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

FORM 10-Q

[X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 1998.

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

Commission file number 1-8400.

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

Delaware	75-1825172
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4333 Amon Carter Blvd. Fort Worth, Texas	76155
(Address of principal executive offices)	(Zip Code)

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

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

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

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

Common Stock, $1 par value - 182,342,724 as of August 11, 1998

INDEX

AMR CORPORATION

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statement of Operations -- Three and six months ended June 30, 1998 and 1997

Condensed Consolidated Balance Sheet -- June 30, 1998 and December 31, 1997

Condensed Consolidated Statement of Cash Flows -- Six months ended June 30, 1998 and 1997

Notes to Condensed Consolidated Financial Statements -- June 30, 1998

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

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Item 4. Submission of Matters to a Vote of Security Holders

Item 6. Exhibits and Reports on Form 8-K

SIGNATURE

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

AMR CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited) (In millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Revenues				
Airline Group:				
Passenger - American Airlines, Inc	$3,789	$3,641	$7,367	$7,031
-American Eagle	289	256	545	504
Cargo	169	174	332	338
Other	244	221	470	425
	4,491	4,292	8,714	8,298
The SABRE Group	577	449	1,131	889
Management Services Group	148	151	308	312
Less: Intergroup revenues	(204)	(180)	(404)	(361)
Total operating revenues	5,012	4,712	9,749	9,138
Expenses				
Wages, salaries and benefits	1,693	1,556	3,317	3,096
Aircraft fuel	404	471	819	991
Commissions to agents	322	329	623	643
Depreciation and amortization	324	310	647	622
Maintenance, materials and repairs	226	219	458	414
Other rentals and landing fees	228	227	446	445
Food service	175	173	339	334
Aircraft rentals	143	143	285	287
Other operating expenses	770	694	1,531	1,367
Total operating expenses	4,285	4,122	8,465	8,199
Operating Income	727	590	1,284	939
Other Income (Expense)				
Interest income	32	31	66	58
Interest expense	(92)	(102)	(188)	(207)
Interest capitalized	25	3	43	5
Minority interest	(12)	(10)	(25)	(22)
Miscellaneous - net	(4)	(8)	(19)	(12)
	(51)	(86)	(123)	(178)
Earnings Before Income Taxes	676	504	1,161	761
Income tax provision	267	202	462	307
Net Earnings	$ 409	$ 302	$ 699	$ 454
Earnings Per Common Share				
Basic	$ 2.38	$ 1.66	$ 4.06	$ 2.50
Diluted	$ 2.30	$ 1.63	$ 3.91	$ 2.45
Number of Shares Used in Computation				
Basic	172	182	172	182
Diluted	178	185	179	185

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

AMR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions)

	June 30, 1998	December 31, 1997 (Note 1)
Assets		
Current Assets		
Cash	$ 108	$ 64
Short-term investments	2,124	2,370
Receivables, net	1,753	1,370
Inventories, net	651	636
Deferred income taxes	406	406
Other current assets	219	225
Total current assets	5,261	5,071
Equipment and Property		
Flight equipment, net	8,588	8,543
Other equipment and property, net	1,956	1,874
Purchase deposits for flight equipment	1,164	754
	11,708	11,171
Equipment and Property Under Capital Leases		
Flight equipment, net	1,844	1,923
Other equipment and property, net	165	163
	2,009	2,086
Route acquisition costs, net	930	945
Other assets, net	2,037	1,642
	$ 21,945	$ 20,915
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 1,104	$ 1,021
Accrued liabilities	1,978	2,020
Air traffic liability	2,279	2,044
Current maturities of long-term debt	379	397
Current obligations under capital leases	135	135
Total current liabilities	5,875	5,617
Long-term debt, less current maturities	2,327	2,260
Obligations under capital leases, less current obligations	1,518	1,629
Deferred income taxes	1,264	1,105
Other liabilities, deferred gains, deferred credits and postretirement benefits	4,320	4,088
Stockholders' Equity		
Common stock	182	182
Additional paid-in capital	3,073	3,104
Treasury stock	(699)	(485)
Retained earnings	4,085	3,415
	6,641	6,216
	$ 21,945	$ 20,915

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

AMR CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six months Ended June 30,	
	1998	1997
Net Cash Provided by Operating Activities	$1,318	$1,059
Cash Flow from Investing Activities:		
Capital expenditures, including purchase deposits for flight equipment	(1,224)	(461)
Net decrease (increase) in short-term investments	246	(434)
Investment in joint venture	(140)	-
Proceeds from sale of equipment and property	179	177
Net cash used for investing activities	(939)	(718)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(138)	(261)
Issuance of long-term debt	94	-
Repurchases of common stock	(366)	(158)
Proceeds from exercise of stock options	75	32
Net cash used for financing activities	(335)	(387)
Net increase (decrease) in cash	44	(46)
Cash at beginning of period	64	68
Cash at end of period	$ 108	$ 22
Cash Payments For:		
Interest	$ 158	$ 214
Income taxes	273	231

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

AMR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. The balance sheet at December 31, 1997 has been derived from the audited financial statements at that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Corporation (AMR or the Company) Annual Report on Form 10-K/A No. 1 for the year ended December 31, 1997.

   Certain amounts from 1997 have been reclassified to conform with the 1998 presentation.

2. Accumulated depreciation of owned equipment and property at June 30, 1998 and December 31, 1997, was $7.1 billion and $6.7 billion, respectively. Accumulated amortization of equipment and property under capital leases at June 30, 1998 and December 31, 1997, was $1.2 billion.

3. The Miami International Airport Authority is currently remediating various environmental conditions at Miami International Airport (Airport) and funding the remediation costs through landing fee revenues. Future costs of the remediation effort may be borne by carriers operating at the Airport, including American Airlines, Inc. (American), through increased landing fees and/or other charges. The ultimate resolution of this matter is not expected to have a significant impact on the financial position or liquidity of AMR.

4. During 1998, the Company exercised its purchase rights to acquire 25 Boeing 737-800s and 23 Boeing 777-200IGWs. As of August 14, 1998, the Company had commitments to acquire the following aircraft: 100 Boeing 737-800s, 34 Boeing 777-200IGWs, 11 Boeing 757-200s, four Boeing 767-300ERs, 32 Embraer EMB-145s and 25 Bombardier CRJ-700s. Deliveries of these aircraft will occur during the remainder of 1998 and will continue through 2004. Payments for these aircraft will approximate $850 million during the remainder of 1998, $2.6 billion in 1999, $1.9 billion in 2000 and an aggregate of approximately $2.3 billion in 2001 through 2004. The exercise of these aircraft purchase rights will allow the Company to continue the retirement of its Boeing 727-200 and McDonnell Douglas DC-10 fleets, which the Company anticipates to be complete by 2004, as well as to provide for modest growth.

5. In March 1998, the Company exercised its option to sell seven MD-11 aircraft to Federal Express Corporation (FedEx), thereby committing to sell its entire MD-11 fleet to FedEx. Eight aircraft have been delivered as of June 30, 1998. The remaining 11 aircraft will be delivered to FedEx between 1999 and 2003.

6. In April 1998, the Company's Board of Directors approved a two-for-one stock split in the form of a stock dividend, subject to shareholder approval of an amendment to the Company's Certificate of Incorporation to increase the number of authorized common shares. On May 20, 1998, the Company's shareholders approved the amendment to the Company's Certificate of Incorporation thereby increasing the total number of authorized shares of all classes of stock to 770 million, of which 20 million are shares of preferred stock (without par value) and 750 million are shares of common stock ($1 par value). The stock split was effective on June 9, 1998 for shareholders of record on May 26, 1998. All share and earnings per share amounts have been restated to give effect to the stock split.

7. In July 1998, the Company's board of directors authorized management to repurchase up to an additional $500 million of the

Company's outstanding common stock.

