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

FORM 10-Q

[ü]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 2009.

[ ]Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period From _ to ___________.

Commission file number 1-2691.

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

Delaware	13-1502798
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4333 Amon Carter Blvd. Fort Worth, Texas	76155
(Address of principal executive offices)	(Zip Code)

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

Not Applicable
(Former name, former address and former fiscal year , if changed since last report)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
☐ Yes ☑ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $1 par value - 1,000 shares as of July 10, 2009.

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AMERICAN AIRLINES, INC.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Revenues				
Passenger	$ 3,677	$ 4,735	$ 7,357	$ 9,114
Regional Affiliates	513	684	970	1,264
Cargo	134	233	278	448
Other revenues	561	503	1,114	1,001
Total operating revenues	4,885	6,155	9,719	11,827
Expenses				
Wages, salaries and benefits	1,552	1,500	3,090	2,984
Aircraft fuel	1,204	2,182	2,383	4,039
Regional payments to AMR Eagle	493	642	967	1,227
Other rentals and landing fees	308	287	603	581
Commissions, booking fees and credit card expense	207	259	424	516
Depreciation and amortization	244	276	479	536
Maintenance, materials and repairs	250	257	493	513
Aircraft rentals	128	123	255	247
Food service	123	131	237	256
Special charges	22	1,163	36	1,163
Other operating expenses	613	674	1,238	1,338
Total operating expenses	5,144	7,494	10,205	13,400
Operating Loss	(259)	(1,339)	(486)	(1,573)
Other Income (Expense)				
Interest income	9	46	20	98
Interest expense	(129)	(137)	(271)	(282)
Interest capitalized	10	8	20	13
Related party interest - net	(4)	(12)	(10)	(30)
Miscellaneous - net	(15)	(29)	(27)	(33)
	(129)	(124)	(268)	(234)
Loss Before Income Taxes	(388)	(1,463)	(754)	(1,807)
Income tax	-	-	-	-
Net Loss	$ (388)	$ (1,463)	$ (754)	$ (1,807)

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

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

	June 30, 2009	December 31, 2008
Assets		
Current Assets		
Cash	$ 186	$ 188
Short-term investments	2,613	2,910
Restricted cash and short-term investments	460	459
Receivables, net	765	797
Inventories, net	494	481
Fuel derivative contracts	86	188
Fuel derivative collateral deposits	59	575
Other current assets	324	175
Total current assets	4,987	5,773
Equipment and Property		
Flight equipment, net	9,983	10,109
Other equipment and property, net	2,296	2,325
Purchase deposits for flight equipment	708	670
	12,987	13,104
Equipment and Property Under Capital Leases		
Flight equipment, net	207	181
Other equipment and property, net	55	59
	262	240
Route acquisition costs and airport operating and gate lease rights, net	1,081	1,090
Other assets	2,246	2,311
	$ 21,563	$ 22,518
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities		
Accounts payable	$ 1,070	$ 891
Accrued liabilities	1,792	1,917
Air traffic liability	3,847	3,708
Fuel derivative liability	134	716
Payable to affiliates, net	2,103	2,427
Current maturities of long-term debt	894	1,305
Current obligations under capital leases	104	107
Total current liabilities	9,944	11,071
Long-term debt, less current maturities	6,060	6,102
Obligations under capital leases, less current obligations	572	582
Pension and postretirement benefits	6,881	6,613
Other liabilities, deferred gains and deferred credits	3,065	3,055
Stockholder's Equity (Deficit)		
Common stock	-	-
Additional paid-in capital	3,912	3,891
Accumulated other comprehensive loss	(2,608)	(3,287)
Accumulated deficit	(6,263)	(5,509)
	(4,959)	(4,905)
	$ 21,563	$ 22,518

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

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

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net Cash Provided by Operating Activities	$ 828	$ 1,016
Cash Flow from Investing Activities:		
Capital expenditures	(591)	(458)
Net (increase) decrease in short-term investments	297	(383)
Net (increase) decrease in restricted cash and short-term investments	(1)	(6)
Proceeds from sale of equipment and property	2	7
Cash collateral on spare parts financing	48	8
Net cash used for investing activities	(245)	(832)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(732)	(270)
Proceeds from:		
Issuance of debt and sale leaseback transactions	470	221
Reimbursement from construction reserve account	1	-
Funds transferred from affiliates, net	(324)	1
Net cash used for financing activities	(585)	(48)
Net increase (decrease) in cash	(2)	136
Cash at beginning of period	188	145
Cash at end of period	$ 186	$ 281

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

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. American Airlines, Inc. (American or the Company) is a wholly owned subsidiary of AMR Corporation (AMR). The condensed consolidated financial statements also include the accounts of variable interest entities for which the Company is the primary beneficiary. For further information, refer to the consolidated financial statements and footnotes included in the American Airlines, Inc. Annual Report on Form 10-K for the year ended December 31, 2008 (2008 Form 10-K). Further, in connection with preparation of the condensed consolidated financial statements and in accordance with the recently issued Statement of Financial Accounting Standards No. 165 “Subsequent Events” (SFAS 165), the Company evaluated subsequent events after the balance sheet date of June 30, 2009 through July 15, 2009.

   During the first and second quarters of 2009, the Company experienced continued significant weakening of the revenue environment, especially in international markets, due to the worldwide economic recession. Lower revenues, coupled with the recent severe disruptions in the capital markets and other sources of funding, and the recent increase in fuel prices, have negatively impacted the Company and significantly impacted its results of operations and cash flows for the three and six months ended June 30, 2009. Consequently, the Company’s liquidity has been negatively affected as unrestricted cash and short-term investments decreased from $3.1 billion as of December 31, 2008 to $2.8 billion at June 30, 2009. In addition, the Company may not be able to improve its liquidity position for the remainder of 2009 if the overall industry revenue environment does not improve and if the Company is unable to obtain adequate additional funding.

   The Company also remains heavily indebted and has significant obligations. As of the date of this Form 10-Q, the Company believes it can access sufficient liquidity to fund its operations and obligations for the remainder of 2009, including repayment of debt and capital leases, capital expenditures and other contractual obligations. However, no assurance can be given that the Company will be able to do so.

   In June 2009, in response to the challenges it faces, the Company announced further capacity reductions in an effort to balance supply and demand. American will reduce mainline seating capacity by approximately 7.5 percent for the full year 2009 versus 2008. The reduction consists of an approximately 9.0 percent reduction in mainline domestic capacity and more than 4.0 percent reduction in mainline international capacity compared to the year ending December 31, 2008. As a result, for the quarter ending September 30, 2009, American expects mainline domestic capacity to decline by approximately 10.5 percent and mainline international capacity to decline by 6.0 percent compared to the quarter ending September 30, 2008.

Through June 30, 2009, the Company secured approximately $470 million of financing through loans on certain aircraft and the sale leaseback financing of certain aircraft. The Company also issued pass through trust certificates on July 7, 2009 (as described in Note 5 to these condensed consolidated financial statements) raising approximately $520 million to finance both currently owned aircraft and future aircraft deliveries. Exclusive of these transactions, the Company and its parent company, AMR, estimates that it has at least $3.7 billion in unencumbered assets and other sources of liquidity and the Company continues to evaluate the most cost-effective alternatives to raise additional capital. AMR's and American's possible financing sources primarily include: (i) a limited amount of additional secured aircraft debt or sale leaseback transactions involving owned aircraft; (ii) leases of or debt secured by new aircraft deliveries; (iii) debt secured by other assets; (iv) securitization of future operating receipts; (v) the sale or monetization of certain assets; (vi) unsecured debt; and (vii) issuance of equity and/or equity-like securities. Besides unencumbered aircraft, the Company's most likely sources of liquidity include the financing of AAdvantage program miles and takeoff and landing slots and the sale or financing of certain of AMR's business units and subsidiaries, such as AMR Eagle.

For additional information regarding the Company's possible financing sources, see Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

2. In June 2009, American entered into an amendment to a purchase agreement with The Boeing Company (Boeing). Pursuant to the amendment, American exercised rights to purchase an additional eight 737-800 aircraft and the delivery dates of certain aircraft were rescheduled. As a result, American's total 737-800 purchase commitments for 2009 (including nine aircraft that have been delivered as of June 30, 2009) have increased from 29 as of March 31, 2009 to 31 as of June 30, 2009, and American's 737-800 purchase commitments for 2010 have increased from 39 as of March 31, 2009 to 45 as of June 30, 2009. American's 737-800 purchase commitments remain at eight in 2011. In addition to these aircraft, American has firm commitments for eleven 737-800 aircraft and seven Boeing 777 aircraft scheduled to be delivered in 2013-2016.

As of June 30, 2009, payments for American's 737-800 and 777 aircraft purchase commitments will approximate $716 million for the remainder of 2009, $1.3 billion in 2010, $354 million in 2011, $217 million in 2012, $399 million in 2013, and $556 million for 2014 and beyond. These amounts are net of purchase deposits currently held by the manufacturer.

American previously arranged backstop financing which, together with other financing arranged through the date of this filing, including the pass through certificate financing referred to in Note 5 in these condensed consolidated financial statements, covers all of its 2009-2011 Boeing 737-800 aircraft deliveries, subject to certain terms and conditions (including, in the case of one of the financing arrangements covering twelve aircraft, a condition that at the time of borrowing, the Company has a certain amount of unrestricted cash and short term investments).

American leases various types of equipment and property, primarily aircraft and airport facilities. The future minimum lease payments required under capital leases, together with the present value of such 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 June 30, 2009, were (in millions):

	Capital Leases	Operating Leases
As of June 30, 2009	$ 85	$ 434
2010	163	946
2011	165	938
2012	116	755
2013	103	669
2014 and thereafter	509	5,130
	$ 1,141	$ 8,872
Less amount representing interest	465	
Present value of net minimum lease payments	$ 676	

At June 30, 2009 the Company was operating 180 jet aircraft under operating leases and 77 jet aircraft under capital leases.

On December 18, 2007, the European Commission issued a Statement of Objection (SO) against 26 airlines, including the Company. The SO alleges that these carriers participated in a conspiracy to set surcharges on cargo shipments in violation of European Union (EU) law. The SO states that, in the event that the allegations in the SO are affirmed, the Commission will impose fines against the Company. The Company intends to vigorously contest the allegations and findings in the SO under EU laws, and it intends to cooperate fully with all other pending investigations. Based on the information to date, the Company has not recorded any reserve for this exposure for the quarter ended June 30, 2009. In the event that the SO is affirmed or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, or if the Company were named and found liable in any litigation based on these allegations, such findings and related legal proceedings could have a material adverse impact on the Company.

3. Accumulated depreciation of owned equipment and property at June 30, 2009 and December 31, 2008 was $9.1 billion and $9.0 billion, respectively. Accumulated amortization of equipment and property under capital leases at June 30, 2009 and December 31, 2008 was $541 million and $536 million, respectively.

4. As discussed in Note 8 to the consolidated financial statements in the 2008 Form 10-K, the Company has a valuation allowance against the full amount of its net deferred tax asset. The Company currently provides a valuation allowance against deferred tax assets when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. The Company's deferred tax asset valuation allowance increased approximately $17 million during the six months ended June 30, 2009 to $3.4 billion as of June 30, 2009, including the impact of comprehensive income for the six months ended June 30, 2009 and changes from other adjustments.

   The Company estimates that the unrecognized tax benefit recorded under Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes", may decrease during the next twelve months based on anticipated resolution of a pending Internal Revenue Service Appeals process. Changes in the unrecognized tax benefit will have no impact on the effective tax rate due to the existence of the valuation allowance.

5. As of June 30, 2009, American had issued guarantees covering approximately $425 million of AMR's unsecured debt. In addition, as of June 30, 2009, AMR and American had issued guarantees covering approximately $284 million of AMR Eagle's secured debt.

   During the six months ended June 30, 2009, the Company raised approximately $204 million under loans secured by various aircraft. The loans generally bear interest at a LIBOR-based (London Interbank Offered Rate) variable rate with a fixed margin which resets quarterly and are due in installments through 2019.

   American has a secured $433 million term loan credit facility with a final maturity on December 17, 2010 (the Credit Facility). American's obligations under the Credit Facility are guaranteed by AMR. The Credit Facility contains a covenant (the Liquidity Covenant) requiring American to maintain, as defined, unrestricted cash, unencumbered short term investments and amounts available for drawing under committed revolving credit facilities of not less than $1.25 billion for each quarterly period through the life of the Credit Facility. AMR and American were in compliance with the Liquidity Covenant as of June 30, 2009. In addition, the Credit Facility contains a covenant (the EBITDAR Covenant) requiring AMR to maintain a ratio of cash flow (defined as consolidated net income, before interest expense (less capitalized interest), income taxes, depreciation and amortization and rentals, adjusted for certain gains or losses and non-cash items) to fixed charges (comprising interest expense (less capitalized interest) and rentals). In June 2009, AMR and American entered into an amendment to the Credit Facility which waived compliance with the EBITDAR Covenant for the quarter ended June 30, 2009; however, even absent this waiver the Company would have complied with this covenant as of June 30, 2009. In addition, the amendment reduced the minimum ratios AMR is required to satisfy to 0.95 to 1.00 for the one, two and three quarter periods ending September 30, 2009, December 31, 2009 and March 31, 2010, respectively, to 1.00 to 1.00 for the four quarter period ending June 30, 2010, and to 1.05 to 1.00 for the four quarter period ending September 30, 2010.

   Given the volatility of fuel prices and revenues, uncertainty in the capital markets and uncertainty about other sources of funding, and other factors, it is difficult to assess whether the Company will be able to continue to comply with the Liquidity Covenant and the EBITDAR Covenant, and there are no assurances that it will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which — if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default — could result in a default under a significant amount of its other debt and lease obligations, and otherwise have a material adverse impact on the Company and its ability to sustain its operations.

   On July 7, 2009, American closed a $520 million Pass Through Trust Certificates (the Certificates) financing covering four Boeing 777-200ER aircraft owned by American and 16 of American's next 59 Boeing 737-800 deliveries. Equipment notes underlying the Certificates bear interest at 10.375% per annum and principal and interest on the notes are payable in semi-annual installments with a balloon payment at maturity in 2019. Approximately $153.7 million of the proceeds from the sale of the Certificates were received by American at closing in exchange for equipment notes secured by the four Boeing 777-200ER aircraft, which were treated as debt at the time of issuance of the Certificates. The remainder of the proceeds is being held in escrow for the benefit of holders of the Certificates. When American finances each of the 16 Boeing 737-800 aircraft under this arrangement, an allocable portion of the proceeds will be released to American in exchange for equipment notes secured by the individual aircraft and such debt will be recorded by American. American currently expects that it will use the escrowed proceeds of the Certificates to finance 16 Boeing 737-800 aircraft to be delivered to American between July 2009 and March 2010, but American could elect to use this financing on any 16 of its next 59 Boeing 737-800 aircraft deliveries currently scheduled for delivery between July 2009 and October 2010.

   In addition, a third party is holding collateral from American to cover interest distributable on the Certificates prior to when the 16 Boeing 737-800 aircraft are delivered and the related equipment notes are issued.

   Once fully issued, American will hold variable interests in the pass through trusts created for the Certificates, but is not expected to be the primary beneficiary.

6. The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

(in millions)	Fair Value Measurements as of June 30, 2009			
Description	Total	Level 1	Level 2	Level 3
Short term investments [1]	$ 2,613	$ 1,007	$ 1,606	-
Restricted cash and short-term investments [1]	$ 460	460		-
Fuel derivative contracts, net liability [1]	$ (48)	-	(48)	-
Total	$ 3,025	$ 1,467	$ 1,558	$ -

[1] Unrealized gains or losses on short term investments, restricted cash and short-term investments and derivatives qualifying for hedge accounting are recorded in Accumulated other comprehensive income (loss) at each measurement date.

In April 2009, the FASB issued Financial Accounting Standards Board Staff Position SFAS 107-1 and Accounting Principles Board (APB) Opinion No. 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (FSP SFAS 107-1 and APB 28-1). The FSP amends SFAS 107, “Disclosures about Fair Values of Financial Instruments,” to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. The FSP also amends APB Opinion 28, “Interim Financial Reporting," to require those disclosures in all interim financial statements. The FSP is effective for interim periods ending after June 15, 2009. The Company has adopted FSP SFAS 107-1 and APB 28-1 and has provided the additional disclosures required.

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 estimated 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):

	June 30, 2009		December 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured variable and fixed rate indebtedness	$ 2,659	$ 1,722	$ 2,633	$ 1,649
Enhanced equipment trust certificates	2,159	1,888	2,382	1,886
6.0% - 8.5% special facility revenue bonds	1,675	1,371	1,674	1,001
Credit facility agreement	433	400	691	545
Other	28	28	27	28
	$ 6,954	$ 5,409	$ 7,407	$ 5,109

7. The following tables provide the components of net periodic benefit cost for the three and six months ended June 30, 2009 and 2008 (in millions):

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Components of net periodic benefit cost				
Service cost	$ 83	$ 81	$ 167	$ 162
Interest cost	178	171	356	342
Expected return on assets	(141)	(197)	(284)	(395)
Amortization of:				
Prior service cost	3	4	7	8
Unrecognized net loss	36	1	73	1
Net periodic benefit cost	$ 159	$ 60	$ 319	$ 118

	Retiree Medical and Other Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Components of net periodic benefit cost				
Service cost	$ 15	$ 14	$ 29	$ 27
Interest cost	45	43	89	86
Expected return on assets	(4)	(5)	(7)	(10)
Amortization of:				
Prior service cost	(2)	(3)	(4)	(7)
Unrecognized net (gain) loss	(4)	(6)	(7)	(12)
Net periodic benefit cost	$ 50	$ 43	$ 100	$ 84

The Company has no required 2009 contributions to its defined benefit pension plans under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. The Company's estimates of its defined benefit pension plan contributions reflect the current provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. The Company expects to contribute approximately $13 million to its retiree medical and other benefit plan in 2009.

