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

FORM 10-Q

[X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended March 31, 2003.

[ ]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 (State or other jurisdiction of incorporation or organization)	75-1825172 (I.R.S. Employer Identification No.)
4333 Amon Carter Blvd. Fort Worth, Texas (Address of principal executive offices)	76155 (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 by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). 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 - 156,396,472 shares as of April 30, 2003.

INDEX

AMR CORPORATION

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations -- Three months ended March 31, 2003 and 2002

Condensed Consolidated Balance Sheets -- March 31, 2003 and December 31, 2002

Condensed Consolidated Statements of Cash Flows -- Three months ended March 31, 2003 and 2002

Notes to Condensed Consolidated Financial Statements -- March 31, 2003

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Item 4. Controls and Procedures

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

Item 6. Exhibits and Reports on Form 8-K

SIGNATURE

CERTIFICATIONS

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

Three Months
Ended March
31, 2003
2002

~~Revenues~~
~~Passenger -~~
~~American~~
~~Airlines $~~
~~3,394 $~~
~~3,484 -~~
~~Regional~~
~~Affiliates~~
~~326 326~~
~~Cargo 134~~
~~134 Other~~
~~revenues 266~~
~~219 Total~~
~~operating~~
~~revenues~~
~~4,120 4,163~~
~~Expenses~~
~~Wages,~~
~~salaries and~~
~~benefits~~
~~2,123 2,080~~
~~Aircraft~~
~~fuel 729 527~~
~~Depreciation~~
~~and~~
~~amortization~~
~~338 341~~
~~Other~~
~~rentals and~~
~~landing fees~~
~~291 289~~
~~Commissions,~~
~~booking fees~~
~~and credit~~
~~card expense~~
~~255 320~~
~~Maintenance,~~
~~materials~~

~~and repairs 231 266 Aircraft rentals 190 226 Food service 149 170 Other operating expenses 683 673 Total operating expenses 4,989 4,892 Operating Loss (869) (729) Other Income (Expense) Interest income 13 18 Interest expense (192) (166) Interest capitalized 19 22 Miscellaneous - net (14) (8) (174) (134) Loss Before Income Taxes and Cumulative Effect of Accounting Change (1,043) (863) Income tax benefit - (288) Loss Before Cumulative Effect of Accounting Change (1,043) (575) Cumulative Effect of Accounting Change, Net of Tax Benefit - (988) Net Loss $ (1,043) $ (1,563) Basic and Diluted Loss Per Share Before Cumulative Effect of Accounting Change $ (6.68) $ (3.71) Cumulative Effect of Accounting Change - (6.38) Net Loss $ (6.68) $ (10.09)~~

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

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

	March 31, 2003	December 31, 2002
~~Assets~~		
~~Current Assets~~		
~~Cash~~	~~$ 157~~	~~$ 104~~
~~Short-term investments~~	~~1,115~~	~~1,846~~
~~Restricted cash and short-term investments~~	~~550~~	~~783~~
~~Receivables, net~~	~~873~~	~~858~~
~~Income tax receivable~~	~~51~~	~~623~~
~~Inventories, net~~	~~618~~	~~627~~
~~Other current assets~~	~~270~~	~~96~~
~~Total current assets~~	~~3,634~~	~~4,937~~
~~Equipment and Property~~		
~~Flight equipment, net~~	~~15,185~~	~~15,041~~
~~Other equipment and property, net~~	~~2,452~~	~~2,450~~
~~Purchase deposits for flight equipment~~	~~679~~	~~767~~
	~~18,316~~	~~18,258~~
~~Equipment and Property Under Capital Leases~~		
~~Flight equipment, net~~	~~1,321~~	~~1,346~~
~~Other equipment and property, net~~	~~113~~	~~90~~
	~~1,434~~	~~1,436~~
~~Route acquisition costs and airport operating and gate lease rights, net~~	~~1,277~~	~~1,292~~
~~Other assets~~	~~4,425~~	~~4,344~~
	~~$ 29,086~~	~~$ 30,267~~
~~Liabilities and Stockholders' Equity (Deficit)~~		
~~Current Liabilities~~		
~~Accounts payable~~	~~$ 1,052~~	~~$ 1,198~~
~~Accrued liabilities~~	~~2,433~~	~~2,560~~

~~Air traffic liability 2,781 2,614 Current maturities of long-term debt 649 713 Current obligations under capital leases 158 155 Total current liabilities 7,073 7,240 Long-term debt, less current maturities 10,995 10,888 Obligations under capital leases, less current obligations 1,350 1,422 Postretirement benefits 2,701 2,654 Other liabilities, deferred gains and deferred credits 7,069 7,106 Stockholders' Equity (Deficit) Preferred stock - - Common stock 182 182 Additional paid-in capital 2,780 2,795 Treasury stock (1,602) (1,621) Accumulated other comprehensive loss (1,096) (1,076) Retained earnings (deficit) (366) 677 (102) 957 $ 29,086 $ 30,267~~

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

AMR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In millions)
Three Months Ended March 31, 2003 2002 ~~Net Cash Used for Operating Activities $ (321) $(447) Cash Flow~~

~~from Investing Activities: Capital expenditures, including purchase deposits for flight equipment (393) (619) Net decrease in short-term investments 731 909 Net decrease (increase) in restricted cash and short term investments 233 (169) Proceeds from sale of equipment and property 29 13 Lease prepayments through bond redemption, net of bond reserve fund (235) — Other 23 — Net cash provided by investing activities 388 134 Cash Flow from Financing Activities: Payments on long term debt and capital lease obligations (142) (259) Redemption of bonds (86) — Proceeds from: Issuance of long term debt 214 592 Exercise of stock options — 2 Net cash (used) provided by financing activities (14) 335 Net increase in cash 53 22 Cash at beginning of period 104 102 Cash at end of period $ 157 $ 124~~

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 condensed consolidated financial statements include the accounts of AMR and its wholly owned subsidiaries, including its principal subsidiary American Airlines, Inc. (American). 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 for the year ended December 31, 2002 (2002 Form 10-K). Certain amounts from 2002 have been reclassified to conform with the 2003 presentation.