AMR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Unaudited)

8. In January 1998, The SABRE Group completed the execution of a 25-year information technology services agreement with US Airways. Under the terms of the agreement, The SABRE Group will provide substantially all of US Airways' information technology services. In connection with the agreement, The SABRE Group purchased substantially all of US Airways' information technology assets for approximately $47 million and granted US Airways two tranches of stock options, each to acquire 3 million shares of The SABRE Group's Class A Common Stock (SABRE Common Stock). During certain periods, US Airways may select an alternative vehicle of substantially equivalent value in place of receiving stock. During the first quarter of 1998, a long-term liability and a related deferred asset equal to the number of options granted multiplied by the difference between the exercise price of the options and the market price of SABRE Common Stock were recorded. The asset and liability are adjusted based on changes in the market price of SABRE Common Stock. The deferred asset is being amortized over the eleven-year non-cancelable portion of the agreement.

9. As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of SFAS 130 had no impact on the Company's net income or stockholders' equity. SFAS 130 requires unrealized gains or losses on the Company's available-for-sale securities and changes in minimum pension liabilities, which prior to adoption were reported separately in stockholders' equity, to be included in other comprehensive income. During the second quarter of 1998 and 1997, total comprehensive income was approximately $409 million and $303 million, respectively. Total comprehensive income for the six months ended June 30, 1998 and 1997 was approximately $699 million and $454 million, respectively.

Effective January 1, 1998, the Company adopted early the provisions of Statement of Position No. 98-5, "Reporting on the Costs of Start-Up Activities," (SOP 98-5). SOP 98-5 requires costs of start-up activities and organization costs to be expensed as incurred. The adoption of SOP 98-5 did not have a material impact on the Company's financial position or results of operations for the six months ended June 30, 1998.

10. The following table sets forth the computations of basic and diluted earnings per share (in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Numerator:				
Net Earnings - Numerator for basic and diluted earnings per share	$ 409	$ 302	$ 699	$ 454
Denominator:				
Denominator for basic earnings per share - weighted average shares	172	182	172	182
Effect of dilutive securities:				
Employee options and shares	12	14	14	10
Assumed treasury shares purchased	(6)	(11)	(7)	(7)
Dilutive potential common shares	6	3	7	3
Denominator for diluted earnings per share	178	185	179	185
Basic earnings per share	$ 2.38	$ 1.66	$ 4.06	$ 2.50
Diluted earnings per share	$ 2.30	$ 1.63	$ 3.91	$ 2.45

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

RESULTS OF OPERATIONS

For the Three Months Ended June 30, 1998 and 1997

Summary AMR recorded net earnings for the three months ended June 30, 1998 of $409 million, or $2.30 per common share diluted. This compares to net earnings of $302 million, or $1.63 per common share diluted for the second quarter of 1997. AMR's operating income of $727 million increased 23.2 percent, or $137 million, compared to $590 million for the same period in 1997.

AMR's operations fall within three major lines of business - the Airline Group, which includes American Airlines, Inc.'s Passenger and Cargo Divisions and AMR Eagle Holding Corporation; The SABRE Group, which includes AMR's information technology and consulting businesses; and the Management Services Group, which includes AMR's airline management, aviation services, and investment service activities.

The following sections provide a discussion of AMR's results by reporting segment, which are described in AMR's Annual Report on Form 10-K/A No. 1 for the year ended December 31, 1997. The minority interest in the earnings of consolidated subsidiaries of $12 million and $25 million for the three and six months ended June 30, 1998 and $10 million and $22 million for the three and six months ended June 30, 1997, has not been allocated to a reporting segment.

AIRLINE GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Three Months Ended June 30,	
	1998	1997
Revenues		
Passenger - American Airlines, Inc.	$3,789	$3,641
- American Eagle	289	256
Cargo	169	174
Other	244	221
	4,491	4,292
Expenses		
Wages, salaries and benefits	1,449	1,345
Aircraft fuel	404	471
Commissions to agents	322	329
Depreciation and amortization	258	260
Maintenance, materials and repairs	223	215
Other operating expenses	1,229	1,192
Total operating expenses	3,885	3,812
Operating Income	606	480
Other Expense	(40)	(77)
Earnings Before Income Taxes	$ 566	$ 403
Average number of equivalent employees	91,500	90,500

RESULTS OF OPERATIONS (continued)

OPERATING STATISTICS

	Three Months Ended June 30, 1998	1997
American Airlines Jet Operations		
Revenue passenger miles (millions)	27,923	27,318
Available seat miles (millions)	38,963	38,738
Cargo ton miles (millions)	509	521
Passenger load factor	71.7%	70.5%
Breakeven load factor	58.9%	60.0%
Passenger revenue yield per passenger miles (cents)	13.57	13.33
Passenger revenue per available seat miles (cents)	9.72	9.40
Cargo revenue yield per ton mile (cents)	32.75	32.88
Operating expenses per available seat mile (cents)	9.25	9.15
Fuel consumption (gallons, in millions)	711	697
Fuel price per gallon (cents)	55.0	65.3
Fuel price per gallon, excluding fuel taxes (cents)	50.3	60.4
Operating aircraft at period-end	641	644
American Eagle		
Revenue passenger miles (millions)	708	652
Available seat miles (millions)	1,099	1,047
Passenger load factor	64.5%	62.3%
Operating aircraft at period-end	206	203

Operating aircraft at June 30, 1998, included:

American Airlines Aircraft:		American Eagle Aircraft:	
Airbus A300-600R	35	ATR 42	40
Boeing 727-200	78	Embraer 145	8
Boeing 757-200	90	Super ATR	43
Boeing 767-200	8	Saab 340B	90
Boeing 767-200 Extended Range	22	Saab 340B Plus	25
Boeing 767-300 Extended Range	44	Total	206
Fokker 100	75		
McDonnell Douglas DC-10-10	13		
McDonnell Douglas DC-10-30	5		
McDonnell Douglas MD-11	11		
McDonnell Douglas MD-80	260		
Total	641		

87.8% of American's aircraft fleet is Stage III, a classification of aircraft meeting noise standards as promulgated by the Federal Aviation Administration.

Average aircraft age is 10.5 years for American's aircraft and 5.45 years for American Eagle aircraft.

The Airline Group's revenues increased $199 million, or 4.6 percent, in the second quarter of 1998 versus the same period last year. American's passenger revenues increased by 4.1 percent, or $148 million, primarily as a result of strong demand for air travel driven by continual economic growth in the U.S. and Europe and a healthy pricing environment. American's yield (the average amount one passenger pays to fly one mile) of 13.57 cents increased by 1.8 percent compared to the same period in 1997. Domestic yields increased 4.5 percent from the second quarter of 1997. International yields decreased 4.1 percent, primarily due to a 9.2 percent decrease in the Pacific and a 7.6 percent decrease in Latin America. The decrease in Pacific yields was primarily due to the weakness in Asian economies and increased industry capacity while the decrease in Latin America was due primarily to an increase in industry capacity in Central and South America and a decline in economic conditions.

American's traffic or revenue passenger miles (RPMs) increased 2.2 percent to 27.9 billion miles for the quarter ended June 30, 1998. American's capacity or available seat miles (ASMs) increased 0.6 percent to 39.0 billion miles in the second quarter of 1998. American's domestic traffic increased 0.9 percent despite capacity decreases of 2.2 percent and international traffic grew 5.2 percent on capacity increases of 7.2 percent. The increase in international traffic was driven by an 11.0 percent increase in traffic to Latin America on capacity growth of 12.0 percent and an 11.8 percent increase in traffic to the Pacific on capacity growth of 26.9 percent, partially offset by a 1.2 decrease in traffic to Europe on a capacity decrease of 1.7 percent.