In December 2008, the FASB affirmed Financial Accounting Standards Board Staff Position SFAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (FSP SFAS 132(R)-1). FSP SFAS 132(R)-1 requires additional disclosures about assets held in an employer's defined benefit pension or other postretirement plan, primarily related to categories and fair value measurements of plan assets. The FSP is effective for fiscal years ending after December 15, 2009 and will only impact the disclosures of the Company's pension assets.

8. As a result of the revenue environment, high fuel prices and the Company's restructuring activities, including its capacity reductions, the Company has recorded a number of charges during the last few years. The following table summarizes the components of the Company's special charges, the remaining accruals for these charges and the capacity reduction related charges (in millions) as of June 30, 2009:

	Aircraft Charges	Facility Exit Costs	Employee Charges	Total
Remaining accrual at December 31, 2008	$ 108	$ 16	$ 14	$ 138
Capacity reduction charges	35	-	-	35
Non-cash charges	2	-	-	2
Adjustments	-	(1)	-	(1)
Payments	(13)	(1)	(14)	(28)
Remaining accrual at June 30, 2009	$ 132	$ 14	$ -	$ 146

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

9. As part of the Company's risk management program, it uses a variety of financial instruments, primarily heating oil option and collar contracts, as cash flow hedges to mitigate commodity price risk. The Company does not hold or issue derivative financial instruments for trading purposes. As of June 30, 2009, the Company had fuel derivative contracts outstanding covering 26 million barrels of jet fuel that will be settled over the next 24 months. A deterioration of the Company's liquidity position may negatively affect the Company's ability to hedge fuel in the future.

For the quarter and six months ended June 30, 2009, the Company recognized an increase of approximately $179 million and $422 million, respectively, in fuel expense on the accompanying consolidated statements of operations related to its fuel hedging agreements, including the ineffective portion of the hedges. For the quarter and six months ended June 30, 2008, the Company recognized a decrease of approximately $(307) million and $(404) million, respectively, in fuel expense related to its fuel hedging agreements including the ineffective portion of the hedges. The net fair value of the Company's fuel hedging agreements at June 30, 2009 and December 31, 2008, representing the amount the Company would pay to terminate the agreements (net of settled contract assets), totaled $30 million and $450 million, respectively, which excludes a payable related to contracts that settled in the last month of each respective reporting period. As of June 30, 2009, the Company estimates that during the remainder of 2009 it will reclassify from Accumulated other comprehensive loss into fuel expense approximately $172 million in net losses (based on prices as of June 30, 2009) related to its fuel derivative hedges, including losses from terminated contracts with a bankrupt counterparty and unwound trades.

The impact of cash flow hedges on the Company's consolidated financial statements is depicted below (in millions):

Fair Value of Aircraft Fuel Derivative Instruments (all cash flow hedges under SFAS 133)

Asset Derivatives as of				Liability Derivatives as of			
June 30, 2009		December 31, 2008		June 30, 2009		December 31, 2008	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Fuel derivative contracts	$ 10	Fuel derivative contracts	$ -	Fuel derivative liability	$ 58	Accrued liabilities	$ 528

Effect of Aircraft Fuel Derivative Instruments on Statements of Operations (all cash flow hedges under SFAS 133)

Amount of Gain (Loss) Recognized in OCI on Derivative[1] as of June 30,		Location of Gain (Loss) Reclassified from Accumulated OCI into Income [1]	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income [1] for the six months ended June 30,		Location of Gain (Loss) Recognized in Income on Derivative [2]	Amount of Gain (Loss) Recognized in Income on Derivative [2] for the six months ended June 30,	
2009	2008		2009	2008		2009	2008
$ 127	$ 1,215	Aircraft Fuel	$ (427)	$ 389	Aircraft Fuel	$ 5	$ 15

Amount of Gain (Loss) Reclassified from Accumulated OCI into Income [1] for the three months ended June 30,		Location of Gain (Loss) Recognized in Income on Derivative [2]	Amount of Gain (Loss) Recognized in Income on Derivative [2] for the three months ended June 30,	
2009	2008		2009	2008
$ (182)	$ 285	Aircraft Fuel	$ 3	$ 22

[1] Effective portion of gain (loss)
[2] Ineffective portion of gain (loss)

The Company includes changes in the fair value of certain derivative financial instruments that qualify for hedge accounting and unrealized gains and losses on available-for-sale securities in comprehensive income. For the three month periods ended June 30, 2009 and 2008, comprehensive income (loss) was $101 million and $(840) million, respectively, and for the six month periods ended June 30, 2009 and 2008, comprehensive income (loss) was $(75) million and $(1.0) billion, respectively. Total comprehensive loss for the year ended December 31, 2008 was $(6.4) billion. The difference between net earnings (loss) and comprehensive income (loss) for the three and six month periods ended June 30, 2009 and 2008 is due primarily to the accounting for the Company's derivative financial instruments and the Company's pension plans.

The Company is also exposed to credit losses in the event of non-performance by counterparties to these financial instruments, and although no assurances can be given, the Company 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 a number of its counterparties which may require the Company or the counterparty to post collateral if the value of selected instruments exceed specified mark-to-market thresholds or upon certain changes in credit ratings.

As of June 30, 2009, the aggregate fair value of all cash flow derivatives qualifying under SFAS 133 with credit-risk-related contingent features that are in a liability position is $58 million, for which the Company had posted collateral of $59 million. The Company was over-collateralized as of June 30, 2009 due to a timing lag in collateral reconciliation with a certain counterparty.

In addition to the Company's qualifying cash flow hedges, American has hedges that were effectively unwound as in 2008 that are recorded as assets and liabilities on the balance sheet. The fair value of these offsetting positions not designated as hedges under SFAS 133 as of June 30, 2009 was a $76 million asset recorded in Fuel derivative contracts and a $76 million liability recorded in Fuel derivative liability.

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

Forward-Looking Information

Statements in this report contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," “indicates,” “believes,” “forecast,” “guidance,” “outlook,” “may,” “will,” “should,” “seeks,” “targets” and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company’s objectives, plans or goals are forward-looking statements. Forward-looking statements include, without limitation, the Company’s expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs; future financing plans and needs; the amounts of its unencumbered assets and other sources of liquidity; fleet plans; overall economic and industry conditions; plans and objectives for future operations; regulatory approvals and actions, including the Company’s application for antitrust immunity with other **one**world alliance members; and the impact on the Company of its results of operations in recent years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Guidance given in this report regarding capacity, fuel consumption, fuel prices, fuel hedging, and unit costs, and statements regarding expectations of regulatory approval of the Company’s application for antitrust immunity with other **one**world members are forward-looking statements.

Forward-looking statements are subject to a number of factors that could cause the Company’s actual results to differ materially from the Company’s expectations. The following factors, in addition to other possible factors not listed, could cause the Company’s actual results to differ materially from those expressed in forward-looking statements: the materially weakened financial condition of the Company, resulting from its significant losses in recent years; weaker demand for air travel and lower investment asset returns resulting from the severe global economic downturn; the Company’s need to raise substantial additional funds and its ability to do so on acceptable terms; the ability of the Company to generate additional revenues and reduce its costs; continued high and volatile fuel prices and further increases in the price of fuel, and the availability of fuel; the Company’s substantial indebtedness and other obligations; the ability of the Company to satisfy existing financial or other covenants in certain of its credit agreements; changes in economic and other conditions beyond the Company’s control, and the volatile results of the Company’s operations; the fiercely and increasingly competitive business environment faced by the Company; potential industry consolidation and alliance changes; competition with reorganized carriers; low fare levels by historical standards and the Company’s reduced pricing power; changes in the Company’s corporate or business strategy; government regulation of the Company’s business; conflicts overseas or terrorist attacks; uncertainties with respect to the Company’s international operations; outbreaks of a disease (such as SARS, avian flu or the H1N1 virus) that affects travel behavior; labor costs that are higher than those of the Company’s competitors; uncertainties with respect to the Company’s relationships with unionized and other employee work groups; increased insurance costs and potential reductions of available insurance coverage; the Company’s ability to retain key management personnel; potential failures or disruptions of the Company’s computer, communications or other technology systems; losses and adverse publicity resulting from any accident involving the Company’s aircraft; changes in the price of the Company’s common stock; and the ability of the Company to reach acceptable agreements with third parties. Additional information concerning these and other factors is contained in the Company’s Securities and Exchange Commission filings, including but not limited to the Company’s 2008 Form 10-K and Item 1A in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

Overview

The Company recorded a net loss of $388 million in the second quarter of 2009 compared to a net loss of $1.5 billion in the same period last year (second quarter 2008 results include the $1.0 billion impact of the write down of the McDonnell Douglas MD-80 fleet and certain related long-lived assets to their estimated fair values due to capacity reductions made in response to unprecedentedly high fuel expenses). The Company's second quarter 2009 loss is primarily attributable to a significant decrease in passenger revenue due to lower traffic and passenger yield. The Company is experiencing significantly weaker demand for air travel driven by the continuing severe downturn in the global economy. Mainline passenger revenue decreased by $1.1 billion to $3.7 billion in the three months ended June 30, 2009 compared to the same period last year. Mainline passenger unit revenues decreased 16.0 percent for the second quarter due to a 15.4 percent decrease in passenger yield (passenger revenue per passenger mile) compared to the same period in 2008 and a load factor decrease of approximately one point.

In addition, during the second quarter of 2009, there was an outbreak of the H1N1 Influenza virus which had an estimated $50 to $80 million adverse revenue impact throughout the Company's network, but primarily on operations to and from Mexico. As a part of the second quarter 2009 net loss, the Company also incurred approximately $70 million in non-recurring charges related to the sale of certain aircraft and the grounding of leased Airbus A300 aircraft prior to lease expiration.

The Company implemented capacity reductions in 2008 and in the first quarter of 2009 in response to record high fuel prices. These capacity reductions have somewhat mitigated the weakening of demand and in June 2009, the Company announced additional capacity reductions in a further effort to balance supply and demand. American will reduce mainline seating capacity by approximately 7.5 percent for the full year 2009 versus 2008. The reduction consists of an approximately 9.0 percent reduction in mainline domestic capacity and more than 4.0 percent reduction in mainline international capacity compared to the year ending December 31, 2008. As a result, for the quarter ending September 30, 2009, American expects mainline domestic capacity to decline by approximately 10.5 percent and mainline international capacity to decline by 6.0 percent compared to the quarter ending September 30, 2008. No assurance can be given that any capacity reductions or other steps the Company may take will be adequate to offset the effects of reduced demand.

The decrease in total passenger revenue was partially offset by significantly lower year over year fuel prices; the Company paid an average of $1.89 per gallon in the second quarter 2009 compared to an average of $3.17 per gallon in the same period of 2008, including effects of hedging.

The Company's unit costs excluding fuel and special charges were greater for the quarter ended June 30, 2009 than for the same period in 2008, and are expected to be higher for each period for the remainder of 2009 compared to the corresponding prior year period. Factors driving the increase include increased defined benefit pension expenses (due to the stock market decline in 2008) and retiree medical and other expenses, and cost pressures associated with the Company's previously announced capacity reductions and dependability initiatives.

In reaction to these challenges, the Company has continued to work to implement and maintain several key actions designed to help it manage through these near term challenges while seeking to position itself for long-term success, including the range of service charges introduced in 2008 to generate additional revenue, execution of its fleet renewal and replacement plan, initiatives to improve dependability and on-time performance, and an initiative to strengthen its global network through the application pending with the U.S. Department of Transportation for global antitrust immunity with four members of the oneworld global alliance.

The Company's ability to become profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, many of which are largely beyond the Company's control. Certain risk factors that affect the Company's business and financial results are discussed in the Risk Factors listed in Item 1A in the 2008 Form 10-K and as amended in Item 1A in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. In addition, most of the Company's largest domestic competitors and several smaller carriers have filed for bankruptcy in the last several years and have used this process to significantly reduce contractual labor and other costs. In order to remain competitive and to improve its financial condition, the Company must continue to take steps to generate additional revenues and to reduce its costs. Although the Company has a number of initiatives underway to address its cost and revenue challenges, some of these initiatives involve changes to the Company's business which it may be unable to implement. In addition, the Company expects that, as time goes on, it will be progressively more difficult to identify and implement significant revenue enhancement and cost savings initiatives. The adequacy and ultimate success of the Company's initiatives to generate additional revenues and reduce costs are not known at this time and cannot be assured. Moreover, whether the Company's initiatives will be adequate or successful depends in large measure on factors beyond its control, notably the overall industry environment, including passenger demand, yield and industry capacity growth, and fuel prices. It will be very difficult for the Company to continue to fund its obligations on an ongoing basis, and to return to profitability, if the overall industry revenue environment does not improve substantially or if fuel prices were to increase and persist for an extended period at high levels.

LIQUIDITY AND CAPITAL RESOURCES

Significant Indebtedness and Future Financing

The Company remains heavily indebted and has significant obligations (including substantial pension funding obligations), as described more fully under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K. Indebtedness is a significant risk to the Company as discussed in the Risk Factors listed in Item 1A in the 2008 Form 10-K and as amended in Item 1A in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. During 2006, 2007, 2008 and 2009 (through the date of this filing), the Company raised an aggregate of approximately $2.0 billion in financing to fund capital commitments (mainly for aircraft and ground properties), debt maturities, and employee pension obligations, and to bolster its liquidity. As of the date of this Form 10-Q, although the Company believes it can access sufficient liquidity to fund its operations and obligations for the remainder of 2009, including repayment of debt and capital leases, capital expenditures and other contractual obligations, there can be no assurance that the Company will be able to do so. To meet the Company's commitments, to maintain sufficient liquidity and because the Company has significant debt, lease and other obligations in the next several years, including commitments to purchase aircraft, as well as substantial pension funding obligations (refer to Contractual Obligations in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K), the Company will need access to substantial additional funding.

As of June 30, 2009, the Company is required to make scheduled principal payments of approximately $665 million on long-term debt and approximately $85 million in payments on capital leases, and the Company expects to spend approximately $1.0 billion on capital expenditures for the remainder of 2009. In addition, the global economic downturn, potential increases in the amount of required reserves under credit card processing agreements, and the obligation to post cash collateral on fuel hedging contracts have negatively impacted, and may in the future negatively impact, the Company's liquidity.

Despite the current disruptions in the capital markets, in the six months ended June 30, 2009, the Company obtained an aggregate of approximately $470 million of financing under loans secured by various aircraft and sale leaseback financings of certain aircraft.

The Company's possible financing sources primarily include: (i) a limited amount of additional secured aircraft debt or sale leaseback transactions involving owned aircraft; (ii) leases of or debt secured by new aircraft deliveries; (iii) debt secured by other assets; (iv) securitization of future operating receipts; (v) the sale or monetization of certain assets; (vi) unsecured debt; and (vii) issuance of equity and/or equity-like securities. Besides unencumbered aircraft, the Company's most likely sources of liquidity include the financing of AAdvantage program miles, and takeoff and landing slots, and the sale or financing of certain of AMR's business units and subsidiaries, such as AMR Eagle. The Company's ability to obtain future financing is limited by the value of its unencumbered assets. A very large majority of the Company's aircraft assets (including most of the aircraft eligible for the benefits of Section 1110 of the U.S. Bankruptcy Code) are encumbered. Also, the market value of these aircraft assets has declined in recent years, and may continue to decline. The Company and its parent company, AMR believe they have at least $3.7 billion in unencumbered assets and other sources of liquidity as the date of this filing. However, the availability and level of the financing sources described above cannot be assured, particularly in light of AMR's and American's financial results in recent years, AMR's and American's substantial indebtedness, the difficult revenue environment they face, their reduced credit ratings, recent historically high fuel prices, and the financial difficulties experienced in the airline industry. In addition, the global economic downturn and recent severe disruptions in the capital markets and other sources of funding have resulted in greater volatility, less liquidity, widening of credit spreads and substantially more limited availability of funding. The inability of AMR and American to obtain necessary additional funding on acceptable terms would have a material adverse impact on AMR and American and on their ability to sustain their operations.

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

In June 2009, American entered into an amendment to a purchase agreement with Boeing. Pursuant to the amendment, American exercised rights to purchase an additional eight 737-800 aircraft and the delivery dates of certain aircraft were rescheduled. As a result, American's total 737-800 purchase commitments for 2009 (including nine aircraft that have been delivered as of June 30, 2009) have increased from 29 as of March 31, 2009 to 31 as of June 30, 2009, and American's 737-800 purchase commitments for 2010 have increased from 39 as of March 31, 2009 to 45 as of June 30, 2009. American's 737-800 purchase commitments remain at eight in 2011. In addition to these aircraft, American has firm commitments for eleven 737-800 aircraft and seven Boeing 777 aircraft scheduled to be delivered in 2013-2016.

As of June 30, 2009, payments for American's 737-800 and 777 aircraft purchase commitments will approximate $716 million for the remainder of 2009, $1.3 billion in 2010, $354 million in 2011, $217 million in 2012, $399 million in 2013, and $556 million for 2014 and beyond. These amounts are net of purchase deposits currently held by the manufacturer.

American previously arranged backstop financing which, together with other financing arranged through the date of this filing, including the pass through certificate financing referred to in the following paragraph, covers all of its 2009-2011 Boeing 737-800 aircraft deliveries, subject to certain terms and conditions (including, in the case of one of the financing arrangements covering twelve aircraft, a condition that at the time of borrowing, the Company has a certain amount of unrestricted cash and short term investments).