   The Company's Regional Affiliates include two wholly owned subsidiaries, American Eagle Airlines, Inc. (American Eagle) and Executive Airlines, Inc. (Executive) (collectively, AMR Eagle), and two independent carriers, Trans States Airlines, Inc. (Trans States) and Chautauqua Airlines, Inc. (Chautauqua). In 2002, American had a fixed fee per block hour agreement with Chautauqua. In 2003, American had fixed fee per block hour agreements with American Eagle, Executive, Trans States and Chautauqua.

2. In February 2003, American asked its labor leaders and other employees for approximately $1.8 billion in permanent, annual savings through a combination of changes in wages, benefits and work rules. The requested $1.8 billion in savings was divided by work group as follows: $660 million - pilots; $620 million - Transportation Workers Union represented employees; $340 million - flight attendants; $100 million - management and support staff; and $80 million - agents and representatives. References in this document to American's three major unions include: the Allied Pilots Association (the APA); the Transportation Workers Union (the TWU); and the Association of Professional Flight Attendants (the APFA).

   On March 31, 2003, American announced that it had reached agreements with its three major unions (the Labor Agreements). It also reported various changes in the pay plans and benefits for non-unionized personnel including officers and other management (the Management Reductions). The anticipated cost savings arising from the Labor Agreements and the Management Reductions met the targeted annual savings of $1.8 billion.

   On April 16, 2003, the Company reported that the members of American's three major unions had ratified the Labor Agreements. Thereafter, published reports of actions the Company had taken in 2002 to retain key executives led two of the unions to indicate that they would not certify the ratification process and might

initiate another vote on the Labor Agreements. The Company's actions included (i) the funding of supplemental pension benefits for the officers of American by means of a secular trust (the supplemental pension benefits provide benefits the officers would have received under the terms and conditions of American's defined benefit plans, but for limitations imposed by ERISA) and (ii) the execution of retention agreements whereby American would make cash payments to certain officers in January 2004 and January 2005. Given the economic turmoil affecting the Company and the industry, in 2002 the Compensation Committee of the AMR Board of Directors decided that it was necessary to offer certain key officers retention agreements to ensure that the officers remained in the employ of the Company for two years. In light of the controversy surrounding the retention agreements, they were voluntarily cancelled in April 2003.

On April 25, 2003, American announced that it had reached agreement with the leaders of its three major unions on modifications to the Labor Agreements (the Modified Labor Agreements). The principal modifications were a shorter duration and the ability to initiate the process of re-negotiating the Modified Labor Agreements after three years. Even with these modifications, the Modified Labor Agreements continue to meet the targeted annual savings. On April 24, 2003, the Company announced that its Board of Directors had accepted the resignation of Donald J. Carty (Chairman and CEO of the Company and American). The Company also announced that Edward A. Brennan (a Director of the Company since 1987) had been named Chairman of the Company and that Gerard J. Arpey (President and COO of the Company and American) had been named CEO and a director. On April 24, 2003 and April 25, 2003, the three major unions certified the ratification of the Modified Labor Agreements.

Of the approximately $1.8 billion in savings, approximately $1.0 billion relate to wage and benefit reductions while the remaining approximately $.8 billion will be accomplished through changes in work rules which will result in additional job reductions. The Company expects to incur severance and benefits related charges in connection with these job reductions beginning in the second quarter of 2003. The amount of such charges could not be reasonably estimated at the time of the filing of this Form 10-Q. Wage reductions became effective on April 1, 2003 for officers and May 1, 2003 for all other employees. Reductions related to benefits and work rule changes will be phased in over time. The Company expects total savings from wages, benefits and work rule changes to be approximately $200 million in the second quarter of 2003, $400 million in the third quarter of 2003 and $450 million ($1.8 billion annually) in the fourth quarter of 2003. In connection with the changes in wages, benefits and work rules, the Modified Labor Agreements provide for the issuance to American's employees of approximately 38 million shares of AMR stock in the form of stock options which will generally vest over a three year period (see Note 10 for additional information).

In addition, subsequent to the ratification of the Modified Labor Agreements, the Company and American have reached concessionary agreements with certain vendors, lessors, lenders and suppliers (the Vendors, and with the agreements the Vendor Agreements). Generally, under the terms of these Vendor Agreements the Company or American will receive the benefit of lower rates and charges for certain goods and services, and more favorable rent and financing terms with respect to certain of its aircraft. In return for these concessions the Company anticipates that it will issue over time up to 3.0 million shares of AMR's common stock to Vendors who have reached agreements with the Company. The annual cost savings from the Vendors are estimated to be in excess of $175 million.

Even with the Modified Labor Agreements, the savings from Management Reductions and the Vendor Agreements, the Company may nonetheless need to initiate a filing under Chapter 11 of the U.S. Bankruptcy Code (a Chapter 11 filing) because its financial condition will remain weak and its prospects uncertain. Among other things, the following factors have had and/or may have a negative impact on the Company's business and financial results: the continued weakness of the U. S. economy; the residual effects

of the war in Iraq; the fear of another terrorist attack; the SARS (Severe Acute Respiratory Syndrome) outbreak; the inability of the Company to satisfy the liquidity requirements or other covenants in certain of its credit arrangements (see Note 11); or the inability of the Company to access the capital markets for additional financing.

3. In April 2003, the President signed the Emergency Wartime Supplemental Appropriations Act, 2003 (the Act) which includes aviation-related assistance provisions. The Act authorizes payment of (i) $100 million to compensate air carriers for the direct costs associated with the strengthening of flight deck doors and locks and (ii) $2.3 billion to reimburse air carriers for increased security costs which shall be distributed in proportion to amounts each has paid or collected as of the date of enactment in passenger security and air carrier security fees to the Transportation Security Administration. In addition, the Act suspends the collection of the passenger security fee from June 1, 2003 until October 1, 2003 and extends war-risk insurance through August 30, 2004. The Act also limits the total cash compensation for the two most highly compensated named executive officers for certain airlines, including the Company, during the period April 1, 2003 to April 1, 2004 to the amount of salary received by such officers in 2002. A violation of this executive compensation provision would require the carrier to repay the government for the amount of its reimbursement for increased security costs as described in item (ii) above. The Company does not anticipate any difficulties in complying with this limitation on executive compensation. The Company estimates that its reimbursement under the Act, excluding the impact of suspending the security fee from June 1, 2003 until October 1, 2003, will be in the range of $340 million to $360 million. This reimbursement will be recorded as a reduction to operating expenses. The Company's compensation for the direct costs associated with strengthening cockpit doors will be recorded as a reduction to capitalized flight equipment. The reimbursement payment from the government is expected in May 2003; the compensation payment is expected sometime this summer.