The Airline Group's other revenues increased $23 million, or 10.4 percent, primarily as a result of increased administrative and employee travel service charges and service contracts.

The Airline Group's operating expenses increased 1.9 percent, or $73 million. American's Jet Operations cost per ASM increased 1.1 percent to 9.25 cents. Wages, salaries and benefits increased 7.7 percent, or $104 million, primarily due to an increase in the average number of equivalent employees, contractual wage rate and seniority increases that are built into the Company's labor contracts and an increase in the provision for profit sharing. The increased headcount is due primarily to increased volumes of work at American's maintenance bases and increases associated with American's flight dependability initiatives. Aircraft fuel expense decreased 14.2 percent, or $67 million, due to a 15.7 percent decrease in American's average price per gallon, including taxes, partially offset by a 2.0 percent increase in American's fuel consumption. Commissions to agents decreased 2.1 percent, or $7 million, despite a 4.1 percent increase in passenger revenues, due to the continued benefit from the commission rate reduction initiated during September 1997.

Other Expense decreased 48.1 percent, or $37 million, due primarily to a $22 million increase in capitalized interest on aircraft purchase deposits and a decrease in interest expense of approximately $11 million due to scheduled debt repayments.

RESULTS OF OPERATIONS (continued)

THE SABRE GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Three Months Ended June 30,	
	1998	1997
Revenues	$ 577	$ 449
Operating Expenses	468	354
Operating Income	109	95
Other Income	1	1
Earnings Before Income Taxes	$ 110	$ 96
Average number of equivalent employees	11,300	8,400

Revenues

Revenues for The SABRE Group increased $128 million, or 28.5 percent. Electronic travel distribution revenues increased approximately $28 million, or 9.0 percent, primarily due to growth in booking fees resulting from an overall increase in the price per booking. In addition, the three months ended June 30, 1998 includes approximately $4 million of revenue from services provided to The SABRE Group's joint venture company formed to manage travel distribution in the Asia-Pacific region, ABACUS International Ltd. (ABACUS). Revenues from information technology solutions increased approximately $100 million, or 72.5 percent, primarily due to the services performed under the information technology services agreement with US Airways and Year 2000 testing and compliance enhancements for Canadian Airlines International Limited (Canadian) and other AMR units.

Expenses

Operating expenses increased 32.2 percent, or $114 million, due primarily to increases in salaries, benefits and employee related costs, depreciation and amortization expense and other operating expenses. Salaries, benefits and employee related costs increased due to an increase in the average number of employees necessary to support The SABRE Group's business growth and wage and salary increases for existing employees. The increase in depreciation and amortization expense is primarily due to the purchase of US Airways' information technology assets in January 1998 and normal additions. Other operating expenses increased primarily due to equipment maintenance costs and other software development expenses related to The SABRE Group's Year 2000 compliance program and increased communication costs.

RESULTS OF OPERATIONS (continued)

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Three Months Ended June 30,	
	1998	1997
Revenues	$ 148	$ 151
Operating Expenses	136	136
Operating Income	12	15
Other Income (Expense)	-	-
Earnings Before Income Taxes	$ 12	$ 15
Average number of equivalent employees	13,000	15,500

Revenues

Revenues for the Management Services Group decreased 2.0 percent, or $3 million. This decrease in revenues was primarily the result of the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics. This decrease was substantially offset by higher revenues for AMR Combs due to higher aircraft sales and increased airline passenger, ramp and cargo handling services provided by AMR Services.

Expenses

Operating expenses for the second quarter of 1998 remained consistent with the same period in 1997. The decrease in expenses associated with the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics was offset by an increase in other operating expenses commensurate with the increase in revenues for AMR Combs and AMR Services.

RESULTS OF OPERATIONS (continued)

For the Six Months Ended June 30, 1998 and 1997

Summary AMR recorded net earnings for the six months ended June 30, 1998 of $699 million, or $3.91 per common share diluted. This compares with net earnings of $454 million, or $2.45 per common share diluted for the same period in 1997. AMR's operating income of $1.3 billion increased 36.7 percent, or $345 million, compared to $939 million for the same period in 1997.

AIRLINE GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Six Months Ended June 30, 1998	1997
Revenues		
Passenger - American Airlines, Inc.	$7,367	$7,031
- American Eagle	545	504
Cargo	332	338
Other	470	425
	8,714	8,298
Expenses		
Wages, salaries and benefits	2,831	2,679
Aircraft fuel	819	991
Commissions to agents	623	643
Depreciation and amortization	516	522
Maintenance, materials and repairs	452	408
Other operating expenses	2,442	2,351
Total operating expenses	7,683	7,594
Operating Income	1,031	704
Other Expense	(102)	(157)
Earnings Before Income Taxes	$ 929	$ 547
Average number of equivalent employees	91,250	90,200

RESULTS OF OPERATIONS (continued)

OPERATING STATISTICS

	Six Months Ended June 30, 1998	1997
American Airlines Jet Operations		
Revenue passenger miles (millions)	53,311	52,613
Available seat miles (millions)	76,670	76,258
Cargo ton miles (millions)	1,005	1,001
Passenger load factor	69.5%	69.0%
Breakeven load factor	58.6%	61.4%
Passenger revenue yield per passenger mile (cents)	13.82	13.36
Passenger revenue per available seat mile (cents)	9.61	9.22
Cargo revenue yield per ton mile (cents)	32.65	33.31
Operating expenses per available seat mile (cents)	9.30	9.27
Fuel consumption (gallons, in millions)	1,392	1,370
Fuel price per gallon (cents)	56.9	69.9
Fuel price per gallon, excluding fuel taxes (cents)	52.0	65.0
Operating aircraft at period-end	641	644
American Eagle		
Revenue passenger miles (millions)	1,323	1,254
Available seat miles (millions)	2,170	2,090
Passenger load factor	61.0	60.0
Operating aircraft at period-end	206	203

RESULTS OF OPERATIONS (continued)

The Airline Group's revenues increased $416 million, or 5.0 percent, during the first six months of 1998 versus the same period last year. American's passenger revenues increased by 4.8 percent, or $336 million, primarily as a result of strong demand for air travel driven by continual economic growth in the U.S. and Europe and a healthy pricing environment. American's yield (the average amount one passenger pays to fly one mile) of 13.82 cents increased by 3.4 percent compared to the same period in 1997. Domestic yields increased 5.4 percent from the first six months of 1997. International yields decreased 1.1 percent, reflecting a 5.3 percent decrease in the Pacific and a 3.2 percent decrease in Latin America, partially offset by a 1.7 percent increase in Europe. The decrease in Pacific yields was primarily due to the weakness in Asian economies and increased industry capacity. The decrease in Latin America was due primarily to an increase in industry capacity in Central and South America and a decline in economic conditions, while the increase in European yields was partially attributable to the cancellation of American's New York Kennedy - Zurich, New York - Brussels and Miami - Frankfurt routes in 1997.

American's traffic or revenue passenger miles (RPMs) increased 1.3 percent to 53.3 billion miles for the six months ended June 30, 1998. American's capacity or available seat miles (ASMs) increased 0.5 percent to 76.7 billion miles in the first six months of 1998. American's domestic traffic increased 5.7 percent on capacity increases of 0.2 percent and international traffic grew 2.7 percent on capacity increases of 3.9 percent. The increase in international traffic was driven by a 3.9 percent increase in traffic to Latin America on capacity growth of 7.3 percent, a 5.6 percent increase in traffic to the Pacific on growth of 11.5 percent and a 0.6 percent increase in traffic on a capacity decrease of 1.1 percent in Europe.

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

The Airline Group's other revenues increased $45 million, or 10.6 percent, primarily as a result of an increase in aircraft maintenance work performed by American for other airlines and increased administrative and employee travel service charges and service contracts.

