record date for determining stockholders entitled to vote at such meeting shall be entitled to one vote in person or by proxy for each share of stock so held.

(b) Directors shall be elected by a plurality of the votes cast by the holders of Common Stock, present in person or by proxy.

(c) Each other question properly presented to any meeting of stockholders shall be decided by a majority of the votes cast on the question entitled to vote thereon.

(d) Elections of directors shall be by ballot but the vote upon any other question shall be by ballot only if so ordered by the chairman of the meeting or if so requested by stockholders, present in person or represented by proxy, entitled to vote on the question and holding at least l0% of the shares so entitled to vote.

Section 9. Action By Written Consent. Any stockholder seeking to act by written consent of stockholders shall notify the secretary in writing of such intent and shall request the board of directors to fix a record date for determining the stockholders entitled to vote by consent. The notice shall specify the actions sought to be taken and, if the election of one or more individuals as director is sought, shall include as to each nominee the information required to be included in a proxy statement under the proxy rules of the Securities and Exchange Commission. Such record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors.

The board of directors shall promptly, but in all events within ten (10) days after the date on which the written request for fixing a record date was received by the secretary, adopt a resolution fixing the record date. If no record date has been fixed by the board of directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to vote by consent, when no prior action by the board of directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken was delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by applicable law, the record date for determining stockholders entitled to vote by consent shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action.

Section l0. List of Stockholders. At least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder shall be prepared. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 11. Judges of Election. Whenever a vote at a meeting of stockholders shall be by ballot, or whenever written consent to action is sought, the proxies and ballots or consents shall be received and taken charge of, and all questions touching on the qualification of voters and the validity of proxies and consents and the acceptance and rejection of votes shall be decided by two judges of election. In the case of a meeting of stockholders, such judges of election shall be appointed by the board of directors before or at the meeting, and if no such appointment shall have been made, then by the stockholders at the meeting. In the case of a solicitation of consents, such judges of election shall be appointed by the board of directors on or before the record date for determining the stockholders entitled to vote by consent, and if no such appointment shall have been made, then by the chairman of the board or the president. If for any reason either of the judges of election previously appointed shall fail to attend or refuse or be unable to serve, a judge of election in place of any so failing to attend or refusing or unable to serve, shall be appointed by the board of directors, the stockholders at the meeting, the chairman of the board or the president.

ARTICLE III

Directors: Number, Election, Etc.

Section 1. Number. The board of directors shall consist of such number of members, not less than three, as the board of directors may from time to time determine by resolution, plus such additional persons as the holders of the Preferred Stock may be entitled from time to time, pursuant to the provisions of any resolution of the board of directors creating any series of Preferred Stock, to elect to the board of directors.

Section 2. Election, Term, Vacancies. Directors shall be elected each year at the annual meeting of stockholders, except as hereinafter provided, and shall hold office until the next annual election and until their successors are duly elected and qualified. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum.

Section 3. Resignation. Any director may resign at any time by giving written notice of such resignation to the board of directors, the chairman of the board, the president or the secretary. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon the receipt thereof by the board of directors or one of the above-named officers and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal. Any director may be removed from office at any time, with or without cause, by a vote of a majority of a quorum of the stockholders entitled to vote at any regular meeting or at any special meeting called for the purpose.

Section 5. Fees and Expenses. Directors shall receive such fees and expenses as the board of directors shall from time to time prescribe.

ARTICLE IV

Meetings of Directors

Section l. Regular Meetings. Regular meetings of the board of directors shall be held at the principal office of the corporation, or at such other place (within or without the State of Delaware), and at such time, as may from time to time be prescribed by the board of directors or stockholders. A regular annual meeting of the board of directors for the election of officers and the transaction of other business shall be held on the same day as the annual meeting of the stockholders or on such other day and at such time and place as the board of directors shall determine. No notice need be given of any regular meeting.

Section 2. Special Meetings. Special meetings of the board of directors may be held at such place (within or without the State of Delaware) and at such time as may from time to time be determined by the board of directors or as may be specified in the call and notice of any meeting. Any such meeting shall be held at the call of the chairman of the board, the president, a vice president, the secretary, or two or more directors. Notice of a special meeting of directors shall be mailed to each director at least three days prior to the meeting date, provided that in lieu thereof, notice may be given to each director personally or by telephone, or dispatched by telegraph, at least one day prior to the meeting date.

Section 3. Waiver of Notice. In lieu of notice of meeting, a waiver thereof in writing, signed by the person or persons entitled to said notice whether before or after the time stated therein, shall be deemed equivalent thereto. Any director present in person at a meeting of the board of directors shall be deemed to have waived notice of the time and place of meeting.

Section 4. Action Without Meeting. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board of directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the board of directors or of such committee.

Section 5. Quorum. At all meetings of the board, one-third of the total number of directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by law.

If at any meeting there is less than a quorum present, a majority of those present (or if only one be present, then that one), may adjourn the meeting from time to time without further notice other than announced at the meeting until a quorum is present. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally scheduled.

Section 6. Business Transacted. Unless otherwise indicated in the notice of meeting or required by law, the certificate of incorporation or bylaws of the corporation, any and all business may be transacted at any directors' meeting.

ARTICLE V

Powers of the Board of Directors

The management of all the property and business of the corporation and the regulation and government of its affairs shall be vested in the board of directors. In addition to the powers and authorities by these bylaws and the certificate of incorporation expressly conferred on them, the board of directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by law, or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

ARTICLE VI

Committees

Section l. Executive Committee. The board of directors may, by resolution passed by a majority of the whole board, designate an executive committee, to consist of three or more members. The chief executive officer plus one other member of the executive committee shall constitute a quorum.

The executive committee shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, with the exception of such powers and authority as may be specifically reserved to the board of directors by law or by resolution adopted by the board of directors.

Section 2. Audit Committee. The board of directors may, by resolution passed by a majority of the whole board, designate an audit committee, to consist of three or more members, none of the members of which shall be employees or officers of the corporation. A majority of the members of the audit committee shall constitute a quorum.

The audit committee shall from time to time review and make recommendations to the board of directors with respect to the selection of independent auditors, the fees to be paid such auditors, the adequacy of the audit and accounting procedures of the corporation, and such other matters as may be specifically delegated to the committee by the board of directors. In this connection the audit committee shall, at its request, meet with representatives of the independent auditors and with the financial officers of the corporation separately or jointly.

Section 3. Compensation/Nominating Committee. The board of directors may, by resolution passed by a majority of the whole board, designate a compensation/nominating committee, to consist of three or more members of the board of directors, except that no member of the compensation/nominating committee may (i) be an employee or officer of the corporation or (ii) maintain a relationship with the Corporation that would cause such member to be ineligible for membership on the compensation/nominating committee pursuant to rules or regulations adopted by the Securities and Exchange Commission, the Internal Revenue Service or any other governmental agency. A majority of the members of the compensation/nominating committee shall constitute a quorum.

The compensation/nominating committee shall from time to time review and make recommendations to the board of directors with respect to the management remuneration policies of the corporation including but not limited to salary rates and fringe benefits of elected officers, other remuneration plans such as incentive compensation, deferred compensation and stock option plans, directors' compensation and benefits. The compensation/nominating committee shall also make recommendations to the board of directors (i) concerning suitable candidates for election to the board, (ii) regarding assignments to board committees, and (iii) with respect to promotions, changes and succession among the senior management of the corporation and such other matters as may be specifically delegated to the committee by the board of directors.

Section 4. Governance Committee. The board of directors may, by resolution passed by a majority of the whole board, designate a governance committee, to consist of three or more members, none of the members of which shall be employees or officers of the corporation. A majority of the members of the nominating and governance committee shall constitute a quorum.

The governance committee shall make recommendations to the board of directors concerning the practices and procedures for the proper and efficient management of the board of directors as determined by the committee. The governance committee shall perform such other duties as may be specifically delegated to the committee by the board of directors.

Section 5. Committee Procedure, Seal.

(a) The executive, compensation/nominating, governance, and audit committees shall keep regular minutes of their meetings, which shall be reported to the board of directors, and shall fix their own rules of procedures.

(b) The executive, compensation/nominating, governance, and audit committees may each authorize the seal of the corporation to be affixed to all papers which may require it.

(c) In the absence, or disqualification, of a member of any committee, the members of that committee present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of such absent or disqualified member.