4. The Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Under APB 25, no compensation expense is recognized for stock option grants if the exercise price of the Company's stock option grants is at or above the fair market value of the underlying stock on the date of grant. The Company has adopted the pro forma disclosure features of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure". The following table illustrates the effect on net loss and loss per share amounts if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in millions, except per share amounts):

	Three Months Ended March 31,	
	2003	2002
Net loss, as reported	$(1,043)	$(1,563)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	(2)	9
Deduct: Total stock-based employee compensation expense determined under fair value based methods for all awards, net of tax	(10)	(16)
Pro forma net loss	$(1,055)	$(1,570)
Loss per share:		
Basic and diluted - as reported	$ (6.68)	$(10.09)
Basic and diluted - pro forma	$ (6.75)	$(10.13)

5. In 2001, the Company recorded fleet impairment and other special charges related to the events of September 11, 2001. In 2002, the Company recorded fleet impairments and other special charges related to initiatives to reduce costs, reduce capacity and simplify its aircraft fleet. Furthermore, as a part of its restructuring initiatives, the Company incurred $25 million in severance charges in the first quarter of 2003, which are included in Wages, salaries and benefits in the consolidated statement of operations. The following table summarizes the components of these charges and the remaining accruals for future lease payments, lease return and storage costs, facilities closure costs and employee severance and benefit costs (in millions):

	Aircraft Charges	Facility Exit Costs	Employee Charges	Total
Remaining accrual at December 31, 2002	$ 209	$ 17	$ 44	$ 270
Severance charges	-	-	25	25
Payments	(32)	(2)	(31)	(65)
Remaining accrual at March 31, 2003	$ 177	$ 15	$ 38	$ 230

6. The Company has restricted cash and short-term investments related to projected workers' compensation obligations and various other obligations. As of March 31, 2003, projected workers' compensation obligations were secured by restricted cash and short-term investments of $386 million and various other obligations were secured by restricted cash and short-term investments of $164 million. In the first quarter of 2003, the Company redeemed $339 million of tax-exempt bonds that were backed by standby letters of credit secured by restricted cash and short-term investments resulting in a reduction in restricted cash and short-term investments. Of the $339 million of tax-exempt bonds that were redeemed, $253 million were accounted for as operating leases. Payments to redeem these tax-exempt special facility revenue bonds are considered prepaid facility rentals and will reduce future operating lease commitments. The remaining $86 million of tax-exempt bonds that were redeemed were accounted for as debt and had original maturities in 2014 through 2024.

   As of March 31, 2003 the Company has approximately $251 million in fuel prepayments and credit card holdback deposits classified as Other current assets and Other assets.

7. As of March 31, 2003, the Company had commitments to acquire the following aircraft: two Boeing 777-200 ERs, six Boeing 767-300ERs, 18 Embraer regional jets and eight Bombardier CRJ-700s in 2003; an aggregate of 74 Embraer regional jets and seven Bombardier CRJ-700s in 2004 through 2006; and an aggregate of 47 Boeing 737-800s and nine Boeing 777-200ERs in 2006 through 2010. Future payments for all aircraft, including the estimated amounts for price escalation, will approximate $792 million during the remainder of 2003, $753 million in 2004, $694 million in 2005 and an aggregate of approximately $2.6 billion in 2006 through 2010. Boeing Capital Corporation has agreed to provide backstop financing for all Boeing aircraft deliveries in 2003. In return, American granted Boeing a security interest in certain advance payments previously made and in certain rights under the aircraft purchase agreement between American and Boeing. In addition, the Company has pre-arranged financing or backstop financing for all of its 2003 Embraer and Bombardier aircraft deliveries and a portion of its post 2003 deliveries.

   As discussed in the notes to the consolidated financial statements included in the Company's 2002 Form 10-K, Miami-Dade County is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American and AMR Eagle have been named as potentially

responsible parties (PRPs) for the contamination at MIA. During the second quarter of 2001, the County filed a lawsuit against 17 defendants, including American, in an attempt to recover its past and future cleanup costs (Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al. in the Florida Circuit Court). In addition to the 17 defendants named in the lawsuit, 243 other agencies and companies were also named as PRPs and contributors to the contamination. American's and AMR Eagle's portion of the cleanup costs cannot be reasonably estimated due to various factors, including the unknown extent of the remedial actions that may be required, the proportion of the cost that will ultimately be recovered from the responsible parties, and uncertainties regarding the environmental agencies that will ultimately supervise the remedial activities and the nature of that supervision. In addition, the Company is subject to environmental issues at various other airport and non-airport locations for which it has accrued $89 million at March 31, 2003. Management believes, after considering a number of factors, that the ultimate disposition of these environmental issues is not expected to materially affect the Company's consolidated financial position, results of operations or cash flows. Amounts recorded for environmental issues are based on the Company's current assessments of the ultimate outcome and, accordingly, could increase or decrease as these assessments change.

8. Accumulated depreciation of owned equipment and property at March 31, 2003 and December 31, 2002 was $8.7 billion and $8.4 billion, respectively. Accumulated amortization of equipment and property under capital leases at March 31, 2003 and December 31, 2002 was $1.0 billion and $974 million, respectively.

9. The Company has experienced significant cumulative losses and as a result generated certain net operating losses available to offset future taxes payable. As a result of the cumulative operating losses, a valuation allowance was established against the full amount of the Company's net deferred tax asset as of December 31, 2002. The Company provides a valuation allowance for deferred tax assets when it is more likely than not that some portion or all of its deferred tax assets will not be realized. During the first quarter of 2003, the Company continued to record a valuation allowance against its net deferred tax assets, which results in no tax benefit being recorded for the pretax losses. The Company's deferred tax asset valuation allowance increased $383 million in the first quarter of 2003, to $753 million as of March 31, 2003.