As more fully described in Note 5 to the condensed consolidated financial statements, on July 7, 2009, American obtained financing for four Boeing 777-200ER aircraft owned by American and 16 Boeing 737-800 aircraft to be delivered to American through the issuance of the Certificates which raised $520 million. The Certificates bear interest at 10.375% per annum. A majority of the proceeds were placed in escrow. As American takes delivery of each Boeing 737-800 aircraft it finances under this arrangement, American will issue equipment notes secured by such aircraft to the trust, which will purchase such notes with an allocable portion of the escrowed funds. American will use such funds to finance the purchase of the aircraft and the Company will record the principal amount of such equipment notes as debt on its consolidated balance sheet.

The Company's continued aircraft replacement strategy, and its execution of that strategy, will depend on such factors as future economic and industry conditions and the financial condition of the Company.

Credit Facility Covenants

American has a secured $433 million term loan credit facility with a final maturity on December 17, 2010. American's obligations under the Credit Facility are guaranteed by AMR. The Credit Facility contains a covenant (the Liquidity Covenant) requiring American to maintain, as defined, unrestricted cash, unencumbered short term investments and amounts available for drawing under committed revolving credit facilities of not less than $1.25 billion for each quarterly period through the life of the Credit Facility. AMR and American were in compliance with the Liquidity Covenant as of June 30, 2009. In addition, the Credit Facility contains a covenant (the EBITDAR Covenant) requiring AMR to maintain a ratio of cash flow (defined as consolidated net income, before interest expense (less capitalized interest), income taxes, depreciation and amortization and rentals, adjusted for certain gains or losses and non-cash items) to fixed charges (comprising interest expense (less capitalized interest) and rentals). In June 2009, AMR and American entered into an amendment to the Credit Facility which waived compliance with the EBITDAR Covenant for the quarter ended June 30, 2009; however, even absent this waiver the Company would have complied with this covenant as of June 30, 2009. In addition, the amendment reduced the minimum ratios AMR is required to satisfy to 0.95 to 1.00 for the one, two and three quarter periods ending September 30, 2009, December 31, 2009 and March 31, 2010, respectively, to 1.00 to 1.00 for the four quarter period ending June 30, 2010, and to 1.05 to 1.00 for the four quarter period ending September 30, 2010.

Given the volatility of fuel prices and revenues, uncertainty in the capital markets and uncertainty about other sources of funding, and other factors, it is difficult to assess whether the Company will be able to continue to comply with the Liquidity Covenant and the EBITDAR Covenant, and there are no assurances that it will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which — if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default — could result in a default under a significant amount of its other debt and lease obligations, and otherwise have a material adverse impact on the Company and its ability to sustain its operations.

Credit Card Processing and Other Reserves

American has agreements with a number of credit card companies and processors to accept credit cards for the sale of air travel and other services. Under certain of American's current credit card processing agreements, the related credit card company or processor may hold back, under certain circumstances, a reserve from American's credit card receivables.

Under one such agreement, which was recently amended, the amount of such reserve generally is based on the amount of unrestricted cash (not including undrawn credit facilities) held by the Company and the processor's exposure to the Company under the agreement. Given the volatility of fuel prices and revenues, uncertainty in the capital markets and uncertainty about other sources of funding, and other factors, it is difficult to forecast the required amount of such reserve at any time. The amount of the reserve was $154 million as of June 30, 2009. The agreement limits the maximum amount of the reserve (determined as described above) during the period ending February 15, 2010, and the Company currently estimates such maximum amount during that period to be approximately $300 million. However, if current conditions persist, absent a waiver or modification of the agreement, such required amount could be substantially greater after such period.

Pension Funding Obligation

The Company is required to make minimum contributions to its defined benefit pension plans under the minimum funding requirements of the Employee Retirement Income Security Act (ERISA), the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. The Company is not required to make any 2009 contributions to its defined benefit pension plans under the provisions of these acts.

Although the Company is not required to make contributions to its defined benefit pension plans in 2009, based on current funding levels of the plans, the Company expects that the amount of the required contributions will be substantial in 2010 and future years. The Company expects to contribute approximately $13 million to its retiree medical and other benefit plan in 2009.

Cash Flow Activity

At June 30, 2009, the Company had $2.8 billion in unrestricted cash and short-term investments, reflecting a decrease of $299 million from the balance of $3.1 billion at December 31, 2008. Net cash provided by operating activities in the six-month period ended June 30, 2009 was $828 million, a decrease of $188 million over the same period in 2008. The decline in unrestricted cash and short-term investments is primarily due to the significant decline in the demand for air travel, which resulted in a 19.3 percent decrease in mainline passenger revenue and principal payments made during the first six months of 2009. The impact of these two factors was somewhat offset by the year-over-year decrease in fuel prices from $2.95 per gallon for the first six months of 2008 to $1.90 per gallon for the same period in 2009. The fuel price decrease resulted in $1.3 billion in decremental year-over-year expense in the six months ended June 30, 2009 (based on the year-over-year decrease in the average price per gallon multiplied by gallons consumed).

The Company made scheduled debt and capital lease payments of $732 million in the first six months of 2009. Included in this amount, the Company retired its $255 million secured bank revolving credit facility in June 2009.

Despite the current disruptions in the capital markets, in the six months ended June 30, 2009, the Company obtained an aggregate of approximately $470 million of financing under loans secured by various aircraft and sale leaseback financings of certain aircraft.

Capital expenditures for the first six months of 2009 were $591 million and primarily consisted of new aircraft and certain aircraft modifications.

Due to the current value of the Company's derivative contracts, some agreements with counterparties require collateral to be deposited by the Company. As of June 30, 2009, the cash collateral held by such counterparties from American was $59 million. The amount of collateral required to be deposited with the Company or with the counterparty by the Company is based on fuel price in relation to the market values of the derivative contracts and collateral provisions per the terms of those contracts and can fluctuate significantly. The Company was over-collateralized as of June 30, 2009 due to a timing lag in collateral reconciliation with a certain counterparty. The Company is currently required to collateralize approximately 100 percent of the outstanding liability hedge contracts. As such, when these contracts settle, the collateral posted with counterparties will effectively offset the loss position and minimal further cash impact will be recorded assuming a static forward heating oil curve from June 30, 2009. Under the same assumption, the Company does not currently expect to be required to deposit significant additional cash collateral above June 30, 2009 levels with counterparties with regard to fuel hedges in place as of June 30, 2009. Additional information regarding the Company's fuel hedging program is also included in Item 3 "Quantitative and Qualitative Disclosures about Market Risk" and in Note 9 to the condensed consolidated financial statements.

War-Risk Insurance

The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines until September 30, 2009, covering losses to employees, passengers, third parties and aircraft. If the U.S. government does not extend the policy beyond that date, or if the U.S. government at anytime thereafter ceases to provide such insurance, or reduces the coverage provided by such insurance, the Company will attempt to purchase similar coverage with narrower scope from commercial insurers at an additional cost. To the extent this coverage is not available at commercially reasonable rates, the Company would be adversely affected. While the price of commercial insurance has declined since the premium increases immediately after terrorist attacks of September 11, 2001, in the event commercial insurance carriers further reduce the amount of insurance coverage available to the Company, or significantly increase its cost, the Company would be adversely affected.

RESULTS OF OPERATIONS

For the Six Months Ended June 30, 2009 and 2008

REVENUES

The Company's revenues decreased approximately $2.1 billion, or 17.8 percent, to $9.7 billion for the six months ending June 30, 2009 from the same period last year. American's passenger revenues decreased by 19.3 percent, or $1.8 billion, on a 7.8 percent decrease in capacity (available seat mile) (ASM). American's passenger load factor decreased 2.0 points to 78.8 percent while passenger yield decreased by 10.3 percent to 12.23 cents. This resulted in a decrease in passenger revenue per available seat mile (RASM) of 12.5 percent to 9.64 cents. Following is additional information regarding American's domestic and international RASM and capacity:

	Six Months Ended June 30, 2009			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
DOT Domestic	9.74	(9.5) %	46.5	(10.6) %
International	9.48	(17.1)	29.9	(3.0)
DOT Latin America	10.45	(13.7)	14.7	(5.1)
DOT Atlantic	8.45	(21.3)	11.7	(1.9)
DOT Pacific	8.85	(17.9)	3.4	2.7

Regional Affiliates include two wholly owned subsidiaries, American Eagle Airlines, Inc. and Executive Airlines, Inc. (collectively, AMR Eagle), and an independent carrier with which American has a capacity purchase agreement, Chautauqua Airlines, Inc. (Chautauqua).

Regional Affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, decreased $294 million, or 23.3 percent, to $970 million as a result of a reduction in capacity, decreased passenger traffic and lower yield. Regional Affiliates' traffic decreased 11.0 percent to 4.0 billion revenue passenger miles (RPMs), on a capacity decrease of 10.0 percent to 5.7 billion ASMs, resulting in an approximately one point decrease in the passenger load factor to 70.4 percent.

Cargo revenues decreased by 37.9 percent, or $170 million, primarily due to decreases in advertising mail and freight traffic resulting from the current economic downturn.

Other revenues increased 11.3 percent, or $113 million, to $1.1 billion due to increases in certain passenger service charges.

Operating Expenses

The Company's total operating expenses decreased 23.8 percent, or $3.2 billion, to $10.2 billion in the six months ended June 30, 2009 compared to the same period in 2008. The Company's operating expenses per ASM decreased 17.1 percent to 11.79 cents compared to 2008. These decreases are due primarily to decreased fuel prices in the first half of 2009 compared to the first half of 2008. The decreases were somewhat offset by increased defined benefit pension expenses and retiree medical and other expenses (due to the stock market decline in 2008), and by cost pressures associated with the Company's previously announced capacity reductions and dependability initiatives.

(in millions)

Operating Expenses	Six Months Ended June 30, 2009	Change from 2008	Percentage Change	
Wages, salaries and benefits	$ 3,090	$ 106	3.6%	
Aircraft fuel	2,383	(1,656)	(41.0)	(a)
Regional payments to AMR Eagle	967	(260)	(21.2)	(b)
Other rentals and landing fees	603	22	3.8	
Commissions, booking fees and credit card expense	424	(92)	(17.8)	(c)
Depreciation and amortization	479	(57)	(10.6)	(d)
Maintenance, materials and repairs	493	(20)	(3.9)	
Aircraft rentals	255	8	3.2	
Food service	237	(19)	(7.4)	
Special charges	36	(1,127)	(96.9)	(e)
Other operating expenses	1,238	(100)	(7.5)	
Total operating expenses	$ 10,205	$ (3,195)	(23.8) %	

(a) Aircraft fuel expense decreased primarily due to a 35.7 percent decrease in the Company's price per gallon of fuel (net of the impact of fuel hedging) and an 8.3 percent decrease in the Company's fuel consumption. The Company recorded $422 million in net losses and $404 million in net gains on its fuel hedging contracts for the six months ended June 30, 2009 and June 30, 2008, respectively.

(b) Regional payments to AMR Eagle expense decreased in conjunction with the 23.3 percent decrease in Regional Affiliates' passenger revenue.

(c) Commissions, booking fees and credit card expense decreased in conjunction with the 17.8 percent decrease in the Company's revenue.

(d) Depreciation and amortization expense decreased due to impairment charge in 2008.

(e) Special charges in 2008 are related to impairment charge of $1.0 billion to write down the Company's McDonnell Douglas MD-80 fleet and certain related long-lived assets to their estimated fair values.

Other Income (Expense)

Interest income decreased $78 million due to both a decrease in short-term investment balances and a decrease in interest rates. Interest expense decreased $11 million as a result of a decrease in the Company's long-term debt balance and lower variable interest rates.

Income Tax

The Company did not record a net tax provision (benefit) associated with its loss for the six months ended June 30, 2009 or June 30, 2008 due to the Company providing a valuation allowance, as discussed in Note 4 to the condensed consolidated financial statements.

Regional Affiliates

The following table summarizes the combined capacity purchase activity for the American Connection carriers and AMR Eagle for the six months ended June 30, 2009 and 2008 (in millions):

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Revenues:		
Regional Affiliates	$ 970	$ 1,264
Other	65	56
	$ 1,035	$ 1,320
Expenses:		
Regional payments	$ 1,032	$ 1,350
Restructuring charges	-	115
Other incurred expenses	172	160
	$ 1,204	$ 1,625

In addition, passengers connecting to American's flights from American Connection and AMR Eagle flights generated passenger revenues for American flights of $703 million and $863 million for the six months ended June 30, 2009 and 2008, respectively, which are included in Revenues – Passenger in the consolidated statements of operations.

Outlook

The Company currently expects capacity for American's mainline jet operations to decline by approximately 8.5 percent in the third quarter of 2009 versus the third quarter of 2008. American's mainline capacity for the full year 2009 is expected to decrease approximately 7.5 percent from 2008 with approximately a 9.0 percent reduction in domestic capacity and more than a 4.0 percent decrease in international capacity.

The Company currently expects third quarter 2009 mainline unit costs to decrease approximately 14.3 percent year over year primarily due to historically high fuel costs recorded in the third quarter 2008, somewhat offset by increased defined benefit pension expenses (due to the stock market decline in 2008) and retiree medical and other benefit expenses, and by cost pressures associated with the Company's previously announced capacity reductions and dependability initiatives. Due to these cost pressures, the Company expects third quarter and full year 2009 unit costs excluding fuel to be higher than the respective prior year periods. The Company's results are significantly affected by the price of jet fuel, which is in turn affected by a number of factors beyond the Company's control. Although fuel prices have abated somewhat from the record prices recorded in July 2008, fuel prices have increased since the first quarter of 2009 and they remain high and very volatile.

The Company is experiencing significantly weaker demand for air travel driven by the severe downturn in the global economy. The Company implemented capacity reductions in 2008 and in the first quarter of 2009 in response to record high fuel prices. Those capacity reductions have somewhat mitigated this weakening of demand, and in June 2009, the Company announced additional capacity reductions in a further effort to balance supply and demand. However, if the global economic downturn persists or worsens, demand for air travel may continue to weaken. No assurance can be given that capacity reductions or other steps the Company may take will be adequate to offset the effects of reduced demand. In addition, fare discounting has recently been both broader and deeper than usual, and the Company expects downward pressure on passenger yields into the third quarter.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of the Form 10-K. The change in market risk for aircraft fuel is discussed below for informational purposes.

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

Aircraft Fuel The Company's earnings are affected by changes in the price and availability of aircraft fuel. In order to provide a measure of control over price and supply, the Company trades and ships fuel and maintains fuel storage facilities to support its flight operations. The Company also manages the price risk of fuel costs primarily by using jet fuel and heating oil hedging contracts. Market risk is estimated as a hypothetical ten percent increase in the June 30, 2009 cost per gallon of fuel. Based on projected 2009 and 2010 fuel usage through June 30, 2010, such an increase would result in an increase to aircraft fuel expense of approximately $399 million in the twelve months ended June 30, 2010, inclusive of the impact of effective fuel hedge instruments outstanding at June 30, 2009, and assumes the Company's fuel hedging program remains effective under Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities". Comparatively, based on projected 2009 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately $360 million in the twelve months ended December 31, 2008, inclusive of the impact of fuel hedge instruments outstanding at December 31, 2008. The change in market risk is primarily due to the decrease in fuel prices.

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

As of June 30, 2009, the Company had cash flow hedges, with collars and options, covering approximately 32 percent of its estimated remaining 2009 fuel requirements. The consumption hedged for the remainder of 2009 is capped at an average price of approximately $2.49 per gallon of jet fuel, and the Company's collars have an average floor price of approximately $1.80 per gallon of jet fuel (both the capped and floor price exclude taxes and transportation costs). The Company's collars represent approximately 28 percent of its estimated remaining 2009 fuel requirements. A deterioration of the Company's financial position could negatively affect the Company's ability to hedge fuel in the future.

Item 4. Controls and Procedures

The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company’s management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company’s disclosure controls and procedures as of December 31, 2008. Based on that evaluation, the Company’s management, including the CEO and CFO, concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2009. During the quarter ending on June 30, 2009, there was no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Between April 3, 2003 and June 5, 2003, three lawsuits were filed by travel agents, some of whom opted out of a prior class action (now dismissed) to pursue their claims individually against American, other airline defendants, and in one case, against certain airline defendants and Orbitz LLC. The cases, Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California, San Francisco (51 individual agencies), Paula Fausky d/b/a Timeless Travel v. American Airlines, et. al, in the United States District Court for the Northern District of Ohio, Eastern Division (29 agencies) and Swope Travel et al. v. Orbitz et. al. in the United States District Court for the Eastern District of Texas, Beaumont Division (71 agencies) were consolidated for pre-trial purposes in the United States District Court for the Northern District of Ohio, Eastern Division. Collectively, these lawsuits seek damages and injunctive relief alleging that the certain airline defendants and Orbitz LLC: (i) conspired to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers in violation of Section 1 of the Sherman Act; (ii) conspired to monopolize the distribution of common carrier air travel between airports in the United States in violation of Section 2 of the Sherman Act; and that (iii) between 1995 and the present, the airline defendants conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. On September 23, 2005, the Fausky plaintiffs dismissed their claims with prejudice. On September 14, 2006, the court dismissed with prejudice 28 of the Swope plaintiffs. On October 29, 2007, the court dismissed all actions. The Tam plaintiffs have appealed the court's decision. The Swope plaintiffs have moved to have their case remanded to the Eastern District of Texas. American continues to vigorously defend these lawsuits. A final adverse court decision awarding substantial money damages or placing material restrictions on the Company's distribution practices would have a material adverse impact on the Company.