Section 6. Special Committees. The board of directors may, from time to time, by resolution passed by a majority of the whole board, designate one or more special committees. Each such committee shall have such duties and may exercise such powers as are granted to it in the resolution designating the members thereof. Each such committee shall fix its own rules of procedure.

ARTICLE VII

Indemnification

Section l. Nature of Indemnity. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was or has agreed to become a director or officer of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action by reason of the fact that he is or was or has agreed to become an employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful; except that in the case of an action or suit by or in the right of the corporation to procure a judgment in its favor (l) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Successful Defense. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section l hereof or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. Determination That Indemnification Is Proper.

(a) Any indemnification of a director or officer of the corporation under Section l hereof (unless ordered by a court) shall be made by the corporation unless a determination is made that indemnification of the director or officer is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Section l hereof. Such determination shall be made, with respect to a director or officer, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(b) Any indemnification of an employee or agent of the corporation (who is not also a director or officer of the corporation) under Section l hereof (unless ordered by a court) may be made by the corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section l hereof. Such determination, in the case of an employee or agent, may be made (1) in accordance with the procedures outlined in the second sentence of Section 3(a), or (2) by an officer of the corporation, upon delegation of such authority by a majority of the Board of Directors.

Section 4. Advance Payment of Expenses. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate. The board of directors may authorize the corporation's counsel to represent a director, officer, employee or agent in any action, suit or proceeding, whether or not the corporation is a party to such action, suit or proceeding.

Section 5. Procedure for Indemnification of Directors or Officers. Any indemnification of a director or officer of the corporation under Sections l and 2, or advance of costs, charges and expenses of a director or officer under Section 4 of this Article, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer. If the corporation fails to respond within 60 days, then the request for indemnification shall be deemed to be approved. The right to indemnification or advances as granted by this Article shall be enforceable by the director or officer in any court of competent jurisdiction if the corporation denies such request, in whole or in part. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 4 of this Article where the required undertaking, if any, has been received by the corporation) that the claimant has not met the standard of conduct set forth in Section l of this Article, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors or a committee thereof, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Section l of this Article, nor the fact that there has been an actual determination by the corporation (including its board of directors or a committee thereof, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6. Survival; Preservation of Other Rights.

The foregoing indemnification provisions shall be deemed to be a contract between the corporation and each director, officer, employee and agent who serves in such capacity at any time while these provisions as well as the relevant provisions of the Delaware Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit, or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Insurance. The corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the entire board of directors.

Section 8. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE VIII

Officers

Section 1. General. The officers of the corporation shall be the chairman of the board, a vice-chairman, president, one or more vice presidents (including executive vice presidents and senior vice presidents), a secretary, a controller, a treasurer, and such other subordinate officers as may from time to time be designated and elected by the board of directors.

Section 2. Other Offices. The chairman of the board shall be chosen by the board of directors from among their own number. The other officers of the corporation may or may not be directors.

Section 3. Term. Officers of the corporation shall be elected by the board of directors and shall hold their respective offices during the pleasure of the board and any officer may be removed at any time, with or without cause, by a vote of the majority of the directors. Each officer shall hold office from the time of his appointment and qualification until the next annual election of officers or until his earlier resignation or removal except that upon election thereof a shorter term may be designated by the board of directors. Any officer may resign at any time upon written notice to the corporation.

Section 4. Compensation. The compensation of officers of the corporation shall be fixed, from time to time, by the board of directors.

Section 5. Vacancy. In case any office becomes vacant by death, resignation, retirement, disqualification, removal from office, or any other cause, the board of directors may abolish the office (except that of president, secretary and treasurer) or elect an officer to fill such vacancy.

ARTICLE IX

Duties of Officers

Section l. Chairman of the Board, Vice-Chairman, President. The chairman of the board shall be the chief executive officer of the corporation. He shall have general supervisory powers over all other officers, employees and agents of the corporation for the proper performance of their duties and shall otherwise have the general powers and duties of supervision and management usually vested in the chief executive officer of a corporation. The vice-chairman shall perform such duties as shall be assigned to him by the board of directors or the chairman of the board. The president shall have the general powers and duties of supervision and management of the corporation as the chairman shall assign. The chairman of the board shall preside at and act as chairman of all meetings of the board of directors. The president shall preside at any meeting of the board of directors in the event of the absence of the chairman of the board. The offices of chairman of the board and president may be filled by the same individual.

Section 2. Vice Presidents. Each vice president (including executive vice presidents and senior vice presidents) shall perform such duties as shall be assigned to him by the board of directors, the chairman of the board or the president.

Section 3. Secretary. The secretary shall record all proceedings of the meetings of the corporation, its stockholders and the board of directors and shall perform such other duties as shall be assigned to him by the board of directors, the chairman of the board, or the president. Any part or all of the duties of the secretary may be delegated to one or more assistant secretaries.

Section 4. Controller. The controller shall perform such duties as shall be assigned to him by the chairman of the board, the president or such vice president as may be responsible for financial matters. Any or all of the duties of the controller may be delegated to one or more assistant controllers.

Section 5. Treasurer. The treasurer shall, under the direction of the chairman of the board, the president or such vice president as may be responsible for financial matters, have the custody of the funds and securities of the corporation, subject to such regulations as may be imposed by the board of directors. He shall deposit, or have deposited, all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors or as may be designated by the appropriate officers pursuant to a resolution of the board of directors. He shall disburse, or have disbursed, the funds of the corporation as may be ordered by the board of directors or properly authorized officers, taking proper vouchers therefor. If required by the board of directors he shall give the corporation bond in such sum and in such form and with such security as may be satisfactory to the board of directors, for the faithful performance of the duties of his office. He shall perform such other duties as shall be assigned to him by the board of directors, the chairman of the board, the president or such vice president as may be responsible for financial matters. Any or all of the duties of the treasurer may be delegated to one or more assistant treasurers.

Section 6. Other Officers' Duties. Each other officer shall perform such duties and have such responsibilities as may be delegated to him by the superior officer to whom he is made responsible by designation of the chairman of the board or the president.

Section 7. Absence or Disability. The board of directors or the chairman of the board may delegate the powers and duties of any absent or disabled officer to any other officer or to any director for the time being. In the event of the absence or temporary disability of the chairman of the board, the president shall assume his powers and duties while he is absent or so disabled.

ARTICLE X

Stock

Section l. Certificates. Certificates of stock of the corporation shall be signed by, or in the name of the corporation by, the chairman of the board, the president or a vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation. If such certificate is countersigned, (l) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, then any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 2. Transfers. Shares of stock shall be transferable on the books of the corporation by the holder of record thereof in person or by his attorney upon surrender of such certificate with an assignment endorsed thereon or attached thereto duly executed and with such proof of authenticity of signatures as the corporation may reasonably require. The board of directors may from time to time appoint such transfer agents or registrars as it may deem advisable and may define their powers and duties. Any such transfer agent or registrar need not be an employee of the corporation.

Section 3. Record Holder. The corporation may treat the holder of record of any shares of stock as the complete owner thereof entitled to receive dividends and vote such shares, and accordingly shall not be bound to recognize any interest in such shares on the part of any other person, whether or not it shall have notice thereof.

Section 4. Lost and Damaged Certificates. The corporation may issue a new certificate of stock to replace a certificate alleged to have been lost, stolen, destroyed or mutilated upon such terms and conditions as the board of directors may from time to time prescribe.

Section 5. Fixing Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action

ARTICLE XI

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the corporation shall begin upon the first day of January and terminate upon the 31st day of December, in each year.

Section 2. Stockholder Inspection of Books and Records. The board of directors from time to time shall determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of a stockholder and no stockholder shall have any right to inspect any account, book or document of the corporation except as conferred by statute or authorized by resolution of the board of directors.

Section 3. Seal. The corporate seal shall be circular in form and have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware."

ARTICLE XII

Amendments to Bylaws

Subject to the provisions of any resolution of the board of directors creating any series of Preferred Stock, the board of directors shall have power from time to time to make, alter or repeal bylaws, but any bylaws made by the board of directors may be altered, amended or repealed by the stockholders at any annual meeting of stockholders, or at any special meeting provided that notice of such proposed alteration, amendment or repeal is included in the notice of such special meeting.