10. In March 2003, the Board of Directors of AMR approved the issuance of additional shares of AMR common stock to employees and Vendors in connection with ongoing negotiations concerning concessions. The maximum number of shares authorized for issuance was 30 percent of the number of shares of the Company's common stock outstanding on March 24, 2003 (156,359,955) or approximately 46.9 million shares. From the foregoing authorization, the Company expects to issue up to 3.0 million shares to Vendors. Also in March 2003, the AMR Board of Directors adopted the 2003 Employee Stock Incentive Plan (2003 Plan) to provide equity awards to employees in connection with wage, benefit and work rule concessions. Under the 2003 Plan, all American employees are eligible to receive stock awards which may include stock options, restricted stock and deferred stock. In April 2003, the Company reached final agreements with the unions representing American employees (the Modified Labor Agreements, see Note 2). In connection with the changes in wages, benefits and work rules, the Modified Labor Agreements provide for the issuance of up to 37.9 million shares of AMR stock in the form of stock options. On April 17, 2003 approximately 37.9 million stock options were granted to employees at an exercise price of $5.00 per share, which is equal to the closing price of AMR's common stock (NYSE) on that date (the grant date). These shares will vest over a three-year period and will expire no later than April 17, 2013. These options were granted to members of the APA, the TWU, the APFA, agents, other non-management personnel and management employees.

11. During the three-month period ended March 31, 2003, American and AMR Eagle borrowed approximately $214 million under various

debt agreements which are secured by aircraft. Effective interest rates on these agreements are fixed or variable based on London Interbank Offered Rate (LIBOR) plus a spread and mature over various periods of time through 2019. As of March 31, 2003, the effective interest rate on these agreements ranged up to 8.81 percent.

American has a fully drawn $834 million credit facility that expires December 15, 2005. On March 31, 2003, American and certain lenders in such facility entered into a waiver and amendment that (i) waived, until May 15, 2003, the requirement that American pledge additional collateral to the extent the value of the existing collateral was insufficient under the terms of the facility, (ii) waived American's liquidity covenant for the quarter ended March 31, 2003, (iii) modified the financial covenants applicable to subsequent periods, and (iv) increased the applicable margin for advances under the facility. On May 15, 2003, American expects to pledge an additional 30 (non-Section 1110 eligible) aircraft having an aggregate net book value as of March 31, 2003 of approximately $451 million. Pursuant to the modified financial covenants, American is required to maintain at least $1.0 billion of liquidity, consisting of unencumbered cash and short-term investments, for the second quarter 2003 and beyond. At this point, it is uncertain whether the Company will be able to satisfy this liquidity requirement.

In addition, the required ratio of EBITDAR to fixed charges has been decreased until the period ending December 31, 2004, and the next test of such cash flow coverage ratio will not occur until March 31, 2004. The amendment also provided for a 50 basis point increase in the applicable margin over LIBOR, resulting in an effective interest rate (as of March 31, 2003) of 4.73 percent. The interest rate will be reset again on September 17, 2003. At American's option, interest on the facility can be calculated on one of several different bases. For most borrowings, American would anticipate choosing a floating rate based upon LIBOR.

As of March 31, 2003, AMR has issued guarantees covering approximately $935 million of American's tax-exempt bond debt and American has issued guarantees covering approximately $636 million of AMR's unsecured debt. In addition, as of March 31, 2003, AMR and American have issued guarantees covering approximately $521 million of AMR Eagle's secured debt.

12.Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities" (Interpretation 46) requires the primary beneficiary of a variable interest entity to include the assets, liabilities, and results of the activities of the variable interest entity in its consolidated financial statements, as well as disclosure of information about the assets and liabilities, and the nature, purpose and activities of consolidated variable interest entities. In addition, Interpretation 46 requires disclosure of information about the nature, purpose and activities of unconsolidated variable interest entities in which the Company holds a significant variable interest. The provisions of Interpretation 46 are effective immediately for any variable interest entities acquired after January 31, 2003 and effective beginning in the third quarter of 2003 for all variable interest entities acquired before February 1, 2003. This interpretation has had no impact on the Company's consolidated statement of operations or condensed consolidated balance sheets. Special facility revenue bonds have been issued by certain municipalities primarily to purchase equipment and improve airport facilities that are leased by American and accounted for as operating leases. Approximately $2.1 billion of these bonds (with total future payments of approximately $5.7 billion as of March 31, 2003) are guaranteed by American, AMR, or both. The Company is currently evaluating the applicability of Interpretation 46 to these airport lease arrangements and the possible impact on its future consolidated results of operations and consolidated balance sheet.

Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees,

Including Indirect Guarantees of Indebtedness of Others" (Interpretation 45) requires disclosures in interim and annual financial statements about obligations under certain guarantees issued by the Company. Furthermore, it requires recognition at the beginning of a guarantee of a liability for the fair value of the obligation undertaken in issuing the guarantee, with limited exceptions including: 1) a parent's guarantee of a subsidiary's debt to a third party, and 2) a subsidiary's guarantee of the debt owed to a third party by either its parent or another subsidiary of that parent. The disclosure requirements are effective for this filing and have been included in Notes 6, 7 and 8 to the consolidated financial statements in the 2002 Form 10-K. The initial recognition and initial measurement provisions are only applicable on a prospective basis for guarantees issued or modified after December 31, 2002. This interpretation has had no impact on the Company's consolidated statement of operations or condensed consolidated balance sheets.

13. Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 142 requires the Company to test goodwill and indefinite-lived intangible assets (for AMR, route acquisition costs) for impairment rather than amortize them. In 2002, the Company completed an impairment analysis for route acquisition costs in accordance with SFAS 142. The analysis did not result in an impairment charge. In addition, the Company completed an impairment analysis related to its $1.4 billion of goodwill and determined the Company's entire goodwill balance was impaired. In arriving at this conclusion, the Company's net book value was determined to be in excess of the Company's fair value at January 1, 2002, using AMR as the reporting unit for purposes of the fair value determination. The Company determined its fair value as of January 1, 2002 using various valuation methods, ultimately utilizing market capitalization as the primary indicator of fair value. As a result, the Company recorded a one-time, non-cash charge, effective January 1, 2002, of $988 million ($6.38 per share, net of a tax benefit of $363 million) to write-off all of AMR's goodwill. This charge is nonoperational in nature and is reflected as a cumulative effect of accounting change in the consolidated statements of operations.