On July 12, 2004, a consolidated class action complaint that was subsequently amended on November 30, 2004, was filed against American and the Association of Professional Flight Attendants (APFA), the union which represents American's flight attendants (Ann M. Marcoux, et al., v. American Airlines Inc., et al. in the United States District Court for the Eastern District of New York). While a class has not yet been certified, the lawsuit seeks on behalf of all of American's flight attendants or various subclasses to set aside and to obtain damages allegedly resulting from the April 2003 Collective Bargaining Agreement referred to as the Restructuring Participation Agreement (RPA). The RPA was one of three labor agreements American successfully reached with its unions in order to avoid filing for bankruptcy in 2003. In a related case (Sherry Cooper, et al. v. TWA Airlines, LLC, et al., also in the United States District Court for the Eastern District of New York), the court denied a preliminary injunction against implementation of the RPA on June 30, 2003. The Marcoux suit alleges various claims against the APFA and American relating to the RPA and the ratification vote on the RPA by individual APFA members, including: violation of the Labor Management Reporting and Disclosure Act (LMRDA) and the APFA's Constitution and By-laws, violation by the APFA of its duty of fair representation to its members, violation by American of provisions of the Railway Labor Act (RLA) through improper coercion of flight attendants into voting or changing their vote for ratification, and violations of the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). On March 28, 2006, the district court dismissed all of various state law claims against American, all but one of the LMRDA claims against the APFA, and the claimed violations of RICO. On July 22, 2008, the district court granted summary judgment to American and APFA concerning the remaining claimed violations of the RLA and the duty of fair representation against American and the APFA (as well as one LMRDA claim and one claim against the APFA of a breach of its constitution). On August 20, 2008, a notice of appeal was filed on behalf of the purported class of flight attendants. Although the Company believes the case against it is without merit and both American and the APFA are vigorously defending the lawsuit, a final adverse court decision invalidating the RPA and awarding substantial money damages would have a material adverse impact on the Company.

On February 14, 2006, the Antitrust Division of the United States Department of Justice (the “DOJ”) served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign air cargo carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The New Zealand Commerce Commission notified the Company on February 17, 2006 that it is also investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. On February 22, 2006, the Company received a letter from the Swiss Competition Commission informing the Company that it too is investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. On March 11, 2008, the Company received from the Swiss Competition Commission a request for information concerning, among other things, the scope and organization of the Company’s activities in Switzerland. On December 19, 2006 and June 12, 2007, the Company received requests for information from the European Commission seeking information regarding the Company's corporate structure, and revenue and pricing announcements for air cargo shipments to and from the European Union. On January 23, 2007, the Brazilian competition authorities, as part of an ongoing investigation, conducted an unannounced search of the Company’s cargo facilities in Sao Paulo, Brazil. On April 28, 2008, the Brazilian competition authorities preliminarily charged the Company with violating Brazilian competition laws. The authorities are investigating whether the Company and certain other foreign and domestic air carriers violated Brazilian competition laws by illegally conspiring to set fuel surcharges on cargo shipments. The Company is vigorously contesting the allegations and the preliminary findings of the Brazilian competition authorities. On June 27, 2007 and October 31, 2007, the Company received requests for information from the Australian Competition and Consumer Commission seeking information regarding fuel surcharges imposed by the Company on cargo shipments to and from Australia and regarding the structure of the Company's cargo operations. On September 1, 2008, the Company received a request from the Korea Fair Trade Commission seeking information regarding cargo rates and surcharges and the structure of the Company’s activities in Korea. On December 18, 2007, the European Commission issued a Statement of Objection (“SO”) against 26 airlines, including the Company. The SO alleges that these carriers participated in a conspiracy to set surcharges on cargo shipments in violation of EU law. The SO states that, in the event that the allegations in the SO are affirmed, the Commission will impose fines against the Company. The Company intends to vigorously contest the allegations and findings in the SO under EU laws, and it intends to cooperate fully with all other pending investigations. In the event that the SO is affirmed or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, or if the Company were named and found liable in any litigation based on these allegations, such findings and related legal proceedings could have a material adverse impact on the Company.

Forty-five purported class action lawsuits have been filed in the U.S. against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges on cargo shipments. These cases, along with other purported class action lawsuits in which the Company was not named, were consolidated in the United States District Court for the Eastern District of New York as In re Air Cargo Shipping Services Antitrust Litigation, 06-MD-1775 on June 20, 2006. Plaintiffs are seeking trebled money damages and injunctive relief. The Company has not been named as a defendant in the consolidated complaint filed by the plaintiffs. However, the plaintiffs have not released any claims that they may have against the Company, and the Company may later be added as a defendant in the litigation. If the Company is sued on these claims, it will vigorously defend the suit, but any adverse judgment could have a material adverse impact on the Company. Also, on January 23, 2007, the Company was served with a purported class action complaint filed against the Company, American, and certain foreign and domestic air carriers in the Supreme Court of British Columbia in Canada (McKay v. Ace Aviation Holdings, et al.). The plaintiff alleges that the defendants violated Canadian competition laws by illegally conspiring to set prices and surcharges on cargo shipments. The complaint seeks compensatory and punitive damages under Canadian law. On June 22, 2007, the plaintiffs agreed to dismiss their claims against the Company. The dismissal is without prejudice and the Company could be brought back into the litigation at a future date. If litigation is recommenced against the Company in the Canadian courts, the Company will vigorously defend itself; however, any adverse judgment could have a material adverse impact on the Company.

On June 20, 2006, the DOJ served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign passenger carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The Company intends to cooperate fully with this investigation. On September 4, 2007, the Attorney General of the State of Florida served the Company with a Civil Investigative Demand as part of its investigation of possible violations of federal and Florida antitrust laws regarding the pricing of air passenger transportation. In the event that this or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, such findings and related legal proceedings could have a material adverse impact on the Company.

Approximately 52 purported class action lawsuits have been filed in the U.S. against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges for passenger transportation. On October 25, 2006, these cases, along with other purported class action lawsuits in which the Company was not named, were consolidated in the United States District Court for the Northern District of California as In re International Air Transportation Surcharge Antitrust Litigation, Civ. No. 06-1793 (the "Passenger MDL"). On July 9, 2007, the Company was named as a defendant in the Passenger MDL. On August 25, 2008, the plaintiffs dismissed their claims against the Company in this action. On March 13, 2008, and March 14, 2008, two additional purported class action complaints, Turner v. American Airlines, et al., Civ. No. 08-1444 (N.D. Cal.), and LaFlamme v. American Airlines, et al., Civ. No. 08-1079 (E.D.N.Y.), were filed against the Company, alleging that the Company violated U.S. antitrust laws by illegally conspiring to set prices and surcharges for passenger transportation in Japan and certain European countries, respectively. The Turner plaintiffs have failed to perfect service against the Company, and it is unclear whether they intend to pursue their claims. On February 17, 2009, the LaFlamme plaintiffs agreed to dismiss their claims against the Company without prejudice. In the event that the Turner plaintiffs pursue their claims or the LaFlamme plaintiffs re-file claims against the Company, the Company will vigorously defend these lawsuits, but any adverse judgment in these actions could have a material adverse impact on the Company.

On August 21, 2006, a patent infringement lawsuit was filed against American and American Beacon Advisors, Inc. (then a wholly-owned subsidiary of the Company) in the United States District Court for the Eastern District of Texas (Ronald A. Katz Technology Licensing, L.P. v. American Airlines, Inc., et al.). This case has been consolidated in the Central District of California for pre-trial purposes with numerous other cases brought by the plaintiff against other defendants. The plaintiff alleges that American infringes a number of the plaintiff's patents, each of which relates to automated telephone call processing systems. The plaintiff is seeking past and future royalties, injunctive relief, costs and attorneys' fees. On December 1, 2008, the court dismissed with prejudice all claims against American Beacon. On May 22, 2009, following its granting of summary judgment to American based on invalidity and non-infringement, the court dismissed all claims against American. Plaintiff filed a notice of appeal on June 22, 2009 with respect to the court's ruling for American. Although the Company believes that the plaintiff's claims are without merit and is vigorously defending the lawsuit, a final adverse court decision awarding substantial money damages or placing material restrictions on existing automated telephone call system operations would have a material adverse impact on the Company.

Item 1A. Risk Factors

As a result of significant losses in recent years, our financial condition has been materially weakened.

We incurred significant losses in 2001-2005, which materially weakened our financial condition. We lost $892 million in 2005, $821 million in 2004, $1.3 billion in 2003, $3.5 billion in 2002 and $1.6 billion in 2001. Although we earned a profit of $356 million in 2007 and $164 million in 2006, we lost $2.5 billion in 2008 (which included a $1.0 billion impairment charge), $754 million in the six months ended June 30, 2009. Because of our weakened financial condition, we are vulnerable both to the impact of unexpected events (such as terrorist attacks or spikes in jet fuel prices) and to deterioration of the operating environment (such as a deepening of the current global recession or significant increased competition).

The severe global economic downturn has resulted in weaker demand for air travel and lower investment asset returns, which may have a significant negative impact on us.

We are experiencing significantly weaker demand for air travel driven by the severe downturn in the global economy. Many of the countries we serve are experiencing economic slowdowns or recessions. We began to experience weakening demand late in 2008, and this weakness has continued in 2009. We reduced capacity in 2008, and in 2009 we have announced additional reductions to our capacity plan for this year. If the global economic downturn persists or worsens, demand for air travel may continue to weaken. No assurance can be given that capacity reductions or other steps we may take will be adequate to offset the effects of reduced demand.

The economic downturn has resulted in broadly lower investment asset returns and values, and our pension assets suffered a material decrease in value in 2008 related to broader stock market declines, which will result in higher pension expense in 2009 and future years and higher required contributions in future years. In addition, under these unfavorable economic conditions, the amount of the cash reserves we are required to maintain under our credit card processing agreements may increase substantially. These issues individually or collectively may have a material adverse impact on our liquidity. Also, disruptions in the capital markets and other sources of funding may make it impossible for us to obtain necessary additional funding or make the cost of that funding prohibitive.

We face numerous challenges as we seek to maintain sufficient liquidity, and we will need to raise substantial additional funds. We may not be able to raise those funds, or to do so on acceptable terms.

We have significant debt, lease and other obligations in the next several years, including significant pension funding obligations. For example, in 2009 we will be required to make approximately $1.3 billion of principal payments on long term debt and payments on capital leases, and we expect to make approximately $1.6 billion of capital expenditures. In addition, the global economic downturn, potential increases in the amount of required reserves under credit card processing agreements, and the obligation to post cash collateral on fuel hedging contracts have negatively impacted, and may in the future negatively impact, our liquidity. To meet our commitments and to maintain sufficient liquidity as we continue to implement our restructuring and cost reduction initiatives, we will need continued access to substantial additional funding. Moreover, while we have arranged financings that, subject to certain terms and conditions (including, in the case of one of the financing arrangements covering twelve aircraft, a condition that, at the time of borrowing, we have a certain amount of unrestricted cash and short term investments), cover all of our 2009-2011 aircraft delivery commitments through 2011, we will also need to raise substantial additional funds to meet our commitments to purchase aircraft and execute our fleet replacement plan.

Our ability to obtain future financing is limited by the value of our unencumbered assets. A very large majority of our aircraft assets (including most of our aircraft eligible for the benefits of Section 1110) are encumbered. Also, the market value of our aircraft assets has declined in recent years, and may continue to decline.

Since the terrorist attacks of September 2001 (the “Terrorist Attacks”), our credit ratings have been lowered to significantly below investment grade. These reductions have increased our borrowing costs and otherwise adversely affected borrowing terms, and limited borrowing options. Additional reductions in our credit ratings might have other effects on us, such as further increasing borrowing or other costs or further restricting our ability to raise funds.

A number of other factors, including our financial results in recent years, our substantial indebtedness, the difficult revenue environment we face, our reduced credit ratings, recent historically high fuel prices, and the financial difficulties experienced in the airline industry, adversely affect the availability and terms of funding for us. In addition, the global economic downturn and recent severe disruptions in the capital markets and other sources of funding have resulted in greater volatility, less liquidity, widening of credit spreads, and substantially more limited availability of funding. As a result of these and other factors, although we believe we can access sufficient liquidity to fund our operations and obligations for the remainder of 2009, there can be no assurance that we will be able to do so. An inability to obtain necessary additional funding on acceptable terms would have a material adverse impact on us and on our ability to sustain our operations.

The amount of the reserves we are required to maintain under our credit card processing agreements could increase substantially, which would materially adversely impact our liquidity.

American has agreements with a number of credit card companies and processors to accept credit cards for the sale of air travel and other services. Under certain of American's current credit card processing agreements, the related credit card company or processor may hold back, under certain circumstances, a reserve from American's credit card receivables.

Under one such agreement, which was recently amended, the amount of such reserve generally is based on the amount of unrestricted cash (not including undrawn credit facilities) held by the Company and the processor's exposure to the Company under the agreement. Given the volatility of fuel prices and revenues, uncertainty in the capital markets and uncertainty about other sources of funding, and other factors, it is difficult to forecast the required amount of such reserve at any time. The amount of the reserve was $154 million as of June 30, 2009. The agreement limits the maximum amount of the reserve (determined as described above) during the period ending February 15, 2010, and the Company currently estimates such maximum amount during that period to be approximately $300 million. However, if current conditions persist, absent a waiver or modification of the agreement, such required amount could be substantially greater after such period.

Our initiatives to generate additional revenues and to reduce our costs may not be adequate or successful.

As we seek to improve our financial condition, we must continue to take steps to generate additional revenues and to reduce our costs. Although we have a number of initiatives underway to address our cost and revenue challenges, some of these initiatives involve changes to our business which we may be unable to implement. In addition, we expect that, as time goes on, it will be progressively more difficult to identify and implement significant revenue enhancement and cost savings initiatives. The adequacy and ultimate success of our initiatives to generate additional revenues and reduce our costs are not known at this time and cannot be assured. Moreover, whether our initiatives will be adequate or successful depends in large measure on factors beyond our control, notably the overall industry environment, including passenger demand, yield and industry capacity growth, and fuel prices. It will be very difficult for us to continue to fund our obligations on an ongoing basis, and to return to profitability, if the overall industry revenue environment does not improve substantially or if fuel prices were to increase and persist for an extended period at high levels.

We may be adversely affected by increases in fuel prices, and we would be adversely affected by disruptions in the supply of fuel.

Our results are very significantly affected by the volatile price and the availability of jet fuel, which are in turn affected by a number of factors beyond our control. Fuel prices have only recently declined from historic high levels.

Due to the competitive nature of the airline industry, we may not be able to pass on increased fuel prices to customers by increasing fares. Although we had some success in raising fares and imposing fuel surcharges in reaction to recent high fuel prices, these fare increases and surcharges did not keep pace with the extraordinary increases in the price of fuel that occurred in 2007 and 2008. Furthermore, even though fuel prices have declined significantly from their recent historic high levels, reduced demand or increased fare competition, or both, and resulting lower revenues may offset any potential benefit of these lower fuel prices.

While we do not currently anticipate a significant reduction in fuel availability, dependence on foreign imports of crude oil, limited refining capacity 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 are additional outbreaks of hostilities or other conflicts in oil producing areas or elsewhere, or a reduction in refining capacity (due to weather events, for example), or governmental limits on the production or sale of jet fuel, there could be a reduction in the supply of jet fuel and significant increases in the cost of jet fuel. Major reductions in the availability of jet fuel or significant increases in its cost would have a material adverse impact on us.

We have a large number of older aircraft in our fleet, and these aircraft are not as fuel efficient as more recent models of aircraft. We believe it is imperative that we continue to execute our fleet renewal plans. However, due to the recent machinist strike at Boeing, deliveries of the Boeing 737-800 aircraft we currently have on order have been delayed. In addition, we expect delays in the deliveries of the Boeing 787-9 aircraft we currently have on order.

While we seek to manage the risk of fuel price increases by using derivative contracts, there can be no assurance that, at any given time, we will have derivatives in place to provide any particular level of protection against increased fuel costs. In addition, a deterioration of our financial position could negatively affect our ability to enter into derivative contracts in the future. Moreover, declines in fuel prices below the levels established in derivative contracts may require us to post cash collateral to secure the loss positions on such contracts, and if such contracts close when fuel prices are below the applicable levels, we would be required to make payments to close such contracts; these payments would be treated as additional fuel expense.

Our indebtedness and other obligations are substantial and could adversely affect our business and liquidity.

We have and will continue to have significant amounts of indebtedness, obligations to make future payments on aircraft equipment and property leases, and obligations under aircraft purchase agreements, as well as a high proportion of debt to equity capital. In 2009, we will be required to make approximately $1.3 billion of principal payments on long-term debt and payments on capital leases. We expect to incur substantial additional debt (including secured debt) and lease obligations in the future. We also have substantial pension funding obligations. Our substantial indebtedness and other obligations have important consequences. For example, they:

- limit our ability to obtain additional funding for working capital, capital expenditures, acquisitions and general corporate purposes, and adversely affect the terms on which such funding can be obtained;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness and other obligations, thereby reducing the funds available for other purposes;
- make us more vulnerable to economic downturns; and
- limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions.

We may be unable to comply with our financial covenants.