Exhibit 10.15(a)

January 11, 2000

Mr. Edward A. Brennan
400 North Michigan Avenue
Suite 400
Chicago IL 60611

Dear Ed:

For calendar year 2000, you've elected to defer the retainers and fees that would otherwise be paid for your service on the Board of Directors (and related Committees) of AMR Corporation.

In accordance with our discussion of this date, you have elected to continue the deferral arrangement currently in effect (see the attached agreement).

Please sign this letter below evidencing your intent to continue the current deferral arrangement and return one original (two originals are enclosed) to me.

Thank you for your cooperation and if there are questions please let me know.

Very truly yours,

Charles D. MarLett
Corporate Secretary

DEFERRAL OF 2000 FEES AND RETAINERS TO BE IN ACCORDANCE WITH JUNE 2, 1998 LETTER:

AGREED:

EDWARD A. BRENNAN

Attachment

Exhibit 10.20

January 12, 2000

Mr. Armando M. Codina
Chairman
Codina Group, Inc.
Two Alhambra Plaza, PH2
Coral Gables, FL 33134

Dear Armando:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees in 2000:

1. All directors' fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2000, through December 31, 2000, will be deferred and paid to you in accordance with the following:

2. Fees will be converted to Stock Equivalent Units in accordance with the Directors' Stock Equivalent Purchase Plan, a copy of which is attached hereto as Exhibit A.

3. On or before January 31, 2010, all the Stock Equivalent Units will be converted to cash and paid to you by multiplying the number of Stock Equivalent Units as of December 31, 2009, by the arithmetic mean of the high and low of AMR stock ("fair market value") during December 2009.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Margarita Codina.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

- --
Armando M. Codina

- --
Date

Exhibit 10.25

January 24, 2000

Mr. Charles H. Pistor, Jr.
4200 Belclaire
Dallas, Texas 75205

Dear Charles:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees and retainers:

1. All directors' fees and retainers payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation ("AMR") and American Airlines, Inc. for the period January 1, 2000, through December 31, 2000, will be paid to you on a deferred basis as set forth below.

2. Interest will be accrued on the amounts to be paid on a deferred basis pursuant to paragraph 1 above, from the date such fees would otherwise have been paid to the date actually paid, at the prime rate which The Chase Manhattan Bank (National Association) from time to time charges in New York for 90-day loans to responsible commercial borrowers, such interest to be compounded monthly.

3. The total amount to be paid on a deferred basis plus the aggregate amount of interest accrued thereon and to accrue on the portion unpaid from time to time will be paid to you in a lump sum distribution during the month of January 2004.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In the event of your death prior to the payments contemplated by paragraph 3 hereof, the amounts deferred and interest thereon will be paid to Regina Pistor.

If the foregoing is satisfactory to you, please indicate by signing and returning the enclosed copy of this letter.

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

- --------------------------------
Charles H. Pistor, Jr.

- --------------------------------
Date

Exhibit 10.29

January 12, 2000

Judith Rodin, PhD.
President
University of Pennsylvania
100 College Hall
Philadelphia, PA 19104

Dear Judith:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees and retainers in 2000:

1. All directors' fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2000 through December 31, 2000, will be deferred and paid to you in accordance with the following:

2. Fees will be converted to Stock Equivalent Units in accordance with the Directors' Stock Equivalent Purchase Plan, a copy of which is attached hereto as Exhibit A.

3. Upon your retirement from the Board of Directors of AMR all the Stock Equivalent Units will be converted to cash and paid to you by multiplying the number of Stock Equivalent Units as of the date of your retirement by the arithmetic mean of the high and low of AMR stock ("fair market value") during the calendar month immediately preceding such retirement date. Such payment will occur within 30 days of your retirement date.

4. AMR's obligation to make payments pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to the Trustees under your Revocable Agreement of Trust, dated September 15, 1997, as amended November 3, 1997, Judith Rodin Settlor and Trustee.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

Judith Rodin

Date

EXHIBIT 10.37

Grant # XXXX

STOCK OPTION

STOCK OPTION granted _____________, by AMR Corporation, a Delaware corporation (the "Corporation"), and _____________ ____________, employee number ______, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee").

W I T N E S S E T H:

WHEREAS, the stockholders of the Corporation approved the 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 an option to purchase shares of the Corporation's Common Stock to those individuals selected by the Committee or, in lieu thereof, the Board of Directors of AMR Corporation (the "Board"); and

WHEREAS, the Board has determined that the Optionee is eligible under the Plan and that it is to the advantage and interest of the Corporation to grant the option provided for herein to the Optionee as an incentive for Optionee to remain in the employ of the Corporation or one of its Subsidiaries or Affiliates, and to encourage ownership by the Optionee of the Corporation's Common Stock, $1 par value (the "Common Stock").

NOW, THEREFORE:

1. Option Grant. The Corporation hereby grants to the Optionee a non-qualified stock option, subject to the terms and conditions hereinafter set forth, to purchase all or any part of an aggregate of ___________ shares of Common Stock at a price of $ _______________ per share (being the fair market value of the Common Stock on the date hereof), 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	Number of Shares
___________	___________
___________	___________
___________	___________
___________	___________
___________	___________

provided, that in no event shall this option be exercisable in whole or in part ten years from the date hereof and that the Corporation shall in no event be obligated to issue fractional shares. The right to exercise this option 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 Optionee's rights hereunder.

2. Restriction on Exercise. Notwithstanding any other provision hereof, this option 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 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. Manner of Exercise. This option may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise by written notice from the Optionee to the Corporation addressed to P.O. Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616, Attention: Executive Compensation. Such notice shall be accompanied (i) by the payment of the option price in cash or by check or (ii) by whatevever other form of payment may be authorized by the Corporation, and, in the event that at the time of such exercise the shares of Common Stock as to which this option is exercisable have not been registered under the Securities Act of 1933, shall include a representation by the Optionee that at the time of such exercise he is acquiring the shares of Common Stock for investment only and not with a view to distribution. Subject to compliance by the Optionee with all the terms and conditions hereof, the Corporation shall promptly thereafter deliver to the Optionee a certificate or certificates for such shares with all requisite transfer stamps attached.

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

(a) If the Optionee's employment by the Corporation (and any Subsidiary or Affiliate) terminates by reason of death, the vesting of the option will be accelerated and the option will remain exerciseable until its expiration;

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

(c) If the Optionee's employment by the Corporation (and any Subsidiary or Affiliate) terminates by reason of Normal or Early Retirement, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after Retirement the vesting of the option will be accelerated and the option will remain exerciseable until its expiration;

(d) If the Optionee's employment by the Corporation (and any Subsidiary or Affiliate) is involuntarily terminated by the Corporation or a Subsidiary or Affiliate (as the case may be) without Cause, the option 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 option, whichever period is shorter; and

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

5. Adjustments in Common Stock. In the event of any stock dividend, stock split, merger, consolidation, reorganization, recapitalization or other change in the corporate structure, appropriate adjustments may be made by the Board in the number of shares, class or classes of securities and the price per share.

6. Non-Transferability of Option. Unless the Committee shall permit (on such terms and conditions as it shall establish), an option may not be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Optionee this option may be exercised only by him or her (unless otherwise determined by the Committee).

7. Miscellaneous.

(a) This option (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 except in writing. No contract or right of employment shall be implied by this option.

(b) If this option is assumed or a new option is substituted therefore in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 425(a) of the Internal Revenue Code of 1986, as amended), employment by such assuming or substituting corporation or by a parent corporation or a subsidiary thereof shall be considered for all purposes of this option to be employment by the Corporation.

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

8. Securities Law Requirements. The Corporation shall not be required to issue shares upon the exercise of this option unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Optionee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with the exercise of this option, an agreement, in such form as the Board may from time to time deem appropriate, in which the Optionee represents that the shares acquired by him upon such exercise are being acquired for investment and not with a view to the sale or distribution thereof.

9. Option Subject to 1998 Plan. This option shall be subject to all the terms and provisions of the 1998 Plan and the Optionee 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. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1998 Plan.

IN WITNESS WHEREOF, the Corporation has executed this Stock Option as of the day and year first above written.

AMR Corporation

- ------------------------------	----------------------------
Optionee	Charles D. MarLett Corporate Secretary

EXHIBIT 10.44

Grant___________

CAREER EQUITY PROGRAM
DEFERRED STOCK AWARD AGREEMENT

This AGREEMENT made as of ____________, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and _________ ________ (the "Employee"), employee number ________.