The Airline Group's operating expenses increased 1.2 percent, or $89 million. American's Jet Operations cost per ASM increased by 0.3 percent to 9.30 cents. Wages, salaries and benefits increased $152 million, or 5.7 percent, primarily due to an increase in the average number of equivalent employees, contractual wage rate and seniority increases that are built into the Company's labor contracts and an increase in the provision for profit sharing. The increased headcount is due primarily to increased volumes of work at American's maintenance bases and increases associated with American's flight dependability initiatives. Aircraft fuel expense decreased 17.4 percent, or $172 million, due to an 18.6 percent decrease in American's average price per gallon, including taxes, partially offset by a 1.6 percent increase in American's fuel consumption. Commissions to agents decreased 3.1 percent, or $20 million, despite a 4.8 percent increase in passenger revenues, due to the continued benefit from the commission rate reduction initiated during September 1997. Maintenance, materials and repairs expense increased $44 million, or 10.8 percent, due primarily to higher volumes for both airframe and engine maintenance at American's maintenance bases as a result of the maturing of its fleet. Other operating expenses increased by $91 million, or 3.9 percent, primarily related to spending on the Company's Year 2000 compliance program and higher costs, such as credit card fees, resulting from higher passenger revenues.

Other Expense decreased 35.0 percent, or $55 million, due primarily to a $38 million increase in capitalized interest on aircraft purchase deposits and a decrease in interest expense of approximately $19 million due to scheduled debt repayments.

RESULTS OF OPERATIONS (continued)

THE SABRE GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Six months Ended June 30, 1998	1997
Revenues	$1,131	$ 889
Operating Expenses	907	686
Operating Income	224	203
Other Income	3	2
Earnings Before Income Taxes	$ 227	$ 205
Average number of equivalent employees	11,000	8,300

Revenues

Revenues for The SABRE Group increased $242 million, or 27.2 percent. Electronic travel distribution revenues increased approximately $64 million, or 10.3 percent, primarily due to growth in booking fees resulting from an overall increase in the price per booking. In addition, the six months ended June 30, 1998 includes approximately $16 million of revenue from services provided to ABACUS. Revenues from information technology solutions increased approximately $178 million, or 65.6 percent, primarily due to the services performed under the information technology services agreement with US Airways and Year 2000 testing and compliance enhancements for Canadian and other AMR units.

Expenses

Operating expenses increased 32.2 percent, or $221 million, due primarily to increases in salaries, benefits and employee related costs, subscriber incentive expenses, depreciation and amortization expense and other operating expenses. Salaries, benefits and employee related costs increased due to an increase in the average number of employees necessary to support The SABRE Group's business growth and wage and salary increases for existing employees. Subscriber incentive expenses increased in order to maintain and expand The SABRE Group's travel agency subscriber base. The increase in depreciation and amortization expense is primarily due to the purchase of US Airways' information technology assets in January 1998 and normal additions. Other operating expenses increased primarily due to equipment maintenance costs and other software development expenses related to The SABRE Group's Year 2000 compliance program, software development expenses related to ABACUS and increased communication costs.

RESULTS OF OPERATIONS (continued)

MANAGEMENT SERVICES GROUP
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Six Months Ended June 30,	
	1998	1997
Revenues	$ 308	$ 312
Operating Expenses	279	280
Operating Income	29	32
Other Income (Expense)	1	(1)
Earnings Before Income Taxes	$ 30	$ 31
Average number of equivalent employees	12,950	15,500

Revenues

Revenues for the Management Services Group decreased 1.3 percent, or $4 million. This decrease in revenues was primarily the result of the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics. This decrease was substantially offset by higher revenues for AMR Combs due to higher aircraft sales and increased airline passenger, ramp and cargo handling services provided by AMR Services.

Expenses

Operating expenses decreased 0.4 percent, or $1 million, primarily due to a decrease in expenses associated with the sale of Data Management Services in September 1997 and decreased services provided by TeleService Resources and AMR Global Logistics. This decrease was substantially offset by an increase in other operating expenses commensurate with the increase in revenues for AMR Combs and AMR Services.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities in the six month period ended June 30, 1998 was $1.3 billion, an increase of $259 million over the same period in 1997. This increase resulted primarily from increased net earnings and an increase in the air traffic liability due to higher advanced sales. Capital expenditures for the first six months of 1998 were $1.2 billion, and included the purchase deposits on new aircraft orders, the acquisition of three Boeing 767-300ERs, eight Embraer EMB-145s and five ATR 72 aircraft and purchases of computer-related equipment. These capital expenditures were financed primarily with internally generated cash, except for the Embraer aircraft acquisitions which were funded through secured financing. During the first six months of 1998, The SABRE Group invested approximately $140 million for a 35 percent interest in ABACUS. Proceeds from the sale of equipment and property of $179 million for the first six months of 1998 include proceeds received upon the delivery of two of American's McDonnell Douglas MD-11 aircraft to Federal Express Corporation in accordance with the 1995 agreement between the two parties and other aircraft equipment sales.

LIQUIDITY AND CAPITAL RESOURCES (continued)

During 1998, the Company exercised its purchase rights to acquire 25 Boeing 737-800s and 23 Boeing 777-200IGWs. As of August 14, 1998, the Company had commitments to acquire the following aircraft: 100 Boeing 737-800s, 34 Boeing 777-200IGWs, 11 Boeing 757-200s, four Boeing 767-300ERs, 32 Embraer EMB-145s and 25 Bombardier CRJ-700s. Deliveries of these aircraft will occur during the remainder of 1998 and will continue through 2004. Payments for these aircraft will approximate $850 million during the remainder of 1998, $2.6 billion in 1999, $1.9 billion in 2000 and an aggregate of approximately $2.3 billion in 2001 through 2004. The exercise of these aircraft purchase rights will allow the Company to continue the retirement of its Boeing 727-200 and McDonnell Douglas DC-10 fleets, which the Company anticipates to be complete by 2004, as well as to provide for modest growth. While the Company expects to fund the majority of its capital expenditures from the Company's existing cash balance and internally generated cash, some new financing may be raised depending upon capital market conditions and the Company's evolving view of its long-term needs.

During the six months ended June 30, 1998, a total of approximately 4.8 million shares were purchased by the Company at a total cost of approximately $333 million. As of June 30, 1998, the Company had completed the $500 million stock repurchase program initiated in 1997. On July 15, 1998, the Company's board of directors authorized management to repurchase up to an additional $500 million of the Company's outstanding common stock. Share repurchases may be made from time to time, depending on market conditions, and may be discontinued at any time.

In 1997, The SABRE Group's Board of Directors authorized, subject to certain business and market conditions, the repurchase of up to 1.5 million shares of The SABRE Group's Class A Common Stock. During the six months ended June 30, 1998, a total of approximately one million shares were purchased by The SABRE Group at a total cost of approximately $33 million.

YEAR 2000 COMPLIANCE

The Company has implemented a Year 2000 compliance program designed to ensure that the Company's computer systems and applications and its embedded operating systems will function properly beyond 1999. Such program includes both systems and applications operated by the Company's businesses as well as software licensed to or operated for third parties by The SABRE Group. Substantially all of the Company's core systems are either completed or in the final testing phases of the Year 2000 project. The Company expects its Year 2000 project to be substantially completed in the first quarter of 1999 and believes that it has allocated adequate resources to meet this goal. However, there can be no assurance that the systems of other parties (e.g., Federal Aviation Administration, Department of Transportation, airport authorities, data providers) upon which the Company's businesses also rely will be Year 2000 compliant on a timely basis. The Company's business, financial condition, or results of operations could be materially adversely affected by the failure of its systems and applications, those licensed to or operated for third parties, or those operated by other parties to properly operate or manage dates beyond 1999. The Company is currently evaluating responses from and addressing issues with significant vendors to determine the extent to which the Company's systems are vulnerable to those third parties which fail to remedy their own Year 2000 issues. The Company is developing contingency plans designed to enable it to continue operations, even in the event of certain third party failures, to the extent that such operations can be conducted safely.