14. The Company includes unrealized gains and losses on available-for-sale securities, changes in minimum pension liabilities and changes in the fair value of certain derivative financial instruments that qualify for hedge accounting in comprehensive loss. For the three months ended March 31, 2003 and 2002, comprehensive loss was $(1,063) million and $(1,488) million, respectively. The difference between net loss and comprehensive loss for the three months ended March 31, 2003 and 2002 is due primarily to the accounting for the Company's derivative financial instruments under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended.

15. The following table sets forth the computations of basic and diluted loss per share before cumulative effect of accounting change (in millions, except per share data):

	Three Months Ended March 31,	
	2003	2002
Numerator:		
Net loss before cumulative effect of accounting change - numerator for basic and diluted loss per share	$(1,043)	$ (575)
Denominator:		
Denominator for basic and diluted loss per share before cumulative effect of accounting change - weighted-average shares	156	155
Basic and diluted loss per share before cumulative effect of accounting change	$(6.68)	$(3.71)

For the three months ended March 31, 2003 shares excluded from the denominator because inclusion of such shares would be antidilutive were insignificant. For the three months ended March 31, 2002 approximately nine million potential dilutive shares were not added to the denominator because inclusion of such shares would be antidilutive.

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

RESULTS OF OPERATIONS

For the Three Months Ended March 31, 2003 and 2002

Summary AMR Corporation's (AMR or the Company) net loss during the first quarter of 2003 was $1.0 billion, or $6.68 per share, as compared to a net loss of $1.6 billion, or $10.09 per share for the same period in 2002. The Company's first quarter 2002 results include a one-time, non-cash charge to record the cumulative effect of a change in accounting, effective January 1, 2002, of $988 million, or $6.38 per share, to write-off all of AMR's goodwill upon the adoption of Statement of Financial Accounting Standards Board No. 142 "Goodwill and Other Intangible Assets" (see Note 13 to the condensed consolidated financial statements). AMR's operating loss of $869 million increased $140 million compared to the same period in 2002. AMR's principal subsidiary is American Airlines, Inc. (American).

The Company's first quarter 2003 revenues continued to decrease year-over-year. The Company's revenues continue to be negatively impacted by the economic slowdown, seen largely in business travel declines and changes in business traveler profiles; the geographic distribution of the Company's network; and reduced fares due in large part to increased competition from low-cost carriers. The Company's first quarter 2003 revenues were also negatively impacted by the war in Iraq and the outbreak of Severe Acute Respiratory Syndrome (SARS). The Company's revenues decreased approximately $43 million, or 1.0 percent, to $4.1 billion in the first quarter of 2003 from the same period last year. American's passenger revenues decreased by 2.6 percent, or $90 million, in the first three months of 2003 from the same period in 2002. American's domestic revenue per available seat mile (RASM) decreased 3.2 percent, to 8.43 cents, on a capacity increase of 1.8 percent, to 28.8 billion available seat miles (ASMs). International RASM decreased to 8.43 cents, or 2.7 percent, on a capacity increase of 6.5 percent. The decrease in international RASM was due to a 26.4 percent decrease in Pacific RASM slightly offset by a 1.0 percent increase in European RASM. Latin American RASM remained flat. The increase in international capacity was driven by a 52.4 percent and 9.8 percent increase in Pacific and European ASMs, respectively, slightly offset by a 1.5 percent reduction in Latin American ASMs.

The Company's Regional Affiliates include two wholly owned subsidiaries, American Eagle Airlines, Inc. (American Eagle) and Executive Airlines, Inc. (Executive) (collectively, AMR Eagle), and two independent carriers, Trans States Airlines, Inc. (Trans States) and Chautauqua Airlines, Inc. (Chautauqua). In 2002, American had a fixed fee per block hour agreement with Chautauqua, and prorate agreements with AMR Eagle and Trans States. In 2003, American had fixed fee per block hour agreements with all three carriers. The net effect of the change in the form of the agreements was flat revenue. Regional Affiliates' traffic increased 14.0 percent while capacity

increased 15.0 percent, to approximately 2.0 billion ASMs. Certain amounts from 2002 related to Regional Affiliates have been reclassified to conform with the 2003 presentation.

Other revenues increased 21.5 percent, or $47 million, due primarily to increases in ticket change fees coupled with changes to the Company's change fee arrangements with travel agencies, increases in airfreight service fees due primarily to fuel surcharges and increases in AAdvantage fees.

The Company's operating expenses increased 2.0 percent, or $97 million. Wages, salaries and benefits increased 2.1 percent, or $43 million, primarily due to increases in pension and health insurance costs and contractual wage rate and seniority increases that are built into the Company's labor contracts, offset by a reduction in the average number of employees. Aircraft fuel expense increased 38.3 percent, or $202 million, due primarily to a 39.9 percent increase in American's average price per gallon of fuel. Commissions, booking fees and credit card expense decreased 20.3 percent, or $65 million, due primarily to commission structure changes implemented in March 2002 and a 2.4 percent decrease in passenger revenues. Maintenance, materials and repairs decreased 13.2 percent, or $35 million, due primarily to a decrease in airframe and engine volumes at the Company's maintenance bases resulting from a variety of factors including the retirement of aircraft, the timing of engines returning from repair vendors and a decrease in the number of flights; and the receipt of certain vendor credits. Aircraft rentals decreased $36 million, or 15.9 percent, due primarily to lease expirations and the removal of leased aircraft from service in prior periods. Food service decreased 12.4 percent, or $21 million, due primarily to reductions in the level of food service.

Other income (expense), historically a net expense, increased $40 million due to the following: Interest income decreased 27.8 percent, or $5 million, due primarily to decreasing short-term investment balances. Interest expense increased $26 million, or 15.7 percent, resulting primarily from the increase in the Company's long-term debt. Miscellaneous-net increased 75.0 percent, or $6 million, due to the write-down of certain investments held by the Company during the first quarter of 2003.