WHEREAS, the 1998 Long Term Incentive Plan was approved by the shareholders of the Corporation 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"); and

WHEREAS, pursuant to the Career Equity Program adopted by the Board of Directors of the Corporation (the "Board"), the Board has determined to make a Career Equity Program grant to the Employee of Deferred Stock (subject to the terms of the 1998 Plan and this Agreement), as an inducement for the Employee to remain an employee of the Corporation, and to retain and motivate such Employee during his employment with the Corporation.

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

1. Grant of Award. The Employee is hereby granted as of ____________, (the "Grant Date") a Deferred Stock Award (the "Award"), subject to the terms and conditions hereinafter set forth, with respect to __________ shares of Common Stock, $1.00 par value, of the Corporation ("Stock"). The shares of Stock covered by the Award shall vest in accordance with Sections 2, 3, 4, 5, and 6 hereof.

2. Vesting - Normal Retirement or Early Retirement. In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to Normal Retirement (which is defined as retirement from employment with the Corporation, or any Subsidiary or Affiliate thereof, at or after age 60), the shares of Stock covered by the Award shall become fully vested.

In the event of the termination of the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to Early Retirement (which is defined as an early retirement from employment with the Corporation, or any Subsidiary or Affiliate thereof, at or after age 55 but before age 60), the shares of stock covered by the Award shall vest in accordance with the following schedule:

Age	Percentage of Award Vested
55	85%
56	88%
57	91%
58	94%
59	97%

Employee will receive pro rata vesting for each full month of employment in partial years.

Subject to Sections 4 and 7, share certificates for the number of shares covered by a vested Award shall be issued and delivered to the Employee on or about the date of Retirement.

Notwithstanding anything to the contrary contained herein and for the purposes of this Award, in order to be eligible for the benefits hereunder associated with Early Retirement, the recipient must be entitled to receive early retirement pension benefits under the then existing policies of the Corporation, Subsidiary or Affiliate, as applicable.

3. Vesting - Death or Disability. In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) on or after the Grant Date due to the Employee's death or Disability, the shares of Stock covered by the Award shall vest at a rate of 20% for each full year of employment with the Corporation (or any Subsidiary or Affiliate thereof) after the Grant Date (with pro rata vesting for each full month of employment in partial years). In such case, share certificates for the number of shares so vested shall be issued and delivered 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) within 60 days after the Employee's death or Disability.

4. Vesting - Termination Not for Cause. If the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated on or after the Grant Date by the Corporation (or any Subsidiary or Affiliate thereof) other than pursuant to Section 5, the shares of Stock covered by the Award shall vest at a rate of 10% for each full year of employment with the Corporation (or any Subsidiary or Affiliate thereof) after the Grant Date (with pro rata vesting for each full month of employment in partial years); provided, that no shares of Stock shall vest under this Section 4 if the Employee has not been employed for at least one full year after the Grant Date. Share certificate(s) for the number of shares that vest pursuant to this Section 4 shall be issued and delivered to the Employee (i) in five equal annual installments with the first installment being made one year after the date of such termination, or (ii) in one share certificate, to be issued within 90 days of the date of such termination, in each case, at

the option of the Corporation; provided, however, that in the event of such termination, vesting of the shares under the Award as provided herein may be predicated upon the Employee agreeing to such terms and conditions as required by the Corporation, including, but not limited to, non-competition and non-disclosure agreements.

5. Vesting - Termination for Cause; Other. In the event that (a) the Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated for Cause; or (b) the Employee terminates his employment with the Corporation, or any Subsidiary or Affiliate thereof, (other than for reasons of Retirement or Disability); or (c) the Employee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (d) the Employee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation and the Employee; or (e) the Employee is no longer a management level employee at the time his/her employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated, then all shares of Stock covered by the Award shall be forfeited.

6. Vesting - Change in Control; Potential Change in Control. In the event of a Change in Control or Potential Change in Control of the Corporation, shares under the Award shall vest in accordance with the 1998 Plan or its successor.

7. Elective Deferrals. At any time at least 12 months prior to the date of the Employee's Retirement, the Employee may elect in writing, subject to approval by the Corporation, to voluntarily defer the receipt of the shares of Stock covered by the Award for a specified additional period beyond the date of the Employee's termination of employment (the "Elective Deferral Period"). Any shares deferred pursuant to this Section 7 shall be issued to the Employee within 60 days after the end of the Elective Deferral Period. In the event of the death of the Employee during the Elective Deferral Period, the shares so deferred shall be issued to the Employee's designated Beneficiary (or to the Employee's estate, in the absence of an effective beneficiary designation) within 60 days after the Board receives written notification of death.

8. Transfer Restrictions. This Award is non-transferable otherwise 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 Employee (or the Employee's successor in interest after the Employee's death) to effect any such disposition, or upon the levy of any such process, the Award shall immediately become null and void, at the discretion of the Board.

9. 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. No contract or right of employment shall be implied by this Agreement. If this Award is assumed or a new award is substituted therefore in any corporate reorganization,

employment by such assuming or substituting corporation or by a parent corporation or subsidiary or affiliate thereof shall be considered for all purposes of this Award to be employment by the Corporation. In the event Employee does not forward to the Corporation, within the applicable period, required taxes with respect to any Award distributed pursuant to this Agreement, the Corporation may withhold from any payments to be made to the Employee by the Corporation (or any Subsidiary or Affiliate thereof), an amount(s) equal to such taxes.

10. Securities Law Requirements. The Corporation shall not be required to issue shares pursuant to this Award unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Employee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with this Award, an agreement, in such form as the Board may from time to time deem appropriate, in which the Employee represents that the shares acquired by him under the Award are being acquired for investment and not with a view to the sale or distribution thereof.

11. Incorporation of 1998 Plan Provisions. This Agreement is made pursuant to the 1998 Plan and is subject to all of the terms and provisions of the 1998 Plan as if the same were fully set forth herein. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1998 Plan.

12. Participation in Long-Term Incentive Plans. If at the time of i) Employee's Retirement from the Corporation (or any Subsidiary or Affiliate thereof) or ii) the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) for reasons contemplated by Sections 3 or 4, the Employee has received payment(s) under the terms of a long-term incentive plan(s) adopted by any Subsidiary or Affiliate of the Corporation, the Employee agrees that in lieu of the shares of Stock that have vested pursuant to this award, the Employee will receive shares of stock having a fair market value as of the vesting date equal to the positive difference, if any, between the fair market value (as of the vesting date) of the shares of Stock that have vested hereunder and the aggregate nominal value of the payment(s) made under such long-term incentive plan(s).

EMPLOYEE	AMR CORPORATION
-----------------------------	-----------------------------------
	C. D. MarLett
	Corporate Secretary

EXHIBIT 10.53

AMR CORPORATION

2000 - 2002 PERFORMANCE SHARE PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2000 - 2002 AMR Corporation Performance Share Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of the subsidiaries of AMR Corporation ("AMR" or "the Corporation"), to achieve the highest level of individual performance, and to meet or exceed specified goals which will contribute to the success of the Corporation. This Plan is adopted pursuant to the 1998 Long Term Incentive Plan, "LTIP", as amended.

Definitions

Capitalized terms not otherwise defined in the Plan or the award agreement for performance shares between the Corporation and the employee, will have the meanings set forth in the LTIP.

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

"Adjusted Investment" is defined as the sum of AMR's consolidated notes payable, current maturities of long-term debt and capital leases, long-term debt, capital leases, Present Value of Operating Leases, and stockholders' equity, and any extraordinary or unusual items which may be added or deducted at the discretion of the Committee and the Board of Directors.

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

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

"Average Adjusted Investment" is defined as the sum of Adjusted Investment as of December 31 of a given year during the measurement period, plus Adjusted Investment as of the December 31 of the prior fiscal year, divided by two.

"Calculated Amortization of Operating Leases" is defined as the amortization expense associated with the Capitalized Value of Operating Leases as if such leases were accounted for as capital leases, and is determined by the straight line method over the lease term.

"Capitalized Value of Operating Leases" is defined as the initial present value of the lease payments required under American's aircraft operating leases over the initial stated lease term, calculated using a discount rate of Prime plus one percent.