The Company expects to incur significant internal staff costs, as well as consulting and other expenses, related to infrastructure and facilities enhancements necessary to prepare its systems for the Year 2000. The Company's total estimated cost of the Year 2000 compliance program is approximately $215 million to $250 million, of which approximately $130 million was incurred as of June 30, 1998. The Company expects to incur most of the remaining expenses during the remainder of 1998. A significant portion of these costs are not likely to be incremental costs to the Company, but rather will represent the redeployment of existing information technology resources. Maintenance or modification costs associated with making existing computer systems Year 2000 compliant are expensed as incurred and are

funded through cash from operations.

The expected costs and completion dates for the Year 2000 project are forward-looking statements based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of resources, third party modification plans and other factors. Actual results could differ materially from these estimates as a result of factors such as the availability and cost of trained personnel, the ability to locate and correct all relevant computer codes and similar uncertainties.

NEW EUROPEAN CURRENCY

In January 1999, certain European countries are scheduled to introduce a new currency unit called the "euro". The Company has implemented a project intended to ensure that software systems operated by the Company's businesses as well as software licensed to or operated for third parties by The SABRE Group are designed to properly handle the euro. The Company expects its euro project to be substantially completed by the fourth quarter of 1998 and believes that it has allocated adequate resources to meet this goal. The Company estimates that the introduction of the euro, including the total cost for the euro project, will not have a material effect on the Company's business, financial condition, or results of operations. Costs associated with the euro project will be expensed as incurred and will be funded through cash from operations. Statements related to the Company's euro project are forward-looking statements that are based on management's best estimates. Actual results could differ materially from these estimates.

DALLAS LOVE FIELD

In 1968, as part of an agreement between the cities of Fort Worth and Dallas to build and operate Dallas/Fort Worth Airport (DFW), a bond ordinance was enacted by both cities (the Bond Ordinance). The Bond Ordinance required both cities to direct all scheduled interstate passenger operations to DFW and was an integral part of the bonds issued for the construction and operation of DFW. In 1979, as part of a settlement to resolve litigation with Southwest Airlines, the cities agreed to expand the scope of operations allowed under the Bond Ordinance at Dallas' Love Field. This settlement was codified by Congress and became known as the Wright Amendment. The Wright Amendment limited interstate operations at Love Field to the four states contiguous to Texas (New Mexico, Oklahoma, Arkansas and Louisiana) and prohibited through ticketing to any destination outside that perimeter. In 1997, without the consent of either city, Congress amended the Wright Amendment by (i) adding three states (Kansas, Mississippi and Alabama) to the perimeter and (ii) removing all federal restrictions on large aircraft configured with 56 seats or less (the 1997 Amendment). In October 1997, the City of Fort Worth filed suit in state district court against the City of Dallas and others seeking to enforce the Bond Ordinance. Fort Worth contends that the 1997 Amendment does not preclude the City of Dallas from exercising its proprietary rights to restrict traffic at Love Field in a manner consistent with the Bond Ordinance and, moreover, that it has an obligation to do so. American has joined in this litigation. Thereafter, Dallas filed a separate declaratory judgment action in federal district court seeking to have the court declare that, as a matter of law, the 1997 Amendment precludes Dallas from exercising any restrictions on operations at Love Field. Further, in May 1998, Continental Airlines and Continental Express filed a lawsuit in federal court seeking a judicial declaration that the Bond Ordinance cannot be enforced to prevent them from operating flights from Love Field to Cleveland using regional jets. As a result of the foregoing, the future of interstate flight operations at Love Field and American's DFW hub is uncertain. To the extent that operations at Love Field to new interstate destinations increase, American may be compelled for competitive reasons to divert resources from DFW to Love Field. A substantial diversion of resources could adversely impact American's business.

Recently, American announced its intent to initiate limited intrastate service to Austin from Love Field and has commenced implementation of a business plan to start such service on August 31, 1998.

OTHER INFORMATION

Several items of legislation have been introduced in Congress that would, if enacted; (i) authorize the withdrawal of slots from major carriers -- including American -- at key airports for redistribution to new entrants and smaller carriers and/or (ii) provide financial assistance, in the form of guarantees and/or subsidized loans, to smaller carriers for aircraft purchases. In addition, the Department of Justice is investigating competition at major hub airports, and in April 1998, the Department of Transportation (DOT) issued proposed pricing and capacity rules that would severely limit major carriers' ability to compete with new entrant carriers. The outcomes of the proposed legislation, the investigations and the proposed DOT guidelines are unknown. However, to the extent that (i) slots are taken from American at key airports, (ii) restrictions are imposed upon American's ability to respond to a competitor, or (iii) competitors have a financial advantage in the purchase of aircraft because of federal assistance, American's business may be adversely impacted.

NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), effective for fiscal years beginning after December 15, 1997. SFAS 131 supersedes SFAS 14, "Financial Reporting for Segments of a Business Enterprise," and requires that a public company report annual and interim financial and descriptive information about its reportable operating segments pursuant to criteria that differ from current accounting practice. Operating segments, as defined, are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Because this statement addresses how supplemental financial information is disclosed in annual and interim reports, the adoption will have no impact on the Company's financial condition or results of operations.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which is required to be adopted in years beginning after June 15, 1999. SFAS 133 permits early adoption as of the beginning of any fiscal quarter after its issuance. SFAS 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

The Company is currently evaluating the impact of SFAS 133; however, based on current market conditions, SFAS 133 is not expected to have a material impact on the Company's financial condition or 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 report, the words "expects," "plans," "anticipates," and similar expressions are intended to identify forward-looking statements. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expectations. 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: risks related to the Company's Year 2000 and Euro currency compliance programs and government regulations, including restrictions on competitive

practices (e.g., new regulations which would curtail an airlines ability to respond to a competitor). Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, included but not limited to the Form 10-K/A No. 1 for the year ended December 31, 1997.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

In January 1985, American announced a new fare category, the "Ultimate SuperSaver," a discount, advance purchase fare that carried a 25 percent penalty upon cancellation. On December 30, 1985, a class action lawsuit was filed in Circuit Court, Cook County, Illinois entitled Johnson vs. American Airlines, Inc. The Johnson plaintiff alleges that the 10 percent federal excise transportation tax should have been excluded from the "fare" upon which the 25 percent penalty was assessed. Summary judgment was granted in favor of American but subsequently reversed and vacated by the Illinois Appellate Court. In August 1997, the Court denied the plaintiffs' motion for class certification. American is vigorously defending the lawsuit.

In connection with its frequent flyer program, American was sued in two cases (Wolens et al v. American Airlines, Inc. and Tucker v. American Airlines, Inc.) seeking class action certification that were consolidated and are currently pending in the Circuit Court of Cook County, Illinois. The litigation arises from certain changes made to American's AAdvantage frequent flyer program in May 1988 which limited the number of seats available to participants traveling on certain awards and established blackout dates during which no AAdvantage seats would be available for certain awards. In the consolidated action, the plaintiffs allege that these changes breached American's contract with AAdvantage members, seek money damages for the alleged breach and attorney's fees and seek to represent all persons who joined the AAdvantage program before May 1988 and accrued mileage credits before the seat limitations were introduced. The complaint originally asserted several state law claims, however only the plaintiffs' breach of contract claim remains after the U. S. Supreme Court ruled that federal law preempted the other claims. Although the case has been pending for numerous years, it still is in its preliminary stages. The court has not ruled as to whether the case should be certified as a class action. American is vigorously defending the lawsuit.