American has a $433 million secured bank term loan facility (the Credit Facility) with a final maturity on December 17, 2010. The Credit Facility contains a liquidity covenant (the Liquidity Covenant) and a covenant that requires AMR to maintain certain minimum ratios of cash flow to fixed charges (the EBITDAR Covenant). We were in compliance with the Liquidity Covenant as of June 30, 2009. In June 2009, AMR and American entered into an amendment to the Credit Facility which waived compliance with the EBITDAR Covenant for the quarter ended June 30, 2009; however, even absent this waiver we would have complied with this covenant as of June 30, 2009. In addition, the amendment reduced the minimum ratios AMR is required to satisfy to 0.95 to 1.00 for the one, two and three quarter periods ending September 30, 2009, December 31, 2009 and March 31, 2010, respectively, to 1.00 to 1.00 for the four quarter period ending June 30, 2010, and to 1.05 to 1.00 for the four quarter period ending September 30, 2010. Given the volatility of fuel prices and revenues, uncertainty in the capital markets and uncertainty about other sources of funding, and other factors, it is difficult to assess whether we will be able to continue to comply with the Liquidity Covenant and the EBITDAR Covenant, and there are no assurances that we will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which — if we did not take steps to obtain a waiver of, or otherwise mitigate, the default — could result in a default under a significant amount of our other debt and lease obligations, and otherwise have a material adverse impact on us and our ability to sustain our operations.

Our business is affected by many changing economic and other conditions beyond our control, and our results of operations tend to be volatile and fluctuate due to seasonality.

Our business and our results of operations are affected by many changing economic and other conditions beyond our control, including, among others:

- actual or potential changes in international, national, regional and local economic, business and financial conditions, including recession, inflation, higher interest rates, wars, terrorist attacks or political instability;
- changes in consumer preferences, perceptions, spending patterns or demographic trends;
- changes in the competitive environment due to industry consolidation and other factors;
- actual or potential disruptions to the air traffic control systems;
- increases in costs of safety, security and environmental measures;
- outbreaks of diseases that affect travel behavior; and
- weather and natural disasters.

As a result, our results of operations tend to be volatile and subject to rapid and unexpected change. In addition, due to generally greater demand for air travel during the summer, our revenues in the second and third quarters of the year tend to be stronger than revenues in the first and fourth quarters of the year.

The airline industry is fiercely competitive and may undergo further consolidation or changes in industry alliances, and we are subject to increasing competition.

Service over almost all of our routes is highly competitive and fares remain at low levels by historical standards. We face vigorous, and, in some cases, increasing, competition from major domestic airlines, national, regional, all-cargo and charter carriers, foreign air carriers, low-cost carriers and, particularly on shorter segments, ground and rail transportation. We also face increasing and significant competition from marketing/operational alliances formed by our competitors. The percentage of routes on which we compete with carriers having substantially lower operating costs than ours has grown significantly over the past decade, and we now compete with low-cost carriers on a large majority of our domestic non-stop mainline network routes.

Certain airline alliances have been granted immunity from antitrust regulations by governmental authorities for specific areas of cooperation, such as joint pricing decisions. To the extent alliances formed by our competitors can undertake activities that are not available to us, our ability to effectively compete may be hindered.

Pricing decisions are significantly affected by competition from other airlines. Fare discounting by competitors historically has had a negative effect on our financial results because we must generally match competitors' fares, since failing to match would result in even less revenue. We have faced increased competition from carriers with simplified fare structures, which are generally preferred by travelers. Any fare reduction or fare simplification initiative may not be offset by increases in passenger traffic, reduction in cost or changes in the mix of traffic that would improve yields. Moreover, decisions by our competitors that increase or reduce overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route, can have a material impact on related fare levels.

There have been numerous mergers and acquisitions within the airline industry and numerous changes in industry alliances. Recently, two of our largest competitors, Delta Air Lines, Inc. and Northwest Airlines Corporation, merged, and the combined entity became the largest scheduled passenger airline in the world in terms of available seat miles and revenue passenger miles. In addition, another two of our largest competitors, United Air Lines, Inc. and Continental Airlines, Inc., recently announced that they had entered into a framework agreement to cooperate extensively and under which Continental would join the global alliance of which United, Lufthansa and certain other airlines are members.

In the future, there may be additional mergers and acquisitions, and changes in airline alliances, including those that may be undertaken in response to the merger of Delta and Northwest or other developments in the airline industry. Any airline industry consolidation or changes in airline alliances could substantially alter the competitive landscape and result in changes in our corporate or business strategy. We regularly assess and explore the potential for consolidation in our industry and changes in airline alliances, our strategic position and ways to enhance our competitiveness, including the possibilities for our participation in merger activity. Consolidation involving other participants in our industry could result in the formation of one or more airlines with greater financial resources, more extensive networks, and/or lower cost structures than exist currently, which could have a material adverse effect on us. For similar reasons, changes in airline alliances could also adversely affect our competitive position.

In 2008, we entered into a joint business agreement and related marketing arrangements with British Airways and Iberia, providing for commercial cooperation on flights between North America and most countries in Europe, pooling and sharing of certain revenues and costs, expanded codesharing, enhanced frequent flyer program reciprocity, and cooperation in other areas. Along with these carriers and certain other carriers, we have applied to the U.S. Department of Transportation for antitrust immunity for this planned cooperation. Implementation of this agreement and the related arrangements is subject to conditions, including various U.S. and foreign regulatory approvals, successful negotiation of certain detailed financial and commercial arrangements, and other approvals. Agencies from which such approvals must be obtained may impose requirements or limitations as a condition of granting any such approvals, such as requiring divestiture of routes, gates, slots or other assets. No assurances can be given as to any arrangements that may ultimately be implemented or any benefits that we may derive from such arrangements.

We compete with reorganized carriers, which results in competitive disadvantages for us.

We must compete with air carriers that have reorganized under the protection of Chapter 11 of the Bankruptcy Code in recent years, including United, Delta, Northwest and U.S. Airways. It is possible that other significant competitors may seek to reorganize in or out of Chapter 11.

Successful reorganizations by other carriers present us with competitors with significantly lower operating costs and stronger financial positions derived from renegotiated labor, supply, and financing contracts. These competitive pressures may limit our ability to adequately price our services, may require us to further reduce our operating costs, and could have a material adverse impact on us.

Fares are at low levels and our reduced pricing power adversely affects our ability to achieve adequate pricing, especially with respect to business travel.

Our passenger yield remains very low by historical standards. We believe that this is due in large part to a corresponding decline in our pricing power. Our reduced pricing power is the product of several factors including: greater cost sensitivity on the part of travelers (particularly business travelers); pricing transparency resulting from the use of the Internet; greater competition from low-cost carriers and from carriers that have recently reorganized under the protection of Chapter 11; other carriers being well hedged against rising fuel costs and able to better absorb high jet fuel prices; and fare simplification efforts by certain carriers. We believe that our reduced pricing power could persist indefinitely.

Our corporate or business strategy may change.

In light of the rapid changes in the airline industry, we evaluate our assets on an ongoing basis with a view to maximizing their value to us and determining which are core to our operations. We also regularly evaluate our corporate and business strategies, and they are influenced by factors beyond our control, including changes in the competitive landscape we face. Our corporate and business strategies are, therefore, subject to change.

Beginning in late 2007 and continuing into 2008, AMR, American's parent company, conducted a strategic value review involving, among other things, AMR Eagle, American Beacon Advisors, Inc., AMR's investment advisory subsidiary ("American Beacon Advisors") and AAdvantage, our frequent flyer program. The purpose of the review was to determine whether there existed the potential for unlocking additional stockholder value with respect to one or more of these strategic assets through some type of separation transaction. As a result of this review, AMR announced in late 2007 that it planned to divest AMR Eagle; however, in mid-2008 AMR announced that, given the then-current industry environment, AMR had decided to place that planned divestiture on hold until industry conditions are more favorable and stable. Also pursuant to the review, AMR sold American Beacon Advisors to a third party in September 2008 (AMR maintained a minority equity stake).

In the future, AMR may consider and engage in discussions with third parties regarding the divestiture of AMR Eagle and other separation transactions, and may decide to proceed with one or more such transactions. There can be no assurance that AMR will complete any separation transactions, that any announced plans or transactions will be consummated, or as to the impact of these transactions on stockholder value or on us.

Our business is subject to extensive government regulation, which can result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages.

Airlines are subject to extensive domestic and international regulatory requirements. Many of these requirements result in significant costs. For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft. Compliance with those requirements drives significant expenditures and has in the past, and may in the future, cause disruptions to our operations. In addition, the ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time, or because appropriate slots or facilities are not made available.

Moreover, additional laws, regulations, taxes and airport rates and charges have been enacted from time to time that have significantly increased the costs of airline operations, reduced the demand for air travel or restricted the way we can conduct our business. For example, the Aviation and Transportation Security Act, which became law in 2001, mandated the federalization of certain airport security procedures and resulted in the imposition of additional security requirements on airlines. In addition, many aspects of our operations are subject to increasingly stringent environmental regulations, and concerns about climate change, in particular, may result in the imposition of additional regulation. For example, the U.S. Congress is considering climate change legislation, and the European Union (the "EU") has approved a proposal that will put a cap on carbon dioxide emissions for all flights into and out of the EU effective in 2012. Laws or regulations similar to those described above or other U.S. or foreign governmental actions in the future may adversely affect our business and financial results.

The results of our operations, demand for air travel, and the manner in which we conduct our business each may be affected by changes in law and future actions taken by governmental agencies, including:

- changes in law which affect the services that can be offered by airlines in particular markets and at particular airports;
- the granting and timing of certain governmental approvals (including foreign government approvals) needed for codesharing alliances and other arrangements with other airlines;
- restrictions on competitive practices (for example court orders, or agency regulations or orders, that would curtail an airline's ability to respond to a competitor);
- the adoption of regulations that impact customer service standards (for example new passenger security standards, passenger bill of rights);
- restrictions on airport operations, such as restrictions on the use of takeoff and landing slots at airports or the auction of slot rights currently or previously held by us; or
- the adoption of more restrictive locally imposed noise restrictions.

In addition, the air traffic control ("ATC") system, which is operated by the FAA, is not successfully managing the growing demand for U.S. air travel. U.S. airlines carry about 740 million passengers a year and are forecasted to accommodate a billion passengers annually by 2015. Air-traffic controllers rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes. We support a common-sense approach to ATC modernization that would allocate cost to all ATC system users in proportion to the services they consume. The reauthorization by the U.S. Congress of legislation that funds the FAA, which includes proposals regarding upgrades to the ATC system, is pending, but it is uncertain when any such legislation will be enacted.

We could be adversely affected by conflicts overseas or terrorist attacks.

Actual or threatened U.S. military involvement in overseas operations has, on occasion, had an adverse impact on our business, financial position (including access to capital markets) and results of operations, and on the airline industry in general. The continuing conflicts in Iraq and Afghanistan, or other conflicts or events in the Middle East or elsewhere, may result in similar adverse impacts.

The Terrorist Attacks had a material adverse impact on us. The occurrence of another terrorist attack (whether domestic or international and whether against us or another entity) could again have a material adverse impact on us.

Our international operations could be adversely affected by numerous events, circumstances or government actions beyond our control.

Our 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, environmental regulation, taxation and changes in international government regulation of our operations, including the inability to obtain or retain needed route authorities and/or slots.

For example, the "open skies" air services agreement between the United States and the EU which took effect in March 2008 provides airlines from the United States and EU member states open access to each other's markets, with freedom of pricing and unlimited rights to fly beyond the United States and any airport in the EU including London's Heathrow Airport. The agreement has resulted in American facing increased competition in these markets, including Heathrow, where we have lost market share.

We could be adversely affected by an outbreak of a disease that affects travel behavior.

In the second quarter of 2009, there was an outbreak of the H1N1 virus which had an adverse impact throughout our network but primarily on our operations to and from Mexico. In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS"), which had an adverse impact primarily on our Asia operations. In addition, in the past there have been concerns about outbreaks or potential outbreaks of other diseases, such as avian flu. Any outbreak of a disease (including a worsening of the outbreak of the H1N1 virus) that affects travel behavior could have a material adverse impact on us. In addition, outbreaks of disease could result in quarantines of our personnel or an inability to access facilities or our aircraft, which could adversely affect our operations.

Our labor costs are higher than those of our competitors.

Wages, salaries and benefits constitute a significant percentage of our total operating expenses. In 2008, they constituted approximately 23 percent of our total operating expenses. All of the major hub-and-spoke carriers with whom American competes have achieved significant labor cost savings through or outside of bankruptcy proceedings. We believe American's labor costs are higher than those of its primary competitors, and it is unclear how long this labor cost disadvantage may persist.

We could be adversely affected if we are unable to have satisfactory relations with any unionized or other employee work group.

Our operations could be adversely affected if we fail to have satisfactory relations with any labor union representing our employees. In addition, any significant dispute we have with, or any disruption by, an employee work group could adversely impact us. Moreover, one of the fundamental tenets of our strategic Turnaround Plan is increased union and employee involvement in our operations. To the extent that we are unable to have satisfactory relations with any unionized or other employee work group, our ability to execute our strategic plans could be adversely affected.

American is currently in mediated negotiations with each of its three major unions regarding amendments to their respective labor agreements. The negotiations process in the airline industry typically is slow and sometimes contentious. The union that represents American's pilots has recently filed a number of grievances, lawsuits and complaints, most of which American believes are part of a corporate campaign related to the union's labor agreement negotiations with American. While American is vigorously defending these claims, unfavorable outcomes of one or more of them could require American to incur additional costs, change the way it conducts some parts of its business, or otherwise adversely affect us.

Our insurance costs have increased substantially and further increases in insurance costs or reductions in coverage could have an adverse impact on us.

We carry insurance for public liability, passenger liability, property damage and all-risk coverage for damage to our aircraft. As a result of the Terrorist Attacks, aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war-risk coverage). At the same time, these insurers significantly increased the premiums for aviation insurance in general.

The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines through September 30, 2009, covering losses to employees, passengers, third parties and aircraft. If the U.S. government does not provide such insurance at any time beyond that date, or reduces the coverage provided by such insurance, we will attempt to purchase similar coverage with narrower scope from commercial insurers at an additional cost. To the extent this coverage is not available at commercially reasonable rates, we would be adversely affected.

While the price of commercial insurance had declined since the period immediately after the Terrorist Attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to us, or significantly increase its cost, we would be adversely affected.

We may be unable to retain key management personnel.

Since the Terrorist Attacks, a number of our key management employees have elected to retire early or leave for more financially favorable opportunities at other companies, both within and outside of the airline industry. There can be no assurance that we will be able to retain our key management employees. Any inability to retain our key management employees, or attract and retain additional qualified management employees, could have a negative impact on us.

We could be adversely affected by a failure or disruption of our computer, communications or other technology systems.

We are heavily and increasingly dependent on technology to operate our business. The computer and communications systems on which we rely could be disrupted due to various events, some of which are beyond our control, including natural disasters, power failures, terrorist attacks, equipment failures, software failures and computer viruses and hackers. We have taken certain steps to help reduce the risk of some (but not all) of these potential disruptions. There can be no assurance, however, that the measures we have taken are adequate to prevent or remedy disruptions or failures of these systems. Any substantial or repeated failure of these systems could impact our operations and customer service, result in the loss of important data, loss of revenues, and increased costs, and generally harm our business. Moreover, a failure of certain of our vital systems could limit our ability to operate our flights for an extended period of time, which would have a material adverse impact on our operations and our business.

We are at risk of losses and adverse publicity which might result from an accident involving any of our aircraft.

If one of our aircraft were to be involved in an accident, we could be exposed to significant tort liability. The insurance we carry to cover damages arising from any future accidents may be inadequate. In the event that our insurance is not adequate, we may be forced to bear substantial losses from an accident. In addition, any accident involving an aircraft operated by us could adversely affect the public's perception of us.

Item 5. Other Information

As discussed in the Company's 2009 Proxy Statement, the Compensation Committee of the Company's Board of Directors conducts annually a comprehensive review of compensation for the executive officers of the Company with compensation consultants engaged by the Committee. At the July 2009 meetings of the Compensation Committee and the Board, the following compensation initiatives were approved (effective July 20, 2009):

- Grants of stock appreciation rights pursuant to the form of Stock Appreciation Right Agreement ("SAR Agreement"), attached as Exhibit 10.1 to this Form 10-Q. An attachment to the form SAR Agreement notes the stock appreciation right grants to the executive officers, effective July 20, 2009.

- Grants of deferred shares pursuant to the form of Deferred Share Award Agreement for 2009 ("Deferred Share Agreement"). The form of the Deferred Share Agreement is attached as Exhibit 10.2 to this Form 10-Q, and an attachment to the form Deferred Share Agreement notes the deferred share grants to the executive officers, effective July 20, 2009.

- Grants of performance shares pursuant to the form of Performance Share Agreement ("Performance Share Agreement") under the 2009 - 2011 Performance Share Plan for Officers and Key Employees ("Performance Share Plan"). The form of the Performance Share Agreement and the Performance Share Plan are attached as Exhibit 10.3 to this Form 10-Q, and an attachment to the form Performance Share Agreement notes the performance share grants to the executive officers, effective July 20, 2009.

- A grant of 58,000 career performance shares (effective July 20, 2009) pursuant to the terms of the Career Performance Shares, Deferred Stock Award Agreement, as amended between the Company and Gerard J. Arpey, dated as of July 25, 2005. The form of this agreement is attached as Exhibit 10.6 to the Company's report on Form 10-Q for the quarterly period ended June 30, 2005.