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

"Measurement Period" is defined as the three year period beginning January 1, 2000 and ending December 31, 2002.

"Adjusted Earnings" is defined as the sum of AMR's pre-tax income, interest expense, aircraft rental expense, less Calculated Amortization of Operating Leases and any accounting adjustments or extraordinary or unusual items which may be added or deducted at the discretion of the Committee.

"Average Plan Earnings" is defined as the sum of Adjusted Earnings for each of the years during the measurement period, divided by three.

"Plan Average Adjusted Investment" is defined as the sum of Average Adjusted Investment for each of the years during the measurement period, divided by three.

"Present Value of Operating Leases" is defined as the present value of the lease payments required under aircraft operating leases over the remaining lease term, calculated using the discount rate used in the determination of the Capitalized Value of Operating Leases.

"Prime" is defined as the base rate on corporate loans posted by at least 75% of the 30 largest U.S. banks which is published daily in the Wall Street Journal.

"Return on Investment" or "ROI" is defined as Average Plan Earnings divided by Plan Average Adjusted Investment, stated as a percentage.

For purposes of determining ROI, the assets, liabilities, shareholder equity and earnings of The Sabre Group are to be excluded.

Unless otherwise indicated, the sources for all of the financial data specified above are the applicable Annual Reports on Form 10-K filed by the Corporation.

Accumulation of Shares

The number of shares under the Plan to be distributed to individual participants is based on the applicable award agreement between the Corporation and the employee and is determined by (i) the Corporation's ROI (ii), the Corporation's pre-tax income, (iii) and the terms and conditions of the award agreement between the Corporation and the employee. The distribution percentage of shares is specified below:

GRANTED SHARES - PERCENT OF TARGET

AMR'S ROI

< 5.5%	>= 5.5% and < 7.5%	>= 7.5% and < 9.5%	>= 9.5% and < 11.5%	>= 11.5% and < 13.5%	>= 13.5% and < 15.5%	>= 15.5%
0%	50%	75%	100%	125%	150%	175%

No shares will be distributed if the Corporation's cumulative pre-tax income during the measurement period is less than, or equal to, $0.

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper operation of the Plan. The distribution percentage, if any, of the fund shall be computed by the General Auditor of American based on a certification of AMR's ROI by AMR's independent auditors. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards. The Committee may determine to pay a cash equivalent in lieu of the stock award.

General

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

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

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, at its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Board may deem necessary), or substitute any awards due currently or in the future under the Plan, including, but not limited to, any awards that have accrued to the benefit of participants but have not yet been paid.

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

The Board of Directors may amend, suspend, or terminate the Plan at any time.

EXHIBIT 10.60

AMERICAN AIRLINES, INC.

2000 EMPLOYEE PROFIT SHARING PLAN

Purpose

The purpose of the 2000 American Airlines Employee Profit Sharing Plan ("Plan") is to provide participating employees with a sense of commitment to, and direct financial interest in, the success of American Airlines, Inc. ("American").

Definitions

Capitalized terms not otherwise defined in the Plan will have the meanings set forth in the 1998 Long Term Incentive Plan, as amended (the "LTIP").

"AMR" is defined as AMR Corporation.

"Adjusted Investment" is defined as the sum of American's notes payable, current maturities of long-term debt and capital leases, long-term debt, capital leases, Present Value of Operating Leases, and stockholders' equity, and any accounting adjustments or extraordinary or unusual items which may be added or deducted at the discretion of the Committee and the Board of Directors.

"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.

"AMR Minority Interest" is defined as outside stockholder's equity in earnings (loss) of AMR subsidiaries other than American Airlines, Inc.

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

"Average Adjusted Investment" is defined as the sum of Adjusted Investment as of 12/31/99, 3/31/00, 6/30/00, and 9/30/00, divided by four.

"Calculated Amortization of Operating Leases" is defined as the amortization expense associated with the Capitalized Value of Operating Leases as if such leases were accounted for as capital leases, and is determined by the straight line method over the lease term.

"Capitalized Value of Operating Leases" is defined as the initial present value of the lease payments required under American's aircraft operating leases over the initial stated lease term, calculated using a discount rate of Prime plus one percent.

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

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

"Plan Earnings" is defined as the sum of American's pre-tax income, interest expense, aircraft rental expense, and any accruals for American's Pilot Variable Compensation Plan, TWU Profit Sharing Plan, Employee Profit Sharing Plan, and Incentive Compensation Plan, plus or less AMR Minority Interest, less Calculated Amortization of Operating Leases and any accounting adjustments or extraordinary or unusual items which may be added or deducted at the discretion of the Committee and approved by the Board of Directors.

"Present Value of Operating Leases" is defined as the present value of the lease payments required under American's aircraft operating leases over the remaining lease term, calculated using the discount rate of Prime plus one percent. Amounts for 3/31/00, 6/30/00, and 9/30/00 are computed by determining the difference between the Present Value of Operating Leases as of 12/31/00 and 12/31/99 and allocating that difference evenly over the four quarters of 2000.

"Prime" is defined as the base rate on corporate loans posted by at least 75% of the 30 largest U.S. banks which is published daily in the Wall Street Journal.

"Qualified Earnings" is defined as base pay, overtime, holiday pay, skill premiums, longevity pay, sick pay, vacation pay, shift differential, market rate differential, overrides and license premiums and does not include payments such as travel and incidental expenses, moving expenses, relocation allowance (COLA), payouts from any retirement plan, disability payments, workers compensation payments, imputed income from D-3 service charges or other benefits provided by American, nor does it include any special one-time monetary awards or allowances such as IdeAAs in Action payments, lump sum payments, or incentive compensation or profit sharing payments.

"Return on Investment" or "ROI" is defined as Plan Earnings divided by Average Adjusted Investment, stated as a percentage.

Eligibility for Participation

In order to be eligible for a profit sharing award, the individual must:

o Have worked during the Plan year as a regular full-time or part-time employee at American in a participating workgroup (flight attendant, reservations, coordinator/planner, airport agent, support staff, management levels 04 and below).

- Have an adjusted seniority date prior to July 1st of the Plan year. Eligible Earnings from the time worked at American will be included in the award calculation.

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

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

i) the 2000 American Airlines Incentive Compensation Plan for Officers and Key Employees,
ii) the Pilot Profit Sharing (as implemented in 1997),
iii) the TWU Profit Sharing Plan for members of the Transport Workers Union (as implemented in 1995 and revised in 1996),
iv) any incentive compensation, profit sharing, commission or other bonus plan for employees of any division of American, or
v) any incentive compensation, profit sharing, commission or other bonus plan sponsored by an Affiliate.

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

The Profit Sharing Fund Accumulation

Performance will be measured by ROI and the Fund will accumulate based on that performance. The Fund is established at 1% of Qualified Earnings when ROI is equal to 6.4%. The fund will accumulate on a straight-line basis at the rate of 0.583% of qualified earnings for each additional point of ROI.

The profit sharing fund will not exceed an amount equal to 8% of Qualified Earnings at levels of ROI above 18.4%.

Award Distribution

For eligible domestic employees (where domestic means the United States, Puerto Rico and the Virgin Islands), individual awards will be distributed based on an employee's Qualified Earnings for the Plan year multiplied by the appropriate percentage of Qualified Earnings based upon the ROI achieved for the Plan year. The percent of Qualified Earnings used for Fund accumulation and award distribution will be the same.

A portion of the Fund will be allocated for eligible international employees based on the aggregate of all eligible international employees' Qualified Earnings as a percentage of the aggregate of all eligible employees' total Qualified Earnings. This portion of the Fund will be set aside for distribution at the discretion of the American officer(s) responsible for such international employees, subject only to the Committee's approval.

Administration

The Plan will be administered by the Committee which is comprised of officers of American appointed by the Chairman of AMR. The Committee will have authority to administer and interpret the Plan, establish administrative rules, determine eligibility and take any other action necessary for the proper and efficient operation of the Plan. The amount, if any, of the Fund shall be computed by the General Auditor of American based on a certification of ROI by AMR's independent auditors. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards.

Method of Payment

The Committee shall determine the method of payment of awards. Subject to the terms of the Plan, awards shall be paid as soon as practicable after audited financial statements for the year 2000 are available. Individuals, except retirees, may elect to defer their awards into the 401(k) plan established by American.