Gutterman et al. v. American Airlines, Inc. is also pending in the Circuit Court of Cook County, Illinois, arising from an announced increase in AAdvantage mileage credits required for free travel. In December 1993, American announced that the number of miles required to claim a certain travel award under American's AAdvantage frequent flyer program would be increased effective February 1, 1995, giving rise to the Gutterman litigation filed on that same date. The Gutterman plaintiffs claim that the announced increase in award mileage level violated the terms and conditions of the agreement between American and AAdvantage members. On June 23, 1998, the Court certified the case as a class action although to date no notice has been sent to the class. The class consists of all members who earned miles between January 1, 1992 (the date the change was announced) and February 1, 1995 (the date the change was made). On July 13, 1998, the Court denied American's motion for summary judgment as to the claims brought by plaintiff Steven Gutterman. On July 30, 1998, the plaintiffs filed a motion for summary judgment as to liability. American is vigorously defending the lawsuit.

A federal grand jury is investigating whether American handled hazardous materials and processed courier shipments, cargo and excess baggage in accordance with applicable laws and regulations. In connection with this investigation, federal agents executed a search warrant at American's Miami facilities on October 22, 1997. In addition, American was served with a subpoena calling for the production of documents relating to the handling of courier shipments, cargo, excess baggage and hazardous materials. American has produced documents responsive to the subpoena and intends to cooperate fully with the government's investigation.

PART II

Item 4. Submission of Matters to a Vote of Security Holders (*)

The owners of 74,978,665 shares of common stock, or 82 percent of shares outstanding, were represented at the annual meeting of stockholders on May 20, 1998 at The Worthington Hotel, 200 Main Street, Fort Worth, Texas.

Elected as directors of the Corporation, each receiving a minimum of 73,103,948 votes were:

David L. Boren	Dee J. Kelly
Edward A. Brennan	Ann D. McLaughlin
Donald J. Carty	Charles H. Pistor, Jr.
Armando M. Codina	Joe M. Rodgers
Charles T. Fisher, III	Judith Rodin
Earl G. Graves	Maurice Segall

Stockholders ratified the appointment of Ernst & Young LLP as independent auditors for the Corporation for 1998. The vote was 74,941,290 in favor; 17,724 against; and 19,651 abstaining.

Stockholders approved an amendment to the Certificate of Incorporation of the Corporation increasing the number of authorized shares of common stock of the Corporation. The vote was 50,872,087 in favor; 24,073,517 against; and 33,061 abstaining.

Stockholders approved the 1998 Long Term Incentive Plan of the Corporation. The vote was 40,333,217 in favor; 28,976,118 against; 107,065 abstaining; and 5,562,265 non-voting.

* The share information contained in this section have not been restated to give effect to the two-for-one stock split on June 9, 1998.

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

3.1	Amended Certificate of Incorporation of AMR, effective May 26, 1998
10.1	American Airlines, Inc. Supplemental Executive Retirement Program, as amended April 1998
27.1	Financial Data Schedule as of June 30, 1998.
27.2	Restated Financial Data Schedule as of June 30, 1997.

On April 15, 1998, AMR filed a report on Form 8-K relative to two press releases issued by the Company. The first press release was to report the Company's first quarter 1998 earnings and to announce a proposed two-for-one stock split in the form of a stock dividend. The second press release was issued to announce that Robert L. Crandall, Chairman, President and CEO of the Company and Chairman and CEO of American Airlines, Inc. would retire from his affiliations with the Company after the AMR annual meeting on May 20, 1998.

On May 20, 1998, AMR filed a report on Form 8-K relative to a press release issued to report the approval by the Company's shareholders of an amendment to the Company's Certificate of Incorporation that increased the number of authorized shares of common stock.

On July 15, 1998, AMR filed a report on Form 8-K relative to a press release issued to report the Company's second quarter 1998 earnings and to announce that the Company's board of directors authorized management to repurchase additional shares of the Company's outstanding common stock.

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.

AMR CORPORATION

Date: August 14, 1998

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

5
1,000,000

3-MOS
DEC-31-1998
JUN-30-1998
108
2,124
1,784
31
651
5,261
22,009
8,292
21,945
5,875
3,845
0
0
182
6,459
21,945
0
5,012
0
4,285
0
0
92
676
267
409
0
0
0
409
2.38
2.30

5

1,000,000

3-MOS
DEC-31-1997
JUN-30-1997
22
2,177
1,544
20
613
4,975
20,741
7,453
20,703
5,442
4,406
0
0
3,140
2,866
20,703
0
9,136
0
8,199
0
0
202
761
307
454
0
0
0
454
2.50
2.45

COMPOSITE

Certificate of Incorporation

of

AMR
CORPORATION

As Amended

Effective May 26, 1998

COMPOSITE
CERTIFICATE OF INCORPORATION
OF
AMR CORPORATION

FIRST: The name of the corporation is AMR Corporation.

SECOND: The registered office or place of business of the corporation in the State of Delaware is to be located at 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is 770,000,000 shares, of which 20,000,000 shares shall be shares of Preferred Stock without par value (hereinafter called "Preferred Stock") and 750,000,000 shares shall be shares of Common Stock of the par value of $1.00 per share (hereinafter called "Common Stock").

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of each class of stock shall be governed by the following provisions:

1. The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, with such voting powers, full or limited, or without voting powers and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are not stated and expressed in the Certificate of Incorporation, including (but without limiting the generality thereof) the following:

(a) The designation of such series.

(b) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes of stock, and whether such dividend shall be cumulative or non-cumulative.

(c) Whether the shares of such series shall be subject to redemption by the corporation and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption.

(d) The terms and amount of any sinking fund provided for the purpose of redemption of the shares of such series.

(e) Whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of stock of the corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange.

(f) The extent, if any, to which the holders of the shares of such series shall be entitled to vote with respect to the election of directors or otherwise.

(g) The restrictions, if any, on the issue or reissue of any additional Preferred Stock.

(h) The rights of the holders of the shares of such series upon dissolution of, or upon the distribution of assets of, the corporation.

2. Except as otherwise required by law and except for such voting powers with respect to the election of directors or other matters as may be stated in the resolutions of the Board of Directors creating any series of Preferred Stock, the holders of any such series shall have no voting power whatsoever. Any amendment to the Certificate of Incorporation which shall increase or decrease the authorized stock of any class or classes may be

adopted by the affirmative vote of the holders of a majority of the outstanding shares of the voting stock of the corporation.

3. No holder of shares of any class of stock of the corporation shall be entitled as a matter of right, to any preemptive right to subscribe to any additional issues of stock of the corporation of any class, or any securities convertible into any class of stock of the corporation.

4. The corporation may from time to time issue and dispose of any of the authorized and unissued shares of Preferred Stock for such consideration as may be fixed from time to time by the Board of Directors, or of Common Stock for such consideration, not less than its par value, as may be fixed from time to time by the Board of Directors, without action by the stockholders. The Board of Directors may provide for payment therefor to be received by the corporation in cash, property, or services. Any and all such shares of the Preferred or Common Stock of the corporation the issuance of which has been so authorized, and for which consideration so fixed by the Board of Directors has been paid or delivered, shall be deemed fully paid stock and shall not be liable to any further call or assessment thereon.

FIFTH: The names and mailing addresses of the incorporator is as follows:

Connie M. Friesen
299 Park Avenue
New York, New York 10171

SIXTH: The corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatsoever, and no action of the corporation shall be construed as a constructive assent to such liability.

EIGHTH: The business of the corporation shall be managed by a Board of Directors.

1. All corporate powers of the corporation shall be exercised by the Board of Directors, except as otherwise provided by law.

2. Directors need not be stockholders, nor residents of the State of Delaware.

3. The number of directors which shall constitute the whole Board shall be such as from time to time shall be fixed by, or in the manner provided in, the By-Laws, but in no case shall the number be less than three.