The Company has experienced significant cumulative losses and as a result generated certain net operating losses available to offset future taxes payable. As a result of the cumulative operating losses, a valuation allowance was established against the full amount of the Company's net deferred tax asset as of December 31, 2002. The Company provides a valuation allowance for deferred tax assets when it is more likely than not that some portion or all of its deferred tax assets will not be realized. During the first quarter of 2003 the Company continued to record a valuation allowance against its net deferred tax assets, which results in no tax benefit being recorded for the pretax losses. The Company's deferred tax asset valuation allowance increased $383 million in the first quarter of 2003, to $753 million as of March 31, 2003.

The effective tax rate for the three months ended March 31, 2002 was impacted by a $27 million charge resulting from a provision in Congress' economic stimulus package that changed the period for carrybacks of net operating losses (NOLs). This change allowed the Company to carry back 2001 and 2002 NOLs for five years, rather than two years under the previous law, allowing the Company to more quickly recover its NOLs. The extended NOL carryback did however result in the displacement of foreign tax credits taken in prior years. These credits are now expected to expire before being utilized by the Company, resulting in this charge.

OPERATING STATISTICS

Three Months Ended March 31,
2003 2002

~~American Airlines, Inc. Mainline Jet Operations~~
~~Revenue~~

~~passenger miles (millions) 27,838 27,817~~
~~Available seat miles (millions) 40,274 40,089~~
~~Cargo ton miles (millions) 490 463~~
~~Passenger load factor 69.1% 69.4%~~
~~Passenger revenue yield per passenger mile (cents) 12.19 12.52~~
~~Passenger revenue per available seat mile (cents) 8.43 8.69~~
~~Cargo revenue yield per ton mile (cents) 27.38 28.74~~
~~Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*) (**) 11.39 11.30~~
~~Operating expenses per available seat mile, including Regional Affiliates (cents) (**) 12.44 11.37~~
~~Fuel consumption (gallons, in millions) 725 745~~
~~Fuel price per gallon (cents) 94.0 67.2~~
~~Operating aircraft at period-end 812 852~~
~~Regional Affiliates Revenue~~

~~passenger~~
~~miles~~
~~(millions)~~
~~1,165~~
~~1,022~~
~~Available~~
~~seat miles~~
~~(millions)~~
~~1,987~~
~~1,728~~
~~Passenger~~
~~load~~
~~factor~~
~~58.6%~~
~~59.1%~~

(*) Excludes $423 million and $27 million of expenses incurred related to Regional Affiliates in 2003 and 2002, respectively.
(**) Calculated using mainline jet operations ASMs.

Note 1: Certain amounts have been reclassified to conform with 2003 presentation.
Note 2: American Airlines, Inc. 2003 operating expenses include expenses incurred related to fixed fee per block hour agreements with Regional Affiliates - American Eagle, Executive, Trans States. and Chautauqua, whereas 2002 operating expenses include expenses incurred related to fixed fee per block hour agreements with Regional Affiliate - Chautauqua.

Operating aircraft at March 31, 2003, included:
~~American~~
~~Airlines~~
~~Aircraft~~
~~AMR Eagle~~
~~Aircraft~~
~~Airbus~~
~~A300-600R~~
~~34 ATR 42~~
~~25 Boeing~~
~~737-800 77~~
~~Bombardier~~
~~CRJ-700 10~~
~~Boeing~~
~~757-200~~
~~151~~
~~Embraer~~
~~135 40~~
~~Boeing~~
~~767-200 8~~
~~Embraer~~
~~140 47~~
~~Boeing~~
~~767-200~~
~~Extended~~
~~Range 21~~
~~Embraer~~
~~145 46~~
~~Boeing~~
~~767-300~~
~~Extended~~
~~Range 52~~
~~Super ATR~~
~~42 Boeing~~
~~777-200~~
~~Extended~~
~~Range 43~~
~~Saab 340B~~
~~52 Fokker~~
~~100 64~~
~~Saab 340B~~
~~Plus 25~~
~~McDonnell~~
~~Douglas~~
~~MD-80 362~~
~~Total 287~~
~~Total 812~~

The average aircraft age for American's aircraft is 10.7 years and 6.9 years for AMR Eagle aircraft.

In addition, the following owned and leased aircraft were not operated by the Company as of March 31, 2003: two owned Boeing 727-200s, 10 operating leased Boeing 717-200s, nine operating leased McDonnell Douglas DC-9s, three owned McDonnell Douglas DC-10-10s, three operating leased McDonnell Douglas MD-80s, three operating leased Boeing 767-300s, ten owned Fokker 100s, ten owned Embraer 145s and 16 capital leased and one owned Saab 340B.

LIQUIDITY AND CAPITAL RESOURCES

In February 2003, American asked its labor leaders and other employees for approximately $1.8 billion in permanent, annual savings through a combination of changes in wages, benefits and work rules. The requested $1.8 billion in savings was divided by work group as follows: $660 million - pilots; $620 million - Transportation Workers Union represented employees; $340 million - flight attendants; $100 million - management and support staff; and $80 million - agents and representatives. References in this document to American's three major unions include: the Allied Pilots Association (the APA); the Transportation Workers Union (the TWU); and the Association of Professional Flight Attendants (the APFA).

On March 31, 2003, American announced that it had reached agreements with its three major unions (the Labor Agreements). It also reported various changes in the pay plans and benefits for non-unionized personnel including officers and other management (the Management Reductions). The anticipated cost savings arising from the Labor Agreements and the Management Reductions met the targeted annual savings of $1.8 billion.