General

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

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

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, at 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 payments due currently or in the future under the Plan, including, but not limited to, any payments that have accrued to the benefit of participants but have not yet been paid.

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

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

EXHIBIT 10.65

AMERICAN AIRLINES, INC.

2000 INCENTIVE COMPENSATION PLAN FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2000 American Airlines Incentive Compensation Plan ("Plan") for officers and key employees is to provide greater incentive to officers and key employees of American Airlines, Inc. ("American"), to achieve the highest level of individual performance, and to meet or exceed specified goals which will contribute to the success of American.

Definitions

Capitalized terms not otherwise defined in the Plan will have the meanings set forth in the 1998 Long Term Incentive Plan, as amended (the "LTIP").

"AMR" is defined as AMR Corporation.

"AMR Minority Interest" is defined as outside stockholder's equity in earnings (loss) of AMR subsidiaries other than American Airlines, Inc.

"Adjusted Investment" is defined as the sum of American's notes payable, current maturities of long-term debt and capital leases, long-term debt, capital leases, Present Value of Operating Leases, and stockholders' equity, and any extraordinary or unusual items which may be added or deducted by the Committee.

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

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

"Average Adjusted Investment" is defined as the sum of Adjusted Investment as of 12/31/99, 3/31/00, 6/30/00, and 9/30/00, divided by four.

"Calculated Amortization of Operating Leases" is defined as the amortization expense associated with the Capitalized Value of Operating Leases as if such leases were accounted for as capital leases, and is determined by the straight line method over the lease term.

"Capitalized Value of Operating Leases" is defined as the initial present value of the lease payments required under American's aircraft operating leases over the initial stated lease term, calculated using a discount rate of Prime plus one percent.

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

"Competitors" is defined as Continental Airlines (CO), Delta Airlines (DL), Northwest Airlines (NW), United Airlines (UA) and US Airways (US).

"DOT Rank" is defined as American's relative rank with respect to its Competitors in the category of arrivals+14 (A+14) as determined by the U.S. Department of Transportation (DOT). This ranking is based on DOT's aggregated A+14 data for the second, third, and fourth quarters of the Plan year.

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

"Maximum ROI" is defined as 14.23%.

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

"Plan Earnings" is defined as the sum of American's pre-tax income, interest expense, aircraft rental expense, AMR Minority Interest Expense, and any accruals for American's Pilot Variable Compensation Plan, TWU Profit Sharing Plan, Employee Profit Sharing Plan, and Incentive Compensation Plan, less Calculated Amortization of Operating Leases and any accounting adjustments or extraordinary or unusual items which may be added or deducted by the Committee.

"Present Value of Operating Leases" is defined as the present value of the lease payments required under American's aircraft operating leases over the remaining lease term, calculated using the discount rate used in the determination of the Capitalized Value of Operating Leases. Amounts for 3/31/00, 6/30/00, and 9/30/00 are computed by determining the difference between the Present Value of Operating Leases as of 12/31/00 and 12/31/99 and allocating the difference evenly over the four quarters of 2000.

"Prime" is defined as the base rate on corporate loans posted by at least 75% of the 30 largest U.S. banks which is published daily in The Wall Street Journal.

"Qualified Earnings" is defined as base pay, overtime, holiday pay, skill premiums, longevity pay, sick pay, vacation pay, shift differential, market rate differential, overrides and license premiums and does not include such things as travel and incidental expenses, moving expenses, relocation allowance (COLA), payouts from any retirement plan, disability payments, Workers Compensation payments, imputed income from D-3 service charges or life insurance, nor does it include any special monetary awards or allowances such as IdeAAs in Action payments, lump sum payments, or incentive compensation or profit sharing payments.

"Return on Investment" or "ROI" is defined as Plan Earnings divided by Average Adjusted Investment, stated as a percentage.

"Survey America Rank" is defined as American's relative rank with respect to its Competitors in the category of "Overall Rating of Travel Experience" in the coach cabin as reported in Plog Inc.'s Survey America. The Survey America ranking is based on aggregated data for American and its Competitors from the second, third, and fourth quarters of the Plan year.

"Target Award" is defined as the award (stated as a percentage of Qualified Earnings) for an eligible participant when Target ROI is achieved; subject, however, to adjustment by the Committee or senior management, as the case may be, based upon the participant's individual performance.

"Target ROI" is defined as 11.0%.

"Threshold ROI" is defined as 6.4%.

Eligibility for Participation

In order to be eligible to participate in the Plan, an individual must be an officer or key employee (as designated by American's Chairman and CEO) of American. Additionally, the individual must have been employed by American or an Affiliate as an officer or key employee for at least three consecutive months during the Plan year. The three months service requirement may be waived in cases of mandatory retirement prior to completing three months of service.

During a Plan year, individuals with less than twelve months eligibility in the Plan may be eligible to participate in the Plan on a pro rata basis, at the discretion of the Committee. In addition, the Committee, at its discretion, may permit participation by officers and key employees of Affiliates who have been so employed by the Affiliate for at least three consecutive months during the Plan year.

Notwithstanding the forgoing, however, an officer or key employee will not be eligible to participate in the Plan if such officer or key employee is, at the same time, eligible to participate in a commission, incentive, profit sharing or other bonus compensation program sponsored by American or an Affiliate, unless the Committee otherwise decides.

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

The Incentive Compensation Fund

Performance will be measured by ROI and the Fund will accumulate based on that performance. The Fund is established at 50% of the Target Award when ROI is equal to 6.4%.

Beyond the Threshold ROI, the Fund will accumulate on a linear basis such that at the Target ROI of 11.0%, the Fund size equals 100% of Target Awards. Following the attainment of Target ROI, the Fund will accumulate on a linear basis such that maximum awards are funded at Maximum ROI and beyond.

The Fund will not exceed an amount equal to 175% of the Target Award at ROI levels above 14.23% based purely on the financial measure. The Fund may exceed 175% of the Target Award on the basis of customer service rankings, as discussed below. The Fund will not exceed an amount equal to 200% of the Target Award at any ROI levels regardless of customer service rankings.

At each level of ROI greater than or equal to the Threshold ROI, the Fund will either increase by an additional 10 or 25 percent of target or decrease by 10 percent of target, according to whether the following customer service measures are met. For 2Q00, 3Q00 and 4Q00:

> If American's DOT Rank is 1 or 2; and if American's Survey America Rank is 1 or 2, the Fund will be increased by 25 percent of target. If American ranks 1 or 2 on one measure; and ranks 3 or 4 on the other measure, the Fund will be increased by 10% of target. If American ranks 5 or 6 on one measure but not the other; or if American ranks 3 or 4 on both measures, the Fund will not change. If American's DOT Rank is 5 or 6; and American's Survey America Rank is 5 or 6, the Fund will be decreased by 10 percent of target.

Percentage Target Award in Addition to the Fund

	1 2	0% Of target	10% Of target	25% Of target
DOT A+14 Ranking	3 4	0% Of target	0% Of target	10% Of target
	5 6	(10%) Of target	0% Of target	0% Of target
		6 5	4 3	2 1

Survey America Ranking
(Overall coach experience)

Allocation of Individual Awards

The Chairman and CEO of American, in consultation with the executive and senior vice presidents of American will determine awards for non-officer eligible employees based upon the eligible employee's performance. An award under the Plan to a non-officer eligible employee, when combined with any other award for the Plan year whether such other award is under an incentive compensation, commission, profit sharing or other bonus compensation plan, may not exceed 100% of such eligible employee's base salary.

The Committee, in consultation with the Chairman and CEO of American, will determine awards for officers of American, including the Named Executive Officers. The awards for officers will be equal to the appropriate Target Award, plus any enhancement for operating performance, adjusted for individual performance. The award for a Named Executive Officer will be equal to the appropriate Target Award, plus any enhancement for operating performance. In no event, will an award to an officer, including a Named Executive Officer, exceed the amount set forth in Section(11b) of the 1998 LTIP.

The aggregate of all awards paid hereunder will not exceed the lesser of: (2.0 times the Fund at Target ROI) or (50% of the total base salaries of all eligible participants in the Plan). If an award is made under the Plan that is greater that the amount determined in accordance with the appropriate Target Award plus an enhancement for operating performance, such differential will be from the general fund of American. In the discretion of the Committee, the Fund may not be fully distributed.