4. By-Laws of the corporation for the management of its property, the regulation and government of its affairs, and for the certification and transfer of its stock may originally be adopted by the incorporators. Thereafter, the directors shall have power from time to time to make, alter, or repeal By-Laws, but any By-Laws made by the Board of Directors may be altered, amended, or repealed by the stockholders at any annual meeting of stockholders, or at any special meeting provided that notice of such proposed alteration, amendment, or repeal is included in the notice of such special meeting.

5. The stockholders and directors may hold their meetings and have an office or offices outside the State of Delaware if the By-Laws so provide.

6. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more directors which, to the extent provided in said resolution or resolutions or in the By-Laws of the corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may have the power to authorize the seal of the corporation to be affixed to all papers which may require it.

7. The Board of Directors from time to time shall determine whether and to what extent and at what times and places

and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account, book, or document of the corporation except as conferred by statute or as authorized by resolution of the Board of Directors.

8. The Board of Directors shall have power from time to time to fix the amount to be reserved by the corporation over and above its capital stock paid in and to fix and determine and to vary the amount of the working capital of the corporation, and to direct and determine the use and disposition of the working capital and of any surplus or net profits over and above the capital stock paid in.

9. At all meetings of stockholders and at all elections of directors, each holder of capital stock shall have one vote for each share of capital stock registered in his name on the books of the corporation.

10. At all meetings of the stockholders the holders of one-third of the number of shares of stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum requisite for the election of directors and the transaction of other business, except as otherwise provided by law.

11. In so far as the same is not contrary to the laws of Delaware, no contract or other transaction between the corporation and any other corporation, association, organization, society, or person shall be affected or invalidated by the fact that any one or more of the directors of this corporation is or are a director or officer, or directors or officers, of such other corporation, association, organization, or society, or by the fact that such other corporation, association, organization, or society, is the owner or holder of any part of the capital stock of this corporation, or is interested in its property, and any director or directors, individually or jointly, may be a party or parties to, or may be interested in, any contract or transaction of this corporation or in which this corporation is interested; and no contract, act or transaction of this corporation with any person or persons, firm or corporation, association, organization, or society, shall be affected or invalidated by the fact that any director or directors of this corporation is a party or are parties to or are interested in such contract, act, or transaction, or in any way connected with such person or persons, firm, corporation, organization, association or society, and each and every person who may become a director of this corporation is hereby relieved from any liability that might otherwise exist from contracting with the corporation for the benefit of himself or any firm, corporation, association, organization or society, in which he may be in any wise interested.

12. Any contract, transaction or act of the corporation or of the Board of Directors which shall be ratified by a majority in interest of a quorum of the stockholders of the corporation having voting power at any annual meeting or special meeting called for such purpose shall be as valid and as binding as though ratified by every stockholder of the corporation; provided, however, that any failure of the stockholders to approve or ratify such contract, transaction or act, when and if submitted, shall not be deemed in any way to invalidate the same or to deprive the corporation, its directors or officers, of their right to proceed with such contract, transaction or action.

NINTH: No director of the corporation shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation law, or (iv) for any transaction from which the director derived an improper personal benefit.

TENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of the Title 8 of the Delaware Code, or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of

this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

ELEVENTH: No stockholder of the corporation shall have any preemptive or preferential right, nor shall be entitled as such, as a matter or right, to subscribe for or purchase any part of any new or additional issue of stock of the corporation of any class, whether now or hereafter authorized, and whether issued for money or for a consideration other than money, or of any issue of securities convertible into stock.

TWELFTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate in the manner now or hereafter prescribed by statute; and all rights herein conferred upon the stockholders are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned has hereunto set her name this 15th day of February, 1982.

s/Connie M. Friesen
Connie M. Friesen

AMERICAN AIRLINES, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM, AS AMENDED
EFFECTIVE JANUARY 1, 1985

Amended April 1998

TABLE OF CONTENTS

Article	Subject
I	Definitions
II	Benefits
III	Payments of Benefits
IV	Amendment and Termination
V	General Conditions
VI	Funding

PURPOSE

This Plan provides supplemental pension benefits to the elected officers of American Airlines, Inc. and other key employees (as designated by the Chairman of American Airlines, Inc.). The supplemental benefits consist of amounts in excess of the maximum pension benefits payable under a Participant's Base Plan and a retirement benefit based on a Participant's Incentive Compensation and Performance Returns.

ARTICLE I

DEFINITIONS

1.1 Act - The Employee Retirement Income Security Act of 1974, as amended, and any successor thereto.

1.2 Average Incentive Compensation - An amount calculated as follows:

(a) The sum of a Participant's five highest annual Incentive Compensation awards (or the sum of all awards if a Participant has fewer than five such awards) paid to a participant during the time period beginning on or after January 1, 1985, and ending the earlier of: i) the Participant's actual retirement under the Base Plan, ii) the Participant's death, or iii) the Participant's retirement. If an individual earns less than a full year of Credited Service as a Participant in any year in which Incentive Compensation is paid, that portion of the Incentive Compensation taken into account will be prorated based on the number of months in which the individual earns any Credited Service while a Participant.

(b) Divide the sum determined in (a), above, by 5.

1.3 Average Performance Returns - An amount calculated as follows:

(a) The sum of a Participant's five highest annual Performance Return awards (or the sum of all awards if a Participant has fewer than five such awards) paid in the ten calendar years preceding the first to occur of: i) the Participant's actual retirement under the Base Plan, ii) the Participant's death, or iii) the Participant's retirement.

(b) Divide the sum determined in (a), above, by 5.

1.4 Base Plan - The Retirement Benefit Plan(s) of the Company which qualify under Section 401 of the Code (or its successor provision) and under which a Participant is eligible to receive benefits.

1.5 Base Plan Benefit - The annual benefit which a Participant or beneficiary is entitled to receive from the Base Plan upon retirement, disability, death or termination of employment, subject to Base Plan provisions which limit such benefit to the maximum amount permitted by the Code.

1.6 Code - The Internal Revenue Code of 1986, as amended.

1.7 Committee - The administrative committee appointed to manage and administer the Plan.

1.8 Company - American Airlines, Inc. and any subsidiary thereof or of AMR Corporation ("AMR") which is designated for inclusion in the Plan as determined by the Board of Directors of AMR.

1.9 Credited Service - Credited Service as defined and determined under the Participant's Base Plan.

1.10 Excess Retirement Benefit - The amount by which the Participant's Total Benefit exceeds the corresponding Base Plan Benefit, if any.

1.11 Incentive Compensation - Compensation paid to a participant on or after January 1, 1985, in accordance with one of the incentive compensation plans adopted by the Board of Directors of the Company, whether paid currently or deferred. For purposes of this definition, long-term, multi-year incentive compensation plans are not included.

1.12 Participant - An elected officer of American Airlines, Inc. (or designated officers of another Company) who is a participant in a Base Plan or an individual who has been designated as being a Participant in a writing signed by the Chairman of the Company.

1.13 Performance Returns - Compensation paid to a Participant, on a specified portion of career equity shares granted to a Participant, as determined by the Board of Directors of the Company.

1.14 Plan - The Supplemental Executive Retirement Program of American Airlines, Inc.

1.15 Supplemental Incentive Compensation Retirement Benefit - The amount determined by multiplying the Average Incentive Compensation by 2% for each year of Credited Service.

1.16 Supplemental Performance Return Retirement Benefit - The amount determined by multiplying the Average Performance Return by 2% for each year of Credited Service.

1.17 Total Benefit - The annual amount of a Participant's or a beneficiary's benefit under the Base Plan computed without regard to Base Plan provisions which limit the benefit to the maximum amount permitted by the Code.

ARTICLE II

BENEFITS

2.1 The Plan will pay a Participant an annual retirement benefit equal to the sum of a Participant's Excess Retirement Benefit, Supplemental Incentive Compensation Retirement Benefit, and Supplemental Performance Return Retirement Benefit.