On April 16, 2003, the Company reported that the members of American's three major unions had ratified the Labor Agreements. Thereafter, published reports of actions the Company had taken in 2002 to retain key executives led two of the unions to indicate that they would not certify the ratification process and might initiate another vote on the Labor Agreements. The Company's actions included (i) the funding of supplemental pension benefits for the officers of American by means of a secular trust (the supplemental pension benefits provide benefits the officers would have received under the terms and conditions of American's defined benefit plans, but for limitations imposed by ERISA) and (ii) the execution of retention agreements whereby American would make cash payments to certain officers in January 2004 and January 2005. Given the economic turmoil affecting the Company and the industry, in 2002 the Compensation Committee of the AMR Board of Directors decided that it was necessary to offer certain key officers retention agreements to ensure that the officers remained in the employ of the Company for two years. In light of the controversy surrounding the retention agreements, they were voluntarily cancelled in April 2003.

On April 25, 2003, American announced that it had reached agreement with the leaders of its three major unions on modifications to the Labor Agreements (the Modified Labor Agreements). The principal modifications were a shorter duration and the ability to initiate the process of re-negotiating the Modified Labor Agreements after three years. Even with these modifications, the Modified Labor Agreements continue to meet the targeted annual savings. On April 24, 2003, the Company announced that its Board of Directors had accepted the resignation of Donald J. Carty (Chairman and CEO of the Company and American). The Company also announced that Edward A. Brennan (a Director of the Company since 1987) had been named Chairman of the Company and that Gerard J. Arpey (President and COO of the Company and American) had been named CEO and a director. On April 24, 2003 and April 25, 2003, the three major unions certified the ratification of the Modified Labor Agreements.

Of the approximately $1.8 billion in savings, approximately $1.0 billion relate to wage and benefit reductions while the remaining approximately $.8 billion will be accomplished through changes in work rules which will result in additional job reductions. The Company expects to incur severance and benefits related charges in connection with these job reductions beginning in the second quarter of 2003. The amount of such charges could not be reasonably estimated at the time of the filing of this Form 10-Q. Wage reductions became effective on

April 1, 2003 for officers and May 1, 2003 for all other employees. Reductions related to benefits and work rule changes will be phased in over time. The Company expects total savings from wages, benefits and work rule changes to be approximately $200 million in the second quarter of 2003, $400 million in the third quarter of 2003 and $450 million ($1.8 billion annually) in the fourth quarter of 2003. In connection with the changes in wages, benefits and work rules, the Modified Labor Agreements provide for the issuance of approximately 38 million shares of AMR stock in the form of stock options which will generally vest over a three year period (see Note 10 to the condensed consolidated financial statements for additional information).

In addition, subsequent to the ratification of the Modified Labor Agreements, the Company and American have reached concessionary agreements with certain vendors, lessors, lenders and suppliers (the Vendors, and with the agreements the Vendor Agreements). Generally, under the terms of these Vendor Agreements the Company or American will receive the benefit of lower rates and charges for certain goods and services, and more favorable rent and financing terms with respect to certain of its aircraft. In return for these concessions the Company anticipates that it will issue over time up to 3.0 million shares of AMR's common stock to Vendors who have reached agreements with the Company. The annual cost savings from the Vendors are estimated to be in excess of $175 million.

Even with the Modified Labor Agreements, the savings from Management Reductions and the Vendor Agreements, the Company may nonetheless need to initiate a filing under Chapter 11 of the U.S. Bankruptcy Code (a Chapter 11 filing) because its financial condition will remain weak and its prospects uncertain. Among other things, the following factors have had and/or may have a negative impact on the Company's business and financial results: the continued weakness of the U. S. economy; the residual effects of the war in Iraq; the fear of another terrorist attack; the SARS (Severe Acute Respiratory Syndrome) outbreak; the inability of the Company to satisfy the liquidity requirements or other covenants in certain of its credit arrangements (see Note 11 to the condensed consolidated financial statements); or the inability of the Company to access the capital markets for additional financing.

During 2001 and 2002, the Company raised approximately $8.3 billion of funding to finance capital commitments and to fund operating losses. The Company expects that it will continue to need to raise significant additional financing in the near future to cover its liquidity needs, until such time as (i) the cost initiatives discussed in the previous paragraphs become fully effective and (ii) the Company returns to profitability. The Company had approximately $1.3 billion in unrestricted cash and short-term investments as of March 31, 2003. The Company also had available possible future financing sources, including, but not limited to: (i) a limited amount of additional secured aircraft debt, (ii) sale-leaseback transactions of owned property, including aircraft and real estate, (iii) securitization of future operating receipts, and (iv) the potential sale of certain non-core assets (including the Company's interests in AMR Investments and Worldspan, a computer reservations systems partnership). However, these financing sources may not be available to the Company in light of its financial condition. To the extent that the Company is unable to access capital markets and raise additional capital, the Company will be unable to fund its obligations and sustain its operations.

In April 2003, the President signed the Emergency Wartime Supplemental Appropriations Act, 2003 (the Act) which includes aviation-related assistance provisions. The Act authorizes payment of (i) $100 million to compensate air carriers for the direct costs associated with the strengthening of flight deck doors and locks and (ii) $2.3 billion to reimburse air carriers for increased security costs which shall be distributed in proportion to amounts each has paid or collected as of the date of enactment in passenger security and air carrier security fees to the Transportation Security Administration. In addition, the Act suspends the collection of the passenger security fee from June 1, 2003 until October 1, 2003 and extends war-risk insurance through August 30, 2004. The Act also limits the total cash compensation for the two most highly compensated named executive officers for certain airlines, including the Company, during the period April 1, 2003 to April 1, 2004 to the amount of salary received by such officers in 2002. A violation of this executive compensation provision would require the carrier to repay the government for the amount of its reimbursement for increased security costs as described in item (ii)

above. The Company does not anticipate any difficulties in complying with this limitation on executive compensation. The Company estimates that its reimbursement under the Act, excluding the impact of suspending the security fee from June 1, 2003 until October 1, 2003, will be in the range of $340 million to $360 million. This reimbursement will be recorded as a reduction to operating expenses. The Company's compensation for the direct costs associated with strengthening cockpit doors will be recorded as a reduction to capitalized flight equipment. The reimbursement payment from the government is expected in May 2003; the compensation payment is expected sometime this summer.