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper operation of the Plan. In calculating ROI the Committee may include or exclude special or non-recurring items. Notwithstanding anything to the contrary contained herein, no awards will be made under the Plan unless awards are also made under the 2000 American Airlines Employee Profit Sharing Plan, the 2000 Pilot Variable Compensation Plan for members of the Allied Pilots Association, and the 2000 TWU Profit Sharing Plan for members of the Transport Workers Union. The amount if any, of the Fund shall be computed by the General Auditor of American based on a certification of ROI by AMR's independent auditors. A summary of awards under the Plan shall be provided to the Committee at the first regular meeting following determination of the awards.

Method of Payment

The Committee will determine the method of payment of awards. Except as provided herein, awards shall be paid as soon as practicable after audited financial statements for the year 2000 are available. Individuals, except retirees, may elect to defer their awards into a 401(k) plan established by American or AMR or into a deferred compensation program, if any, administered by American or AMR.

General

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

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

In 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 American, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects American 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 Board may deem necessary), or substitute any payments due currently or in the future under the Plan, including, but not limited to, any payments that have accrued to the benefit of participants but have not yet been paid.

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

The Board of Directors may amend, suspend, or terminate the Plan at any time.

EXHIBIT 10.73

AMENDED AND RESTATED
EXECUTIVE TERMINATION BENEFITS AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE TERMINATION BENEFITS AGREEMENT (this "Agreement"), dated as of the 19th day of January, 2000 is among AMR CORPORATION, a Delaware corporation, AMERICAN AIRLINES, INC., a Delaware corporation (collectively the "Company"), and THOMAS W. HORTON (the "Executive").

W I T N E S S E T H:

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

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

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

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

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

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

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

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

1. Change in Control

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

(a) any person as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act (a "Person"), but excluding the Company, any subsidiary of the Company and any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13(d)-3 under the Exchange Act, as amended from time to time) of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities; or

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

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

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

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

2. Circumstances Triggering Receipt of Severance Benefits

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

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

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

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

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

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

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

(ii) (A) A significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position with the Company and/or any subsidiary which the Executive held immediately prior to the Change in Control, (B) a reduction in the aggregate of the Executive's annual base salary rate and annual incentive compensation target to be received from the Company and/or any subsidiary, or (C) the termination or denial of the Executive's rights to Employee Benefits (as defined below) or a reduction in the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Notice of Termination

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

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

4. Termination Benefits

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

(a) Compensation

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

(b) Welfare Benefits

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

(c) Retirement Benefits

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

(d) Relocation Benefits

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

(e) Executive Outplacement Counseling

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

(f) Stock Based Compensation Plans

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

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

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

(g) Split Dollar Life Insurance

The Company shall pay to the Executive a lump sum equal to the cost on the Termination Date of purchasing, at standard independent insurance premium rates, an individual

paid up insurance policy providing benefits equal to the benefits provided by the Company's Split Dollar Life Insurance coverage immediately prior to the date of the Change in Control.

(h) Other Benefits

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

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

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

(i) Accrued Amounts

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

(j) The Company shall pay to the Executive the amounts due pursuant to Sections 4(a), 4(g) and 4(h)(iii) in a lump sum on the first business day of the month following the Termination Date. The Company shall pay to the Executive the amounts due pursuant to Section 4(i) in accordance with the terms and conditions of the existing plans and policies of the Company.

5. Certain Additional Payments by the Company.

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

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

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

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

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

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

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

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

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

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

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including without

limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;

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

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

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

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

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

(h) Notwithstanding any provision of this Agreement to the contrary, if (i) but for this sentence, the Company would be obligated to make a Gross-Up Payment to the Executive, (ii) the aggregate "present value" of the "parachute payments" to be paid or provided

(h) Notwithstanding any provision of this Agreement to the contrary, if (i) but for this sentence, the Company would be obligated to make a Gross-Up Payment to the Executive, (ii) the aggregate "present value" of the "parachute payments" to be paid or provided

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

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

7. Legal Fees and Expenses.

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

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

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

8. Continuing Obligations

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

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

9. Successors

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

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

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

10. Notices

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

11. Governing Law

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

12. Miscellaneous

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

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

13. Separability

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

14. Non-assignability

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

15. Effectiveness; Term

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

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

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

17 Prior Agreement. This Agreement supersedes and terminates any and all prior Executive Termination Benefits Agreements by and among Company and the Executive.

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

AMR CORPORATION

By: /s/ Donald J. Carty

AMERICAN AIRLINES, INC.

By: /s/ Thomas J. Kiernan

THOMAS W. HORTON

/s/ Thomas W. Horton

EXHIBIT 10.74

AMENDED AND RESTATED
EXECUTIVE TERMINATION BENEFITS AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE TERMINATION BENEFITS AGREEMENT (this "Agreement"), dated as of the 19th day of January, 2000 is among AMR CORPORATION, a Delaware corporation, AMERICAN AIRLINES, INC., a Delaware corporation (collectively the "Company"), and HENRY C. JOYNER (the "Executive").

W I T N E S S E T H:

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

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

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

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

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

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

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

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

1. Change in Control

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

(a) any person as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), and as used in Sections 13(d) and

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

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

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

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

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

2. Circumstances Triggering Receipt of Severance Benefits

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

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

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

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

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

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

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

(ii) (A) A significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position with the Company and/or any subsidiary which the Executive held immediately prior to the Change in Control, (B) a reduction in the aggregate of the Executive's annual base salary rate and annual incentive compensation target to be received from the Company and/or any subsidiary, or (C) the termination or denial of the Executive's rights to Employee Benefits (as defined below) or a reduction in the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Notice of Termination

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

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

4. Termination Benefits

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

(a) Compensation

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

(b) Welfare Benefits

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

(c) Retirement Benefits

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

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

(d) Relocation Benefits

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

(e) Executive Outplacement Counseling

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

(f) Stock Based Compensation Plans

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

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

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

(g) Split Dollar Life Insurance

The Company shall pay to the Executive a lump sum equal to the cost on the Termination Date of purchasing, at standard independent insurance premium rates, an individual

paid up insurance policy providing benefits equal to the benefits provided by the Company's Split Dollar Life Insurance coverage immediately prior to the date of the Change in Control.

(h) Other Benefits

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

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

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

(i) Accrued Amounts

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

(j) The Company shall pay to the Executive the amounts due pursuant to Sections 4(a), 4(g) and 4(h)(iii) in a lump sum on the first business day of the month following the Termination Date. The Company shall pay to the Executive the amounts due pursuant to Section 4(i) in accordance with the terms and conditions of the existing plans and policies of the Company.

5. Certain Additional Payments by the Company.

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

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

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

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

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

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

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

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

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

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

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including without

limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;

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

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

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

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

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

(h) Notwithstanding any provision of this Agreement to the contrary, if (i) but for this sentence, the Company would be obligated to make a Gross-Up Payment to the Executive, (ii) the aggregate "present value" of the "parachute payments" to be paid or provided

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

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

7. Legal Fees and Expenses.

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

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

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

8. Continuing Obligations

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

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

9. Successors

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

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

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

10. Notices

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

11. Governing Law

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

12. Miscellaneous

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

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

13. Separability

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

14. Non-assignability

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

15. Effectiveness; Term

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

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

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

17. Prior Agreement. This Agreement supersedes and terminates any and all prior Executive Termination Benefits Agreements by and among Company and the Executive.

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

AMR CORPORATION

By: /s/ Donald J. Carty

AMERICAN AIRLINES, INC.

By: /s/ Thomas J. Kiernan

HENRY C. JOYNER

/s/ Henry C. Joyner

Exhibit 10.79

AMENDED AND RESTATED
EXECUTIVE TERMINATION BENEFITS AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE TERMINATION BENEFITS AGREEMENT (this "Agreement"), dated as of the 20th day of October, 1999 is among AMR CORPORATION, a Delaware corporation, AMERICAN AIRLINES, INC., a Delaware corporation (collectively the "Company"), and WILLIAM K. RIS, JR. (the "Executive").