2.2 The benefit under Section 2.1 of this Plan will be reduced by a Social Security offset amount, if any, determined in accordance with the applicable provisions of the Base Plan.

2.3 If no benefit is payable under the Base Plan, then no benefit will be payable under this Plan.

ARTICLE III

PAYMENT OF BENEFITS

3.1 Except as provided in Sections 3.3, 3.4, 3.5 and 5.3, benefits hereunder shall be payable at the same time and in the same manner hereunder as under the Base Plan. Any designation of beneficiary or contingent annuitant or revocation in effect under the Base Plan shall be in effect under this Plan.

3.2 All rules of the Base Plan consistent with this Plan will apply, including but not limited to, Social Security offset provisions, early retirement reductions, optional forms of benefit, pre-retirement surviving spouse's annuity, and spousal consent requirements.

3.3 Except as provided in Sections 3.4 and 3.5, all benefits under this Plan will be paid in monthly installments only, unless the Committee in its sole discretion directs payment in another form. The Participant may elect any of the standard equity forms provided under the Base Plan.

3.4 In lieu of monthly payments pursuant to 3.3, a Participant may elect to claim a lump-sum, one-time payment equal to the present value of the Benefits to be paid pursuant to Article II of this Agreement (the "Lump-Sum Payment"). Such claim shall i) be in writing, ii) be in a form as prescribed by the Company, iii) be addressed to the Company's Vice President Human Resources, or successor, and iv) be made by a Participant at least one year (or such lesser period as the Committee may permit) before he or she commences payments or one year before age 65, whichever is the first to occur. In addition to the foregoing, the Participant must execute a general release; submit to a physical examination to provide medical evidence of normal life expectancy satisfactory to the Company; and provide consent of spouse, if married. If the Participant's claim is denied, the Participant or the Participant's spouse will receive a written notice. Any appeal of a denied claim under this Section 3.4 will be processed in accordance with the appeal procedures of the Base Plan. In calculating the Lump-Sum Payment, the interest rate shall be equal to the applicable interest rate promulgated by the IRS under Code Section 417(e)(3) for the third calendar month preceding the Participant's retirement date. Upon acceptance of the lump-sum claim, the Lump-Sum Payment will be paid to the Participant within 30 days of the Participant's first receipt of benefits under the Base Plan.

3.5 Upon a Change in Control or Potential Change in Control (each as defined in the 1988 Long-Term Incentive Plan (or its successor plan) of AMR) with respect to AMR, a Participant will receive a lump-sum, one-time payment equal to the present value of the remaining Benefits to be paid pursuant to Article II of this Agreement (the "Change in Control Payment"), unless the Participant elects to continue to receive monthly payments pursuant to Section 3.3. Such an election shall i) be in writing, ii) be in a form as prescribed by the Company, iii) be addressed to the Company's Vice President Human Resources, or successor, and iv) be made by the Participant within 30 days following the Change in Control or the Potential Change in Control. Prior to receiving the Change in Control Payment, the Participant may be required to execute a general release and to provide consent of spouse, if married. In calculating the Change in Control Payment, the interest rate shall be equal to the applicable interest rate promulgated by the IRS under Code Section 417(e)(3) for the third month preceding the Change in Control or Potential Change in Control. The

Change in Control Payment will be paid to the Participant within 60 days following the Change in Control or the Potential Change in Control.

ARTICLE IV

AMENDMENT AND TERMINATION

4.1 The Board of Directors of the Company, or such person or persons, including the Committee, as may be designated in writing, may amend or terminate the Plan at any time.

4.2 No such amendment or termination pursuant to Section 4.1 shall adversely affect a benefit payable under this Plan with respect to a Participant's employment by the Company prior to the date of such amendment or termination unless such benefit is or becomes payable under a successor plan or practice adopted by the Board of Directors or its designee.

4.3 Notwithstanding Sections 4.1 and 4.2 of the Plan, no changes or amendments (including termination) to the Plan will be permitted after a Change in Control or Potential Change in Control (each as defined in the 1988 Long Term Incentive Plan (or its successor plan) of AMR).

ARTICLE V

GENERAL CONDITIONS

5.1 The right to receive benefits under the Plan may not be anticipated, alienated, sold, transferred, assigned, pledged, encumbered or subjected to any charge or legal process, and if any attempt is made to do so or a person eligible for any benefit becomes bankrupt, the interest under the Plan of the person affected may be terminated by the Committee and the Committee may in its sole discretion cause the same to be held or applied for the benefit of one or more of the dependents of such person.

5.2 All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the laws of the United States and the State of Texas.

5.3 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, whether similar or dissimilar,

beyond the control of the Company (each, a "Force Majeure Event"), which Force Majeure Event affects the Company or its Subsidiaries or its Affiliates, the Board of Directors of the Company, at its sole discretion, may suspend, delay, defer or substitute (for such period of time as the Board of Directors of the Company may deem necessary) any payments due currently or in the future under the Plan, including, but not limited to, any payments that have accrued to the benefit of Participant but have not yet been paid.

5.4 This non-qualified plan shall be a plan that is unfunded and maintained by Company to provide deferred compensation to a select group of management or highly-compensated employees (a "top-hat" plan) as defined in sections 201(2), 301(a)(3), and 401(a)(1) of the Act.

ARTICLE VI

FUNDING

The Company will pay the entire cost of the Plan. It is the intent of the Company to pay benefits as they become payable from its general assets.

ARTICLE VII

TRUST

7.1 To assist in the payment of benefits following a Change in Control or Potential Change in Control (each as defined in the 1988 Long-Term Incentive Plan (or its successor plan) of AMR) with respect to AMR, the Board of Directors of the Company or its General Counsel or its Corporate Secretary may establish a trust.

7.2 The trust which may be established pursuant to Section 7.1 will be: i) with a nationally recognized banking institution with experience in serving as a trustee for such matters, ii) pursuant to such documentation as recommended by outside counsel to the Company, and iii) funded so as to enable the trust to pay the benefits contemplated under the Plan as may be determined by the Company's independent compensation consultant. In addition, the Company's Board of Directors, its General Counsel or its Corporate Secretary, may take those additional actions deemed reasonably necessary to accomplish the stated purpose of Section 7.1.

SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM (SERP)
LUMP-SUM PAYMENT
EXAMPLE CALCULATION

OFFICER AGE 61

AGE		61
GENDER		MALE
RETIREMENT DATE		May-98
ANNUAL SERP BENEFIT	(1)	$75,000
INTEREST RATE	(2)	5.89%
PAYMENT TIME	(3)	IMMEDIATE
LUMP-SUM FACTOR	(4)	11.0916
ANNUAL SERP BENEFIT		$75,000
LUMP-SUM FACTOR	X	11.0916
LUMP-SUM PAYMENT (Annual SERP Benefit x Lump-Sum Factor)		$831,870

Notes:

(1) The Annual SERP Benefit is calculated using current SERP policy and a Single Life Annuity. Single Life Annuity yields the greatest benefit as there is no survivor benefit for a spouse.

(2) The interest rate is the rate promulgated by the IRS under Code Section 417 (e)(3) for the third month prior to retirement (average February rate for May retirement). The Pilot Plan utilizes 120% of the PBGC for the second month prior to retirement. PBGC is a beginning of the month rate. (March 1 rate for May retirement).

(3) Assumed immediate distribution of the Lump-Sum Payment.

(4) The Lump-Sum Factor is based on four variables: gender and age of officer, interest rate and mortality table. Lump-Sum Tables (one male/one female) are created each month based on the 1983 Group Annuity Mortality Table and the applicable IRS Code Section 417(e)(3) interest rate The Lump-Sum Tables are a list of ages and present value factors.