Item 6. **Exhibits**

The following exhibits are included herein:

10.1 Form of Stock Appreciation Right Agreement (with awards effective July 20, 2009 to executive officers noted)

10.2 Form of 2009 Deferred Share Award Agreement (with awards effective July 20, 2009 to executive officers noted)

10.3 Form of Performance Share Agreement under the 2009 - 2011 Performance Share Plan for Officers and Key Employees and the 2009 – 2011 Performance Share Plan for Officers and Key Employees (with awards effective July 20, 2009 to executive officers noted)

10.4 AMR Corporation 2009 Long Term Incentive Plan (approved by shareholders at AMR’s May 20, 2009 Annual Meeting of stockholders)

10.5 Purchase Agreement No. 1977 Supplement No. 32 dated as of June 9, 2009.

12 Computation of ratio of earnings to fixed charges for the three and six months ended June 30, 2009 and 2008.

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

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

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

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN AIRLINES, INC.

Date: July 15, 2009 BY: /s/ Thomas W. Horton
Thomas W. Horton

Executive Vice President – Finance and Planning and
Chief Financial Officer

(Principal Financial and Accounting Officer)

STOCK APPRECIATION RIGHT AGREEMENT

STOCK APPRECIATION RIGHT AGREEMENT (this “Agreement”) is granted effective as of July 20, 2009, by AMR Corporation, a Delaware corporation (the “Corporation”), to [FIRST NAME LAST NAME], employee number [EMPLOYEE NUMBER], an employee of the Corporation or one of its Subsidiaries (the “Grantee”).

W I T N E S S E T H:

WHEREAS, the stockholders of the Corporation approved the AMR Corporation 2009 Long Term Incentive Plan at the Corporation’s annual meeting held on May 20 2009 (such plan, as may be amended from time to time, to be referenced the “LTIP”);

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

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

NOW, THEREFORE:

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

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

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

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

3. Exercise. This stock appreciation right may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise in accordance with Section 1 pursuant to whatever procedures may be adopted from time to time by the Corporation. Upon the exercise of this stock appreciation right, in whole or in part, the Grantee shall be entitled to receive from the Corporation a number of shares of Common Stock equal in value to the excess of the Fair Market Value (on the date of exercise) of one share of Common Stock over the Base Price, multiplied by the number of shares in respect of which the stock appreciation right is being exercised. The number of shares to be issued shall be calculated on the basis of the Fair Market Value of the shares on the date of exercise. Notwithstanding the foregoing, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the shares of Common Stock otherwise issuable upon any exercise of any portion of this stock appreciation right, to pay the Grantee an amount in cash or other marketable property of a value equivalent to the aggregate Fair Market Value on the date of exercise of the number of shares of Common Stock that the Committee is electing to settle in cash or other marketable property. Additionally, notwithstanding anything to the contrary contained in this Agreement, (i) any obligation of the Corporation to pay or distribute any shares under this Agreement is subject to and conditioned upon the Corporation having sufficient stock in the LTIP to satisfy all payments or distributions under this Agreement and the LTIP, and (ii) any obligation of the Corporation to pay or distribute cash or any other property under this Agreement is subject to and conditioned upon the Corporation having the right to do so without violating the terms of any covenant or agreement of the Corporation or any of its Subsidiaries. The amount of such cash, property, and/or shares of Common Stock shall be reduced by the aggregate amount of federal, state and local income taxes and payroll taxes that are required to be withheld in connection with the payment of such cash, property, and/or shares of Common Stock.

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

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

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

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

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

(e) In the event of a Change in Control of the Corporation, this stock appreciation right shall become exercisable in accordance with the LTIP.

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

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

exercised only by him or her (unless otherwise determined by the Board).

7. Miscellaneous.

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

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

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

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

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

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

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

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

Grantee	AMR Corporation
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[NAME]	Kenneth W. Wimberly Corporate Secretary

Stock Appreciation Rights

Officer Name	Number of Stock Appreciation Rights Granted
G.J. Arpey	377,000
T.W. Horton	145,850
D. P. Garton	145,850
R.W. Reding	145,850
G.F. Kennedy	83,050

DEFERRED SHARE AWARD AGREEMENT

This Deferred Share Award Agreement (the "Agreement") is effective as of July 20, 2009, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and [FIRST NAME LAST NAME], employee number [EMPLOYEE NUMBER] (the "Employee"), an officer or key employee of one of the Corporation's Subsidiaries.

WHEREAS, pursuant to the AMR Corporation 2009 Long Term Incentive Plan (as amended, the "LTIP"), the Compensation Committee (the "Committee") of the Board of Directors of the Corporation (the "Board") has determined that the Employee is an officer or key employee and has further determined to make an award of deferred stock from and pursuant to the LTIP (the "Award") to the Employee as an inducement for the Employee to remain an employee of one of the Corporation's Subsidiaries.

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

1. Grant of Award.

Subject to the terms and conditions of this Agreement, the Employee is hereby granted the Award effective as of July 20, 2009 (the "Grant Date"), in respect to [NUMBER] shares of the Corporation's Common Stock (the "Shares"). Subject to the terms and conditions of this Agreement, the Shares covered by the Award will vest, if at all, in accordance with Section 2 hereof, on July 20, 2012 (such date hereby established as the "Vesting Date" of the Award).

2. Distribution of Award.

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

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

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

(c) In the event of a Change in Control of the Corporation prior to the payment of the Shares subject to the Award, such payment will be made within 60 days of the date of the Change in Control. In such event, the Vesting Date will be the date of the Change in Control.

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

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

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

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

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

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

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

3. Transfer Restrictions.

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

4. [Intentionally omitted]

5. Miscellaneous.

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

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

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

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

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

Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the LTIP.

6. Adjustments in Awards.

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

7. Section 409A Compliance.

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

8. Securities Law Requirements.

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

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

Employee AMR CORPORATION

______________________________ ______________________________

[NAME] Kenneth W. Wimberly
Corporate Secretary

Deferred Shares

Officer Name	Number of Deferred Shares Granted
G.J. Arpey	295,000
T.W. Horton	113,800
D. P. Garton	131,331
R.W. Reding	113,800
G.F. Kennedy	64,800

2009/2011 PERFORMANCE SHARE AGREEMENT

This 2009/2011 Performance Share Agreement ("Agreement") is effective as of July 20, 2009, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and [FIRST NAME LAST NAME], employee number [EMPLOYEE NUMBER] (the "Employee" or the "Recipient"), an officer or key employee of one of the Corporation's Subsidiaries.

WHEREAS, pursuant to the 2009/2011 Performance Share Plan for Officers and Key Employees (the "Plan") adopted by the Compensation Committee (the "Committee") of the Board of Directors of the Corporation (the "Board"), the Committee has determined to make an award to the Employee (subject to the terms of the Plan and this Agreement), as an inducement for the Employee to remain an employee of one of the Corporation's Subsidiaries during the time frame of 2009 - 2011 and to retain and motivate such Employee during such employment.

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

1. Grant of Award. Subject to the terms and conditions of this Agreement, the Plan and the AMR Corporation 2009 Long Term Incentive Plan (as amended, the "LTIP"), the Recipient is hereby granted an award (the "Award") effective as of July 20, 2009 (the "Grant Date"), in respect to [NUMBER] shares of the Corporation's Common Stock ("Common Stock"). The Award shall vest, if at all, in accordance with Section 2 of this Agreement. On or about the date the Award vests (if at all), the Recipient will receive a payment from the Corporation of a combination of cash and/or Common Stock. The Committee will determine the amount of the Award to be paid in cash, if any (the "Cash Award"), and the amount of the Award to be settled in shares of Common Stock, if any (the "Stock Distribution"). Any such Cash Award will be paid on or about April 30, 2012 (such Cash Award will be made pursuant to the Annual Incentive Plan, as applicable). The Stock Distribution will be paid on or about April 18, 2012 (such Stock Distribution will be made from shares available for issuance under the LTIP and/or another equity compensation plan). Subject to Section 2 below and the terms of the Plan, the sum of the Cash Award and the Stock Distribution will equal the product of: (a) the Fair Market Value of the Common Stock on April 18, 2012, and (b) the number of shares of Common Stock comprising the Award.

2. Vesting and Distribution.

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

(b) In the event the Employee's employment with one of the Corporation's Subsidiaries is terminated prior to the end of the measurement period set forth in Schedule A (the "Measurement Period") due to his or her death, Disability, Retirement (subject to the second paragraph of Section 4) or termination not for Cause (each an "Early Termination"), the Award will vest, if at all, on a pro-rata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate). The pro-rata basis will be a percentage where: (i) the denominator of which is 36, and (ii) the numerator of which is the number of months from January 1, 2009 through the month of Early Termination, inclusive. The cash and/or Common Stock subject to this pro-rata Award will be paid to the Recipient at the same time as Cash Awards and Stock Distributions under the Plan are paid to then current employees who have Awards under the Plan, subject to Section 2(f) of this Agreement. Notwithstanding the foregoing, in no event will a payment be provided to the Employee unless and until the Employee's Retirement or termination not for Cause constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto.

(c) In the event the Recipient's employment with one of the Corporation's Subsidiaries is terminated for Cause, or if the Recipient terminates such employment with such Subsidiary prior to his or her Retirement, each occurring prior to April 18, 2012, the Award shall be forfeited in its entirety.

(d) If, prior to April 18, 2012, the Recipient becomes an employee of a Subsidiary that is not wholly-owned, directly or indirectly, by the Corporation, or if the Recipient begins a leave of absence without reinstatement rights, then in each case the Award shall be forfeited in its entirety.

(e) In the event of a Change in Control of the Corporation prior to the payment of the cash and/or Common Stock subject to the Award, such payment will be made within 60 days of the date of the Change in Control. In such event, the vesting date will be the date of the Change in Control.

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

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

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

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

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

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

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

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

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

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

5. [Intentionally Omitted]

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

7. Incorporation of the Provisions of the Plan and LTIP. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the Plan and the LTIP.

8. Section 409A Compliance. This Agreement is intended to avoid, and not otherwise be subject to, the income inclusion requirements, interest and penalty taxes of Section 409A of the Code and the regulations and other guidance issued thereunder, and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with Section 409A of the Code, the Corporation and the Committee shall have the discretion to accelerate the time of payment of a Stock Distribution or Cash Award, but only to the extent of the amount required to be included in income as a result of such failure. In addition to amendments permitted by Section 4 above, amendments to this Agreement, the Plan and/or the LTIP may be made by the Corporation, without the Employee's consent, in order to ensure compliance with Section 409A of the Code and the regulations and other guidance issued thereunder.

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

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

Employee	AMR CORPORATION
________________________	____________________
[NAME]	Kenneth W. Wimberly Corporate Secretary

Schedule A

2009/2011 PERFORMANCE SHARE PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2009/2011 Performance Share Plan for Officers and Key Employees, as amended (the "Plan"), is to provide greater incentive to officers and key employees of the subsidiaries and affiliates of AMR Corporation ("AMR" or the "Corporation") to achieve the highest level of individual performance and to meet or exceed specified goals during the time frame 2009 – 2011, which will contribute to the success of the Corporation.

Definitions

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

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

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

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

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

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

"Measurement Period" is defined as the three-year period beginning January 1, 2009 and ending December 31, 2011.

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

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

Award Accumulation

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

	Percent of Original Award (Based on Rank)								
Number of Carriers in Comparator Group	Rank								
	1	2	3	4	5	6	7	8	9
9	175%	160%	140%	120%	100%	80%	60%	30%	0%
8	175%	160%	140%	120%	100%	80%	60%	0%	
7	175%	160%	140%	120%	100%	80%	60%		
6	175%	160%	140%	120%	100%	80%			
5	175%	160%	140%	120%	100%				
4	175%	160%	140%	120%					
3	175%	160%	140%						

Administration

The Committee shall have authority to administer and interpret the Plan and any Agreements thereunder, establish, amend and rescind administrative rules, approve eligible participants, and take any other action necessary for the proper and efficient operation of the Plan and any Agreements thereunder. The TSR metric will be determined based on an audit of AMR's TSR rank by the General Auditor of American Airlines, Inc. A summary of awards under the Plan shall be provided to the Board at its first regular meeting following determination of any such awards. The awards will be paid on or about April 18, 2012, or such date in 2012 that the award is approved for distribution by the Committee, but in no event later than March 15, 2013. The Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the Award in Common Stock, to make substitutions for such Common Stock, all to the effect that the employee will receive cash or other marketable property of an equivalent value.

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

General

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

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

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

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

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

2009/2010 Performance Shares

Officer Name	Number of Performance Shares Granted
G.J. Arpey	308,000
T.W. Horton	139,700
D. P. Garton	139,700
R.W. Reding	139,700
G.F. Kennedy	79,550

AMR CORPORATION
2009 LONG TERM INCENTIVE PLAN

SECTION 1 Purpose, Definitions.

The purpose of the AMR Corporation 2009 Long Term Incentive Plan (the "Plan") is to enable AMR Corporation (the "Company") to attract, retain and reward key employees of the Company and its Subsidiaries, and strengthen the mutuality of interests between such key employees and the Company's stockholders, by offering such key employees performance-based stock incentives and/or other equity interests or equity-based incentives in the Company, as well as performance-based incentives payable in cash.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Award" means any award of a Stock Option, Stock Appreciation Right, Restricted Stock, Deferred Stock, Performance Related Award or Stock Based Award made pursuant to the Plan. Award shall also include a cash incentive award payable in accordance with Section 8(b).

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means a felony conviction of a Participant or the failure of a Participant to contest prosecution for a felony, or a Participant's willful misconduct or dishonesty, any of which is directly and materially harmful to the business or reputation of the Company or any Subsidiary.

(d) "Change in Control" means, unless otherwise defined, the happening of any of the following:

(i) When during any 12 month period any "person" as defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d) and 14(d) thereof, including any "group" within the meaning of both Section 13(d) of the Exchange Act and Treas. Reg. §1.409A-3(i)(5)(v)(B), but excluding the Company, any Subsidiary or any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, as amended from time to time), of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities;

(ii) When during any 12 month period the individuals who, as of the beginning of such period, 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 effective date of the Plan 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 (x) 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 and (y) who is a nominee or other representative of the person(s) who conducted or threatened such contest or solution or an affiliate thereof; or

(iii) 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 assets of another corporation (a "Business Combination"); provided; however, that a Business Combination will not constitute a Change in Control if each of the following three conditions are satisfied following such Business Combination:

(A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the then outstanding shares of 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 fifty percent (50%) 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);

(B) no person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) becomes, by reason of such Business Combination, the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of such corporation, but disregarding for this purpose any beneficial ownership held more than 12 months prior to the effective time of such Business Combination; and

(C) 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 Board, providing for such Business Combination.

Without limiting the generality of the foregoing, the above definition is intended to constitute a change in the ownership, a change in effective control or a change in the ownership of a substantial portion of the assets of the Company, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or any successor guidance thereto (a "409A Change Event") and no event, change in ownership or occurrence shall be a Change in Control under this Plan unless it is also a 409A Change Event.

(e) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(f) "Committee" means the committee referred to in Section 2 of the Plan.

(g) “Company” means AMR Corporation, a corporation organized under the laws of the State of Delaware, or any successor corporation.

(h) “Deferred Stock” means a right granted pursuant to Section 7 to receive Stock at the end of a specified Restriction Period or, if so specified by the Committee, Restricted Stock prior to the end of the specified Restriction Period.

(i) “Disability”, for awards not subject to Section 409A of the Code, means disability as determined under procedures established by the Committee for purposes of this Plan. For awards subject to Section 409A of the Code, “Disability” shall have the meaning given in Section 409A(a)(2)(C) of the Code; determination of such Disability shall be made by the Committee consistently with Treasury Regulation 1.409A-3(i)(4)(i) or successor guidance thereto.

(j) “Early Retirement” means retirement from active employment with the Company and any Subsidiary at or after (i) attaining age 55 with 10 years of service or (ii) having satisfied the conditions for early retirement under any pension plan of the Company or any Subsidiary in which the Participant is a participant.

(k) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(l) “Fair Market Value” means, as of any given date, the last sale price of the Stock on the New York Stock Exchange (or such other exchange or automated trading system on which the Stock is then principally traded) at the time of such grant or exercise, as applicable or, if no such sale of Stock occurs on such date, the last sale price on the immediately prior business day on which sales occurred occur. If, at any time, the Stock is not traded on an exchange or automated trading system, Fair Market Value shall be the fair market value of the Stock as determined by the Committee in good faith.

(m) “Incentive Stock Option” means any Stock Option intended to be and designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.

(n) “Non-Qualified Stock Option” means any Stock Option that is not an Incentive Stock Option.

(o) “Normal Retirement” means retirement from active employment with the Company and any Subsidiary pursuant to the applicable retirement provisions of the applicable pension plan of such entity.

(p) “Participant” means any officer or key employee of the Company or any Subsidiary who has been granted an Award under the Plan.

(q) “Performance Criteria” shall have the meaning ascribed thereto in Section 8.

(r) “Performance Related Award” means any Performance Related Incentive Award or Performance Related Stock Award made pursuant to Section 8, the vesting of which is contingent upon the determination by the Committee that performance objectives established by the Committee have been attained, in whole or in part.

(s) “Performance Related Incentive Award” shall have the meaning ascribed thereto in Section 8.

(t) “Performance Related Stock Award” shall have the meaning ascribed thereto in Section 8.

(u) “Plan” means this AMR Corporation 2009 Long Term Incentive Plan, as it may be amended from time to time.

(v) “Prior Plan” means the 1998 AMR Corporation Long Term Incentive Plan, as in effect immediately prior to the effective date hereof, or as the same may be amended from time to time.

(w) “Restricted Stock” means shares of Stock that are subject to restrictions under Section 7 below.

(x) “Retirement” means Normal Retirement or Early Retirement.

(y) “Stock” means the Common Stock, $1.00 par value per share, of the Company.