W I T N E S S E T H:

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

WHEREAS, the Company recognizes that the possibility of a change in control and the uncertainty and questions which it may raise among management may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders; WHEREAS, the Company's Board of Directors (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management to their assigned duties without distraction in the face of the potentially disturbing circumstances arising from the possibility of a change in control of the Company;

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

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

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

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

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

1. Change in Control

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

(a) any person as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), and as used in Sections 13(d) and

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

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

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

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

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

2. Circumstances Triggering Receipt of Severance Benefits

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

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

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

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

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

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

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

(ii) (A) A significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position with the Company and/or any subsidiary which the Executive held immediately prior to the Change in Control, (B) a reduction in the aggregate of the Executive's annual base salary rate and annual incentive compensation target to be received from the Company and/or any subsidiary, or (C) the termination or denial of the Executive's rights to Employee Benefits (as defined below) or a reduction in the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Notice of Termination

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

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

4. Termination Benefits

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

(a) Compensation

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

(b) Welfare Benefits

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

(c) Retirement Benefits

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

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

(d) Relocation Benefits

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

(e) Executive Outplacement Counseling

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

(f) Stock Based Compensation Plans

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

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

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

(g) Split Dollar Life Insurance

The Company shall pay to the Executive a lump sum equal to the cost on the Termination Date of purchasing, at standard independent insurance premium rates, an individual

paid up insurance policy providing benefits equal to the benefits provided by the Company's Split Dollar Life Insurance coverage immediately prior to the date of the Change in Control.

(h) Other Benefits

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

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

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

(i) Accrued Amounts

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

(j) The Company shall pay to the Executive the amounts due pursuant to Sections 4(a), 4(g) and 4(h)(iii) in a lump sum on the first business day of the month following the Termination Date. The Company shall pay to the Executive the amounts due pursuant to Section 4(i) in accordance with the terms and conditions of the existing plans and policies of the Company.

5. Certain Additional Payments by the Company.

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

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

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

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

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

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

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

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

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

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

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including without

limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;

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

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

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

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

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

(h) Notwithstanding any provision of this Agreement to the contrary, if (i) but for this sentence, the Company would be obligated to make a Gross-Up Payment to the Executive, (ii) the aggregate "present value" of the "parachute payments" to be paid or provided

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

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

7. Legal Fees and Expenses.

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

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

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

8. Continuing Obligations

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

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

9. Successors

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

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

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

10. Notices

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

11. Governing Law

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

12. Miscellaneous

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

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

13. Separability

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

14. Non-assignability

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

15. Effectiveness; Term

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

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

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

17. Prior Agreement. This Agreement supersedes and terminates any and all prior Executive Termination Benefits Agreements by and among Company and the Executive.

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

AMR CORPORATION

By: /s/ Donald J. Carty

AMERICAN AIRLINES, INC.

By: /s/ Thomas J. Kiernan

WILLIAM K. RIS, JR.

/s/ William K. Ris, Jr.

EXHIBIT 12

AMR CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(IN MILLIONS)

	1995	1996	1997	1998	1999
Earnings:					
Earnings (Loss) from continuing operations before income taxes and extraordinary loss	$ (44)	$ 1,295	$ 1,336	$ 1,883	$ 1,006
Add: Total fixed charges (per below)	1,489	1,281	1,166	1,117	1,227
Less: Interest capitalized	14	10	20	104	118
Total earnings	$ 1,431	$ 2,566	$ 2,482	$ 2,896	$ 2,115
Fixed charges:					
Interest	$ 683	$ 514	$ 420	$ 369	$ 383
Portion on rental expense representative of the interest factor	797	763	744	743	832
Amortization of debt expense	9	4	2	5	12
Total fixed charges	$ 1,489	$ 1,281	1,166	1,117	1,227
Ratio of earnings to fixed charges	0.96	2.00	2.13	2.59	1.72

EXHIBIT 21

AMR CORPORATION

SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 1999

Subsidiary companies of the Registrant are listed below. With respect to the companies named, all voting securities are owned directly or indirectly by the Registrant, except where otherwise indicated.

NAME OF SUBSIDIARY	STATE OR SOVEREIGN POWER OF INCORPORATION
Subsidiaries included in the Registrant's consolidated financial statements	
Airline Management Services, Inc.	Delaware
American Airlines, Inc.	Delaware
Admirals Club, Inc. (Massachusetts only)	Massachusetts
AEROSAN (50%)	Chile
American Airlines Australian Tours, Inc.	Delaware
American Airlines de Mexico, S.A.	Mexico
American Airlines de Venezuela, S.A.	Venezuela
American Airlines Deutschland Holding GmbH	Germany
American Airlines Holding Company, Inc.	Delaware
American Holidays Limited (50/50 AA/AMR)	United Kingdom
American Airlines Overseas Finance, N.V.	Neth. Antilles
AMR Aircraft Sales & Leasing Company	Delaware
AMR Training Group, Inc.	Delaware
AMR Ventures III, Inc.	Delaware
Bonanza Acquisitions, Inc.	Nevada
Texas Aero Engine Services, L.L.C, dba TAESL (50/50 AA/Rolls-Royce)	Delaware
Americas Ground Services, Inc.	Delaware
Aerodespachos Colombia, S.A.	Colombia
Caribbean Dispatch Services, Ltd.	St. Lucia
Dispatch Services 93, S.A.	Venezuela
DSA	Dominican Republic
International Ground Services, S.A. de C.V.	Mexico
Panama Dispatch	Panama
Peru Dispatch Company	Peru
AMR/American Airlines Foundation	Texas
American Airlines Center Foundation, Inc.	Texas
American Airlines, American Eagle Family Fund, Inc.	Texas

NAME OF SUBSIDIARY	STATE OR SOVEREIGN POWER OF INCORPORATION
AMR Eagle Holding Corporation	Delaware
AMR Commuter Finance, Inc.	Delaware
American Eagle Airlines, Inc.	Delaware
AMR Eagle Maintenance Services Group, Inc.	Delaware
AMR Eagle Regional Aircraft Maintenance Center, Inc.	Delaware
AMR Leasing Corporation.	Delaware
Aero Perlas (20%)	Panama
Business Express Airlines, Inc.	Delaware
Eagle Aviation Leasing, Inc.	Delaware
Eagle Aviation Services, Inc.	Delaware
Executive Airlines, Inc.	Delaware
Wings West Aviation Services, Inc.	Delaware
AMR Financial Services, Inc.	Delaware
AMR Foreign Sales Corporation, Ltd.	Bermuda
AMR Holding Company, Inc.	Delaware
AMR Investment Services, Inc.	Delaware
AMR Services (Deutschland) GmbH	Germany
Avion Assurance Ltd.	Bermuda
Cargo Services, Inc.	Delaware
SC Investment, Inc.	Delaware
The C.R. Smith Aviation Museum Foundation	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statements (Form S-8 No. 2-68366, Form S-8 No. 33-60725, Form S-8 No. 33-60727, Form S-8 No. 333-13751, Form S-8 No. 333-19325, Form S-8 No. 333-70239, Form S-8 No. 33-27866, Form S-8 No. 333-56947, Form S-3 No. 33-42027, Form S-3 No. 33-46325, Form S-3 No. 33-52121, and Form S-3 No. 333-68211) of AMR Corporation, and in the related Prospectuses, of our reports dated January 17, 2000, except for the second paragraph of Note 12, for which the date is March 15, 2000, with respect to the consolidated financial statements and schedule of AMR Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 1999.

ERNST & YOUNG LLP

Dallas, Texas
March 27, 2000

5
0000006201
AMR CORPORATION
1,000,000

YEAR
DEC-31-1999
JAN-01-1999
DEC-31-1999
85
1,706
1,191
57
708
4,424
25,038
8,751
24,374
5,864
5,689
0
0
1,142
5,716
24,374
0
17,730
0
16,574
0
0
393
1,006
350
656
329
0
0
985
6.46
6.26

5

0000006201
AMR CORPORATION
1,000,000

YEAR
DEC-31-1998
JAN-01-1998
DEC-31-1998
87
1,448
1,244
19
596
3,969
21,616
7,875
21,455
5,302
4,200
0
0
1,969
4,729
21,455
0
17,516
0
15,528
0
0
372
1,833
719
1,114
200
0
0
1,314
7.78
7.52

5

0000006201
AMR CORPORATION
1,000,000

YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
50
1,796
1,048
9
624
4,119
19,695
7,118
20,287
5,274
3,877
0
0
2,801
3,415
20,287
0
16,957
0
15,362
0
0
421
1,336
527
809
176
0
0
985
5.52
5.39