(z) “Stock Appreciation Right” means the right granted under Section 6 below which entitles the grantee to receive, upon the exercise thereof in whole or in part, an amount in shares of Stock equal in value to the excess of the Fair Market Value (at the time of exercise) of one share of Stock over the base price per share specified with respect to the Stock Appreciation Right, multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised. The number of shares to be issued shall be calculated on the basis of the Fair Market Value of the shares at the time of exercise. Notwithstanding the foregoing, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the shares of Stock otherwise issuable upon any exercise of any such Stock Appreciation Right, to pay the grantee an amount in cash or other marketable property of a value equivalent to the aggregate Fair Market Value at the time of exercise of the number of shares of Stock that the Committee is electing to settle in cash or other marketable property.

(aa) “Stock-Based Award” shall have the meaning ascribed thereto in Section 9.

(bb) “Stock Option” or “Option” means any option to purchase shares of Stock granted pursuant to Section 5 below.

(cc) “Subsidiary” means any corporation (other than the Company) or other business entity in an unbroken chain beginning with the Company if each of the corporations or business entities (other than the last corporation or entity in the unbroken chain) owns (i) stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain or (ii) capital and profits interests representing fifty percent (50%) or more of all the capital and profits interests in one of the business entities (other than a corporation) in the chain.

SECTION 2 Administration.

(a) *Appointment of Committee*. The Plan shall be administered by a committee of not less than two members of the Board, who shall be appointed by, and serve at the pleasure of, the Board. In selecting the members of the Committee, the Board shall take into account the requirements for the members of the Committee to be treated as “Outside Directors” within the meaning of Section 162(m) of the Code and “Non-Employee Directors” for purposes of Rule 16b-3, as promulgated under Section 16 of the Exchange Act. The functions of the Committee specified in the Plan shall be exercised by the Board, if and to the extent that no Committee exists which has the authority to so administer the Plan, or to the extent that, at the time the action is to be taken, it is known that the Committee is not comprised solely of Non-Employee Directors for purposes of Rule 16b-3, as promulgated under Section 16 of the Exchange Act.

(b) *Powers Related to Awards*. The Committee shall have full authority to grant, pursuant to the terms of the Plan, Awards to officers and other key employees eligible under Section 4. In addition to any other authority that may be afforded to the Committee under the Plan, the Committee shall have the authority:

(i) to select the officers and other key employees of the Company and its Subsidiaries to whom Awards may from time to time be granted hereunder and, subject to the provisions of Sections 3, 5 and 8, to determine the number of shares to be covered by each such Award granted hereunder;

(ii) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the share price and any restriction or limitation, or any vesting acceleration or waiver of forfeiture restrictions, regarding any Stock Option or other Award and/or the shares of Stock relating thereto, based in each case on such factors as the Committee shall determine in its sole discretion);

(iii) to determine whether, to what extent and under what circumstances Awards are to be made, and operate, on a tandem basis vis-a-vis other Awards under the Plan and/or awards outside of the Plan;

(iv) to determine the terms and conditions pursuant to which an Award may vest on a pro rata basis or be terminated; and

(v) to impose conditions that may require the repayment, in whole or in part, of the compensation or other benefit received by a Participant with respect to any Award or Awards, to the extent that the compensation or benefit was derived from the misconduct of the Participant or inaccuracies in the financial or performance-related data upon which payment of any Award was made.

(c) *Interpretative Powers*. The Committee shall have the authority: to adopt and modify such rules, guidelines and practices governing the Plan which are not inconsistent with the terms of the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. Section 409A of the Code applies to certain Awards under this Plan, and it is intended that all such Awards shall be issued, administered, exercised and paid or transferred in conformance therewith. All decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee’s sole discretion and shall be final and binding on all persons, including the Company and Participants. Accordingly, notwithstanding anything in Section 11 to the contrary, the Committee shall have authority to amend or restate the terms of a grant or award to preclude violation of Section 409A of the Code, without the consent of the recipient thereof.

(d) *Delegation*. The Committee may appoint in writing such person or persons as it may deem necessary or desirable to carry out any of the duties and responsibilities of the Committee hereunder and may delegate to such person or persons in writing such duties, and confer upon such person or persons in writing, such powers, discretionary or otherwise, as the Committee may deem appropriate. Without limiting the generality of the foregoing, but subject to applicable law, the Committee may authorize from time to time the Chief Executive Officer and/or a member of the Board or a committee of directors or officers of the Company or its Subsidiaries or a subcommittee of members of the Committee to grant Awards under this Plan to officers and other key employees of the Company or its Subsidiaries authorized or approved by the Committee (including grants of individual Awards to officers and other key employees authorized or approved by the Committee in a pool of Awards for a group of officers and/or other key employees), subject to any conditions or limitations as the Committee may establish; *provided* that all Awards to executive officers of the Company shall be approved by the Committee or a subcommittee thereof.

SECTION 3 Stock Subject to Plan.

(a) *Initial Share Authorization*. The total number of shares of Stock reserved and available for distribution under the Plan shall be 4,000,000 shares. Shares issued under this Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares. As otherwise expressly provided in this Plan, Awards granted hereunder may be payable in shares of Stock, cash or other property, or any combination thereof, as determined by the Committee.

(b) *Effect of Forfeitures and Other Settlements*. Any shares of Stock subject to a Stock Option or Stock Appreciation Right, or to any Restricted Stock, Deferred Stock or Performance Related Award, or a comparable award granted under the Prior Plan, that, in either case, after the date this Plan is adopted, is forfeited or otherwise terminated or settled, in whole or in part, without a payment being made to the Participant in the form of Stock shall again be available for distribution in connection with future Awards under the Plan. Without limiting the generality of the preceding sentence, upon the exercise of a Stock Appreciation Right, regardless of whether granted on a stand-alone basis or in tandem with any Stock Option, only the number of shares of Stock actually issued in connection with the exercise of such Stock Appreciation Right (and not the corresponding number of shares of Stock related to the Stock Appreciation Right (or portion thereof) being exercised) shall be treated as issued under the Plan and the remaining number of shares of Stock related to such exercised Stock Appreciation Right (or portion thereof), including the corresponding number of shares related to any tandem Stock Option cancelled upon such exercise, shall again be available for issuance under the Plan.

(c) *Adjustments*. In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, extraordinary cash dividend, other change in corporate structure affecting the Stock, or other event or transaction of a similar nature that results in a material change in the value of the Stock, such substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option price or base price of shares subject to outstanding Stock Options or Stock Appreciation Rights granted under the Plan, and in the number of shares subject to other outstanding Awards granted under the Plan as may be determined to be appropriate by the Committee, in its sole discretion and in compliance with Section 409A of the Code, to prevent the enhancement or diminution of the rights of any Participant hereunder or in the benefits collectively available under the Plan for all Participants and all persons eligible to be Participants, provided that the number of shares subject to any Award shall always be a whole number.

SECTION 4 Eligibility.

Officers and other key employees of the Company and its Subsidiaries (but excluding members of the Committee and any person who serves only as a director) who are responsible for, or contribute to, the management, growth and/or profitability of the business of the Company and/or its Subsidiaries are eligible for Awards under the Plan.

SECTION 5 Stock Options.

Stock Options may be granted alone, in addition to, or in tandem with, other Awards granted under the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve. The Committee shall have the authority to grant to any optionee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options (in each case with or without Stock Appreciation Rights); provided that, in no event shall the number of shares of Stock subject to any Stock Options and/or Stock Appreciation Rights granted to any employee during any calendar year exceed 750,000 shares, as such number may be adjusted pursuant to Section 3(c). In no event may any Stock Option or Stock Appreciation Rights be granted in connection with, or conditioned upon, the exercise of any previously granted Stock Option or Stock Appreciation Rights. Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) *Option Price*. The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant; provided, that such option price may not be less than the Fair Market Value of the Stock at the time the Stock Option is granted. Without the express approval of the Company's stockholders, except as otherwise provided in Section 3(c), the Committee shall not be entitled to amend or otherwise modify any Stock Option to lower the option price per share below the Fair Market Value on the date of grant, or to issue any replacement Stock Option or similar Award in exchange for a Stock Option with a higher exercise price.

(b) *Option Term*. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten (10) years after the date the Option is granted.

(c) *Exercisability*. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant; provided, however, that (i) except as otherwise expressly provided in the Plan, no Stock Option shall be exercisable prior to the first anniversary date of the granting of the Option and (ii) after the date any Stock Option is granted, such Stock Option may only become exercisable on a accelerated basis in the event of a Change in Control or the Participant's death, Disability or Retirement, as provided in the Plan or otherwise determined by the Committee.

(d) *Method of Exercise*. Subject to whatever installment exercise provisions apply under Section 5(c) and subject to whatever restrictions may be imposed by the Company, Stock Options may be exercised in whole or in part at any time during the option period, by giving written notice of exercise to the Company specifying the number of shares as to which the Stock Option is being exercised. Without limiting the generality of the foregoing, payment of the option price may be made: (i) in cash or its equivalent; (ii) by exchanging shares of Stock owned by the optionee (which are not the subject of any pledge or other security interest); (iii) through an arrangement with a broker approved by the Company whereby payment of the exercise price is accomplished with the proceeds of the sale of Stock; or (iv) by any combination of the foregoing, provided that the combined value of all cash and cash equivalents paid and the Fair Market Value of any such Stock so tendered to the Company, valued as of the time of such tender, is at least equal to such option price. In addition, the Committee may permit any Stock Option to be exercised without payment of the purchase price, in which case the Company's sole obligation shall be to issue to the optionee the same number of shares of Stock as would have been issued had such Stock Option been Stock Appreciation Rights in respect of an identical number of shares of Stock. An optionee shall not have any rights to dividends or other rights of a stockholder with respect to shares subject to the Option until the optionee has exercised such Stock Option by paying for the shares being exercised (or the Company has elected to net settle such Stock Option) in accordance with this Section 5(d).

(e) *Transferability of Options*. Unless the Committee shall permit (on such terms and conditions as it shall establish) an Option (other than an Incentive Stock Option) to be transferred to a member of the Participant's immediate family or to a trust or similar vehicle solely for the benefit of the Participant and/or such immediate family members, no Option shall be assignable or transferable except by will or the laws of descent and distribution, and except to the extent required by law, no right or interest of any Participant shall be subject to any lien, obligation or liability of the Participant.

(f) *Termination by Death, Disability and Retirement*. Subject to Section 5(g), if an optionee's employment by the Company and any Subsidiary terminates by reason of death, Disability or Retirement, any Stock Option held by such optionee may thereafter be exercised in accordance with the terms and conditions established by the Committee. In the event of termination of employment by reason of death, Disability or Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(g) *Cause*. Upon a Participant's termination for Cause, any Stock Options held by such Participant shall be immediately cancelled and may not thereafter be exercised, even if exercisable on the date of such termination.

(h) *Other Termination*. If an optionee's employment by the Company or any Subsidiary terminates for any reason other than Cause, death, Disability or Normal or Early Retirement, any unvested Stock Option shall thereupon terminate and the Committee may permit an optionee up to 90 days following such termination to exercise any Stock Options that are exercisable as of the date of such termination.

(i) *Incentive Stock Options*. Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the optionee(s) affected, to disqualify any Incentive Stock Option under such Section 422.

SECTION 6 Stock Appreciation Rights.

Stock Appreciation Rights may be granted alone, in addition to, or in tandem with, other Awards granted under the Plan. Any Stock Appreciation Right granted under the Plan shall be in such form as the Committee may from time to time approve. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under the Plan. In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Stock Option. In the case of an Incentive Stock Option, unless the Participant otherwise consents, such rights may be granted only at the time of grant of such Stock Option. Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(a) *Exercisability*. Stock Appreciation Rights shall be exercisable at such time and subject to such conditions as the Committee shall specify, except that any Stock Appreciation Right granted in tandem with a Stock Option (or portion thereof) shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable, including in the event of the termination of the Participant’s employment, in accordance with the provisions of Section 5 of the Plan. Any Stock Appreciation Right granted on a stand-alone basis shall be subject to the same rules regarding exercisability (including those pertaining to the impact of termination of employment and the periods following termination of employment) that apply to Stock Options under Section 5.

(b) *Shares Delivered on Exercise*. A grantee of a Stock Appreciation Right shall not have any rights to dividends or other rights of a stockholder with respect to shares subject to the Stock Appreciation Right until the grantee has exercised the Stock Appreciation Right. Upon the exercise of a Stock Appreciation Right, a grantee shall be entitled to receive an amount in shares of Stock (or, solely to the extent determined by the Committee, cash) equal in value to the excess of the Fair Market Value (at the time of exercise) of one share of Stock over the base price per share specified with respect to the Stock Appreciation Right, multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised. When payment is to be made in shares, the number of shares to be paid shall be calculated on the basis of the Fair Market Value of the shares at the time of exercise. Notwithstanding anything in this Section 6(b) to the contrary, the base price in respect of any Stock Appreciation Right shall not be less than the Fair Market Value of the Stock at the time the Stock Appreciation Right is granted, or in the case of a Stock Appreciation Right granted in tandem with a Stock Option, the Fair Market Value at the time the related Stock Option was granted. Without the express approval of the Company’s stockholders, except as otherwise provided in Section 3(c), the Committee shall not be entitled to amend or otherwise modify any Stock Appreciation Right to lower the exercise price below the Fair Market Value applicable at the date of grant, or to issue any replacement Stock Appreciation Right or similar award in exchange for a Stock Appreciation Right with a higher exercise price.

(c) *Exercise of SARs*. A Stock Appreciation Right may be exercised by a grantee, subject to Section 6(b), in accordance with the procedures established by the Committee from time to time for such purposes. Upon such exercise, the grantee shall be entitled to receive an amount determined in the manner prescribed in Section 6(b).

(d) *Exercise of Tandem Option*. A Stock Appreciation Right or applicable portion thereof granted with respect to a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option (and similarly the related Stock Option shall no longer be exercisable upon the exercise or termination of the related Stock Appreciation Right), subject to such provisions as the Committee may specify at grant where a Stock Appreciation Right is granted with respect to less than the full number of shares covered by a related Stock Option.

(e) *Transferability*. Stock Appreciation Rights shall be transferable only to the extent that Stock Options may be transferable under Section 5(e) of the Plan.

SECTION 7 Restricted Stock and Deferred Stock.

(a) *Administration*. Restricted Stock or Deferred Stock may be issued either alone, in addition to, or in tandem with, other Awards granted under the Plan and/or awards made outside of the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock or Deferred Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient, the time or times within which such Awards may be subject to forfeiture, and all other terms and conditions of the Awards. The Committee may condition the grant of Restricted Stock or Deferred Stock upon the attainment of specified Performance Criteria or such other factors as the Committee may determine, in its sole discretion. The provisions of Restricted Stock or Deferred Stock Awards need not be the same with respect to each recipient. The shares of Restricted Stock and any Deferred Stock awarded pursuant to this Section 7 shall be subject to the following terms and conditions:

(b) *Restriction Period*. Subject to the provisions of this Plan and the Award agreement, during a period set by the Committee commencing with the date of such Award (the “Restriction Period”), the Participant shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock or Deferred Stock awarded under the Plan. Where the Restriction Period will lapse or expire based on service, the Restriction Period shall be at least three (3) years, provided that such Restriction Period may lapse ratably over such minimum three-year period and may be waived in the event of death, Disability, Retirement or a Change in Control. Where the Restriction Period will lapse or expire based on Performance Criteria, as provided in Section 8, the Restriction Period shall be at least one (1) year, but may be waived in the event of death, Disability, Retirement or a Change in Control. Subject to the two immediately preceding sentences, the Committee, in its sole discretion, may provide for the lapse of any restrictions imposed on any Restricted Stock or Deferred Stock Award in installments and may accelerate or waive such restrictions in whole or in part, based on service, Performance Criteria and/or such other factors as the Committee may determine, in its sole discretion.

(c) *Dividend Equivalents on Deferred Stock*. The Committee shall determine whether an amount equivalent to any dividends declared on a share of Stock will be credited with respect to an Award of Deferred Stock and, if so, when such dividend equivalents will be paid and whether they will be paid in (or valued by reference to) cash, Restricted Stock or additional Deferred Stock, in any case in compliance with Section 409A of the Code. Notwithstanding the foregoing, except to the extent that a stock, property or extraordinary dividend would require an adjustment to such an Award pursuant to Section 3(c), no dividend equivalents shall be payable in respect of any Performance Related Stock Award that has not become vested as of the record date of the corresponding dividend payable on the Stock.

(d) *Delivery*. Promptly after the lapse of the Restriction Period (unless and to the extent that the Committee decides to settle the Award in cash), if and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, the Company shall record on its books and records, in a manner generally consistent with its then current procedures for recording stock ownership, the Participant’s ownership of an appropriate number of unrestricted shares of Stock. At the expiration of the Restriction Period with respect to any Award of Deferred Stock, the Company shall record on its books and records, in a manner generally consistent with its then current procedures for recording stock ownership, the Participant’s ownership of a number of shares of Stock equal to the shares covered by the Deferred Stock Award; provided, that, the Committee may determine, at or after grant, whether, and to what extent, to settle Deferred Stock in cash.

SECTION 8 Performance Related Awards.

(a) *Performance Objectives*. Notwithstanding anything else contained in the Plan to the contrary, the Committee may, at the time of grant, provide that any Award of Restricted Stock or Deferred Stock shall become vested, if at all, upon the determination by the Committee that performance objectives established by the Committee have been attained, in whole or in part (a "Performance Related Stock Award"). In addition, the Committee may grant dollar denominated awards to any Participant, the vesting of which shall be subject to the determination by the Committee that performance objectives established by the Committee shall have been satisfied, in whole or in part (a "Performance Related Incentive Award"). The performance objectives upon which any Performance Related Award shall be based shall be determined over a measurement period or periods established by the Committee (which period or periods shall not be less than one (1) year). The Committee shall determine the performance objectives that must be satisfied with respect to any Performance Related Award from among the following criteria, which may be determined solely by reference to the performance of: (i) the Company; (ii) a Subsidiary; or (iii) a division or unit of any of the foregoing or based on comparative performance of any of the foregoing relative to past performance or to other companies: (A) return on equity; (B) total shareholder return; (C) primary or fully diluted earnings per share; (D) EBITDA; (E) revenues; (F) cash flows, revenues and/or earnings relative to other parameters (e.g., net or gross assets); (G) operating income; (H) return on investment; (I) changes in the value of the Stock; (J) return on assets; (K) operational performance (including on-time performance); (L) customer satisfaction; and (M) employee surveys (the "Performance Criteria"). In addition to the performance conditions established pursuant to the immediately preceding sentence, the Committee may further condition the vesting of any Performance Related Award on achieving such additional performance conditions of whatever nature that the Committee deems appropriate. Excluding Stock Options and/or Stock Appreciation Rights granted hereunder, the maximum number of shares of Stock that may be subject to any such Performance Related Stock Award granted to any key employee in any calendar year shall not exceed 750,000 shares, as such number may be adjusted pursuant to Section 3(c); provided that, based on the level of achievement of the performance objectives, the number of shares of Stock issuable in respect of any Performance Related Stock Award upon achievement of the applicable performance conditions may be up to twice the number of shares initially granted. The maximum initial dollar value of any Performance Related Incentive Award granted to any key employee may not exceed $3,000,000; provided that, based on the level of achievement of the performance objectives, the actual amount payable in respect of such Performance Related Stock Award upon achievement of the applicable performance conditions may be twice the initial dollar value.

(b) *Annual Incentive Compensation*. The Committee may, in addition to the Performance Related Awards described above, pay cash amounts under the Plan or any other plan or arrangement approved by the Committee and designated as complying with this Section 8(b), provided such other plan or arrangement is in conformity with the provisions of this Section 8(b), to any officer of the Company or any Subsidiary who is subject to the reporting requirements of Section 16(a) of the Exchange Act upon the achievement, in whole or in part, of performance goals or objectives established in writing by the Committee with respect to such performance periods as the Committee shall determine. Any such goals or objectives shall be based on one or more of the Performance Criteria. Notwithstanding anything else contained herein to the contrary, the maximum amount of any such cash payment to any single officer with respect to any calendar year shall not exceed $3,000,000.

(c) *Interpretation*. Notwithstanding anything else contained in the Plan to the contrary, to the extent required to so qualify any Performance Related Award to any officer who is subject to the reporting requirements of Section 16(a) of the Exchange Act as other performance based compensation within the meaning of Section 162(m)(4)(C) of the Code, the Committee shall not be entitled to exercise any discretion otherwise authorized under the Plan (such as the right to accelerate vesting without regard to the achievement of the relevant performance objectives) with respect to such Performance Related Award if the ability to exercise such discretion (as opposed to the exercise of such discretion) would cause such Award to fail to qualify as other performance based compensation.

SECTION 9 Stock Based Awards.

(a) *Stock Based Awards*. The Committee may grant other types of equity-based or equity-related awards ("Stock-Based Awards") not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Stock) in such amounts and subject to such terms and conditions as the Committee shall determine; provided, however, that in no event may the aggregate number of shares subject to Stock-Based Awards granted under the Plan exceed five percent of the Shares available for issuance under Section 3(a). Such Stock-Based Awards may be granted as an inducement to enter the employ of the Company or any Subsidiary or in satisfaction of any obligation of the Company or any Subsidiary to an officer or other key employee, whether pursuant to this Plan, the Prior Plan or otherwise, that would otherwise have been payable in cash or in respect of any award under the Prior Plan. Such Stock-Based Awards may entail the transfer of actual Stock, or payment in cash or otherwise of amounts based on the value of Stock and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

(b) *Termination of Service*. The Committee shall specify the extent to which the Participant shall have the right to receive Stock-Based Awards following termination of the Participant's employment with the Company and its Subsidiaries. Such provisions need not be uniform among all Stock-Based Awards, and may reflect distinctions based on the reasons for such termination.

(c) *Transferability*. Except as the Committee shall otherwise specify at or after grant, Stock-Based Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, and during the Participant's lifetime only by the Participant.

SECTION 10 Change in Control Provisions.

Notwithstanding the provisions of Sections 5, 6, 7, 8 and 9, unless otherwise specified in an Award agreement, in the event of a Change in Control:

(a) Any Stock Options and Stock Appreciation Rights awarded under the Plan not previously exercisable and vested shall become fully exercisable and vested;

(b) The restrictions and deferral limitations applicable to any Restricted Stock, Deferred Stock, Performance Related Awards or Stock-Based Awards, in each case to the extent not already vested under the Plan, shall lapse and such shares and Awards shall be deemed fully vested, with any Performance Criteria shall be deemed met at target; and

(c) The value of all outstanding Awards to the extent vested may at the sole discretion of the Committee at or after grant but prior to any Change in Control, be cashed out, based on the then current Fair Market Value, as of the date such Change in Control is determined to have occurred or such other date prior to the Change in Control as the Committee may determine.

SECTION 11 Amendments and Termination.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would (i) without stockholder approval, (A) increase the number of shares available for issuance under the Plan, (B) modify the requirements for participation under the Plan, (C) otherwise enhance the benefits that may be provided to Participants under the Plan, including by enhancing the ability of the Committee to waive restrictions on Restricted Stock and Deferred Stock, or (D) authorize the repricing of outstanding Stock Options or Stock Appreciation Rights, or (ii) impair the rights of a Participant under an Award theretofore granted, without the Participant's consent. Any amendment of the Plan shall be subject to stockholder approval to extent required under the immediately preceding sentence, applicable law or the applicable rules of any exchange or trading system on which the Stock is listed to trade. Subject to the express terms and conditions of the Plan, the Committee may amend the terms of any Stock Option or other Award theretofore granted, prospectively or retroactively, provided that no such amendment shall impair the rights of any holder without the holder's consent.

SECTION 12 General Provisions.

(a) *Compliance with Securities Laws*. The Committee may require each person purchasing shares pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) *Other Compensation Arrangements*. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

(c) *No Right to Employment*. The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary any right to continued employment with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees at any time.

(d) *Tax Withholding*. Except as the Participant and the Company may otherwise agree, no later than the date as of which an amount first becomes includible in the gross income of the Participant for federal income tax purposes with respect to any Award under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state, or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations may be satisfied by settling an Award, in relevant part, by the payment of cash to the relevant tax authorities in lieu of issuing (or in cancellation of) Stock, including Stock that is part of the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

(e) *Deferral of Compensation*. Subject to compliance with the applicable requirements of Section 409A of the Code, the Committee may, in its sole discretion, permit a Participant to postpone the delivery of Stock under any Award under the Plan upon such terms and conditions as the Committee shall determine.

(f) *Governing Law*. The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

SECTION 13 Term of Plan.

Subject to stockholder approval of the Plan at the annual meeting of the Corporation's stockholders in 2009, the Plan shall be effective as of May 20, 2009. No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the date of stockholder approval, but Awards granted prior to such tenth anniversary may extend beyond that date, in accordance with the terms of such Awards.

Supplemental Agreement No. 32

to

Purchase Agreement No. 1977

between

The Boeing Company

and

American Airlines, Inc.

Relating to Boeing Model 737-800 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of June ____, 2009, (Supplemental Agreement Number 32) by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington, (Boeing) and AMERICAN AIRLINES, INC., a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (Customer);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 1977 dated October 31, 1997, relating to Boeing Model 737-823 aircraft, as amended and supplemented (the Purchase Agreement). Capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, pursuant to Letter Agreement No. 6-1162-AKP-075 titled Aircraft Purchase Rights and Substitution Rights (the "Rights Letter"), Boeing and Customer have agreed to, among other things, the treatment of aircraft Purchase Rights;

WHEREAS, pursuant to Purchase Agreement No. 1977 Supplement Agreement No. 19 ("SA 19"), Boeing and Customer have agreed to, among other things, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, pursuant to Letter Agreement No. 6-1162-LAJ-936 titled Special Matters for Model 737, 757, 767 and 777 Aircraft ("Special Matters Letter"), Boeing and Customer have agreed to, among other things, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, by taking delivery of up to and including [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, Customer desires to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, Customer and Boeing desire to amend the Purchase Agreement to reflect the following:

1) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

WHEREAS, Customer and Boeing agree upon the delivery schedules set forth in Letter No. 6-1162-CLO-1059 dated February 26, 2009, C. Odegard to T. Horton, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, Customer and Boeing Capital Corporation have agreed to [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

WHEREAS, at the time of execution of Supplemental Agreement Number 30, the aircraft serial numbers were not included in Table 1C [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Purchase Agreement as follows:

1. <u>Table of Contents, Articles, Tables, Exhibits, and Letter Agreements:</u>

1.1 The Table of Contents is removed in its entirety and replaced with a revised Table of Contents, attached hereto, which sets for the appropriate SA-32 references and adds [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The Table of Contents is hereby made part of the Purchase Agreement.

1.2 Table 1C [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is deleted in its entirety and replaced with a revised Table 1C, attached hereto, which adds [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Revised Table 1C is hereby made part of the Purchase Agreement.

1.3 Supplemental Exhibit BFE1 entitled “Buyer Furnished Equipment Variables” is deleted in its entirety and replaced with a revised BFE1, attached hereto, which sets forth the preliminary on-dock dates for the Aircraft scheduled for delivery in [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.4 Letter Agreement No. 6-1162-CLO-1082 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Letter Agreement No. 6-1162-CLO-1082 entitled “Advance Payments and Permitted Transactions 2” is hereby made part of the Purchase Agreement.

2. Leased Aircraft Consent.

Except as set forth in Section 3, below, no further consent shall be required from Boeing [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The agreement set forth in the previous sentence of this Section 2 shall remain in effect whether or not any Aircraft scheduled for delivery from Boeing to Customer [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Except as set forth in this Letter Agreement, Customer’s obligations as set forth in Letter Agreement No. 6-1162-AKP-071R1 entitled “Purchase Obligations” shall remain in full force and effect.

3. Leased Aircraft Configuration.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Aircraft [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

If Customer desires [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Excusable Delay Schedule.

Customer and Boeing agree upon the delivery schedules set forth in Letter No. 6-1162-CLO-1059 dated February 26, 2009, C. Odegard to T. Horton, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], copy attached.

6. Advance Payment for Aircraft.

Customer and Boeing agree that as of the date of this Supplemental Agreement, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

The Purchase Agreement will be deemed to be amended to the extent provided herein and as so amended will continue in full force and effect. In the event of any inconsistency between the above provisions and the provisions contained in the referenced exhibits to this Supplemental Agreement, the terms of the exhibits will control.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY	AMERICAN AIRLINES, INC.
By: ____________	By: ______________________
Its: Attorney-In-Fact	Its: ______________________

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SEPARATELY WITH THE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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6-1162-AKP-083[CONFIDENTIAL PORTION OMITTED AND FILED
SEPARATELY WITH THE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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SEPARATELY WITH THE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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SEPARATELY WITH THE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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Table 1C to Purchase Agreement No. 1977

Aircraft Delivery, Description, Price and Advance Payments

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1C to Purchase Agreement No. 1977

Aircraft Delivery, Description, Price and Advance Payments

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

BUYER FURNISHED EQUIPMENT VARIABLES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit BFE1 to Purchase Agreement Number 1977

BUYER FURNISHED EQUIPMENT VARIABLES

relating to

BOEING MODEL 737 AIRCRAFT

This Supplemental Exhibit BFE1 contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft.

1. Supplier Selection.

Customer will:

1.1 Select and notify Boeing of the suppliers and part numbers of the following BFE items by the following dates:

Galley System	Complete
Galley Inserts	Complete
Seats (passenger)	Complete
Cabin Systems Equipment	Complete
Miscellaneous Emergency Equipment	Complete
Cargo Handling Systems	Complete

For a new certification, supplier requires notification [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Cargo Handling System on-dock date.

2. <u>On-dock Dates</u>

On or before [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], Boeing will provide to Customer a BFE Requirements On-Dock/Inventory Document (BFE Document) or an electronically transmitted BFE Report which may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions relating to the in-sequence installation of BFE. For planning purposes, a preliminary BFE on-dock schedule is set forth below:

<u>Item</u> <u>Preliminary On-Dock Dates</u>

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

	Aircraft	Aircraft
Seats Galleys/Furnishings Antennas & Mounting Equipment Avionics Cabin Systems Equipment Miscellaneous Emergency Equipment Textiles/Raw Material Cargo Systems Provision Kits Winglets	[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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Item	Preliminary On-Dock Dates	
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Item | Preliminary On-Dock Dates
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Galleys/Furnishings		
Antennas & Mounting Equipment		
Avionics		
Cabin Systems Equipment		
Miscellaneous Emergency Equipment		
Textiles/Raw Material		
Cargo Systems		
Provision Kits		
Winglets		

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Cargo Systems		
Provision Kits		
Winglets		

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Winglets		

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Provision Kits		
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Avionics		
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Miscellaneous Emergency Equipment		
Textiles/Raw Material		
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Provision Kits		
Winglets		

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Provision Kits		
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Galleys/Furnishings	PORTION OMITTED	PORTION OMITTED
Antennas & Mounting Equipment	AND FILED	AND FILED
Avionics	SEPARATELY WITH	SEPARATELY WITH
Cabin Systems Equipment	THE COMMISSION	THE COMMISSION
Miscellaneous Emergency Equipment	PURSUANT TO A	PURSUANT TO A
Textiles/Raw Material	REQUEST FOR	REQUEST FOR
Cargo Systems	CONFIDENTIAL	CONFIDENTIAL
Provision Kits	TREATMENT]	TREATMENT]
Winglets		

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Antennas & Mounting Equipment	AND FILED	AND FILED
Avionics	SEPARATELY WITH	SEPARATELY WITH
Cabin Systems Equipment	THE COMMISSION	THE COMMISSION
Miscellaneous Emergency Equipment	PURSUANT TO A	PURSUANT TO A
Textiles/Raw Material	REQUEST FOR	REQUEST FOR
Cargo Systems	CONFIDENTIAL	CONFIDENTIAL
Provision Kits	TREATMENT]	TREATMENT]
Winglets		

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	Aircraft	Aircraft
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3. Additional Delivery Requirements

Customer will insure that Customer's BFE suppliers provide sufficient information to enable Boeing, when acting as Importer of Record for Customer's BFE, to comply with all applicable provisions of the U.S. Customs Service.

6-1162-CLO-1082

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Advance Payments and Permitted Transactions 2

Reference: Purchase Agreement No. 1977 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 737-823 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. **Advance Payments for Aircraft.**

Notwithstanding Article 4.2 and Table 1C of the Purchase Agreement, which sets forth Boeing's standard [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], Boeing and Customer agree that the [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], is hereby amended as follows:

1.1 Customer will make Advance Payments to Boeing [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.2 Notwithstanding Section 1.3 of Letter Agreement No. 6-1162-AKP-070 entitled Miscellaneous Commitments for Model 737, 757, 767 and 777 Aircraft, Customer will [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. **Permitted Transactions**

Notwithstanding Article 9.2 of the AGTA, Boeing agrees that Customer may from time to time prior to delivery of any Relevant Aircraft [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

(i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(iii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(iv) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(v) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

For avoidance of doubt, nothing within this Letter Agreement is intended to, nor shall it, derogate the rights and obligations of Boeing and Customer with regard to the financing of aircraft at or following delivery in accordance with Article 9.2 of the AGTA.

3. Confidential Treatment.

Customer and Boeing understand certain commercial and financial information contained in this Letter Agreement is considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as required by law or government regulation.

Very truly yours,

THE BOEING COMPANY

By

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _______________, 2009

AMERICAN AIRLINES, INC.

By______________________

Its______________________

Exhibit 12

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

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Earnings (loss):				
Earnings (loss) before income taxes	$ (388)	$ (1,463)	$ (754)	$ (1,807)
Add: Total fixed charges (per below)	350	351	711	721
Less: Interest capitalized	10	8	20	13
Total earnings (loss) before income taxes	$ (48)	$ (1,120)	$ (63)	$ (1,099)
Fixed charges:				
Interest	$ 132	$ 149	$ 280	$ 312
Portion of rental expense representative of the interest factor	213	197	421	402
Amortization of debt expense	5	5	10	7
Total fixed charges	$ 350	$ 351	$ 711	$ 721
Ratio of earnings to fixed charges	-	-	-	-
Coverage Deficiency	398	1,471	774	1,820

Note:As of June 30, 2009, American has guaranteed approximately $425 million of AMR's unsecured debt and approximately $284 million of AMR Eagle's secured debt. The impact of these unconditional guarantees is not included in the above computation.

Exhibit 31.1

I, Gerard J. Arpey, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 15, 2009 /s/ Gerard J. Arpey
Gerard J. Arpey
Chairman, President and Chief Executive Officer

Exhibit 31.2

I, Thomas W. Horton, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 15, 2009
Thomas W. Horton

/s/ Thomas W. Horton

Executive Vice President – Finance and Planning and
Chief Financial Officer

Exhibit 32

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

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

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (the Form 10-Q) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 15, 2009 /s/ Gerard J. Arpey
Gerard J. Arpey
Chairman, President and Chief Executive Officer

Date: July 15, 2009 /s/ Thomas W. Horton
Thomas W. Horton

Executive Vice President – Finance and Planning and
Chief Financial Officer

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