AMR and American's credit ratings are significantly below investment grade. In January 2003, Standard & Poor's and Moody's placed the credit ratings of AMR and American on review for downgrade. In February 2003, Moody's further downgraded the senior implied rating for AMR, the senior unsecured ratings of both AMR and American and the ratings of most of American's secured debt. The Moody's ratings remain on review for possible downgrade. Also in February 2003, Standard & Poor's lowered its long-term corporate credit ratings for both AMR and American, lowered the senior secured and unsecured debt ratings of AMR, and lowered the secured debt rating of American. American's short-term rating was withdrawn. Ratings on most of American's non-enhanced equipment trust certificates were also lowered. In addition, Standard & Poor's revised the CreditWatch implications to developing from negative. In March 2003, Standard & Poor's further lowered its long-term corporate credit ratings for both AMR and American, lowered the senior secured and unsecured debt ratings of AMR, and lowered the secured debt rating of American. Ratings on most of American's non-enhanced equipment trust certificates were also lowered. These reductions have increased the Company's borrowing costs. Additional significant reductions in AMR's or American's credit ratings would further increase its borrowing or other costs and further restrict the availability of future financing. Also in March 2003, Standard & Poor's removed AMR's common stock from the S&P 500 index.

American has a fully drawn $834 million credit facility that expires December 15, 2005. On March 31, 2003, American and certain lenders in such facility entered into a waiver and amendment that (i) waived, until May 15, 2003, the requirement that American pledge additional collateral to the extent the value of the existing collateral was insufficient under the terms of the facility, (ii) waived American's liquidity covenant for the quarter ended March 31, 2003, (iii) modified the financial covenants applicable to subsequent periods, and (iv) increased the applicable margin for advances under the facility. On May 15, 2003, American expects to pledge an additional 30 (non-Section 1110 eligible) aircraft having an aggregate net book value as of March 31, 2003 of approximately $451 million. Pursuant to the modified financial covenants, American is required to maintain at least $1.0 billion of liquidity, consisting of unencumbered cash and short-term investments, for the second quarter 2003 and beyond. At this point, it is uncertain whether the Company will be able to satisfy this liquidity requirement.

In addition, the required ratio of EBITDAR to fixed charges has been decreased until the period ending December 31, 2004, and the next test of such cash flow coverage ratio will not occur until March 31, 2004. The amendment also provided for a 50 basis points increase in the applicable margin over the London Interbank Offered Rate (LIBOR), resulting in an effective interest rate (as of March 31, 2003) of 4.73 percent. The interest rate will be reset again on September 17, 2003. At American's option, interest on the facility can be calculated on one of several different bases. For most borrowings, American would anticipate choosing a floating rate based upon LIBOR.

The Company has restricted cash and short-term investments related to projected workers' compensation obligations and various other obligations. As of March 31, 2003, projected workers' compensation obligations were secured by restricted cash and short-term investments of $386 million and various other obligations were secured by restricted cash and short-term investments of $164 million. In the first quarter of 2003, the Company redeemed $339 million of tax-exempt bonds that were backed by standby letters of credit secured by restricted cash and short-term investments resulting in a reduction in restricted cash and short-term investments. Of the $339 million of tax-exempt bonds that were redeemed, $253 million were accounted for as operating leases. Payments to redeem these tax-exempt special facility revenue bonds are considered prepaid facility rentals and

will reduce future operating lease commitments. The remaining $86 million of tax-exempt bonds that were redeemed were accounted for as debt and had original maturities in 2014 through 2024.

As of March 31, 2003 the Company has approximately $251 million in fuel prepayments and credit card holdback deposits classified as Other current assets and Other assets.

Net cash used for operating activities in the three-month period ended March 31, 2003 was $321 million, a decrease of $126 million over the same period in 2002. Included in net cash used for operating activities was the receipt of a $572 million federal tax refund. Capital expenditures for the first three months of 2003 were $393 million, and included the acquisition of three Boeing 767-300ERs, four Embraer 140s and two Bombardier CRJ-700 aircraft. These capital expenditures were financed primarily through secured mortgage and debt agreements.

During the three-month period ended March 31, 2003, American and AMR Eagle borrowed approximately $214 million under various debt agreements which are secured by aircraft. Effective interest rates on these agreements are fixed or variable based on LIBOR plus a spread and mature over various periods of time through 2019. As of March 31, 2003, the effective interest rate on these agreements ranged up to 8.81 percent.

As of March 31, 2003, the Company had commitments to acquire the following aircraft: two Boeing 777-200 ERs, six Boeing 767-300ERs, 18 Embraer regional jets and eight Bombardier CRJ-700s in 2003; an aggregate of 74 Embraer regional jets and seven Bombardier CRJ-700s in 2004 through 2006; and an aggregate of 47 Boeing 737-800s and nine Boeing 777-200ERs in 2006 through 2010. Future payments for all aircraft, including the estimated amounts for price escalation, will approximate $792 million during the remainder of 2003, $753 million in 2004, $694 million in 2005 and an aggregate of approximately $2.6 billion in 2006 through 2010. Boeing Capital Corporation has agreed to provide backstop financing for all Boeing aircraft deliveries in 2003. In return, American has granted Boeing a security interest in certain advance payments previously made and in certain rights under the aircraft purchase agreement between American and Boeing. In addition, the Company has pre-arranged financing or backstop financing for all of its 2003 Embraer and Bombardier aircraft deliveries and a portion of its post 2003 deliveries.

Special facility revenue bonds have been issued by certain municipalities primarily to purchase equipment and improve airport facilities that are leased by American and accounted for as operating leases. Approximately $2.1 billion of these bonds (with total future payments of approximately $5.7 billion as of March 31, 2003) are guaranteed by American, AMR, or both. These guarantees can only be invoked in the event American defaults on the lease obligation and certain other remedies are not available. Approximately $740 million of these special facility revenue bonds contain mandatory tender provisions that require American to repurchase the bonds at various times through 2008, including $200 million in November 2003. Although American has the right to remarket the bonds there can be no assurance that these bonds will be successfully remarketed. Any payments to redeem or purchase bonds that are not remarketed would also be considered prepaid facility rentals and would reduce future operating lease commitments.

OTHER INFORMATION

In March 2003, the Board of Directors of AMR approved the issuance of additional shares of AMR common stock to employees and Vendors in connection with ongoing negotiations concerning concessions. The maximum number of shares authorized for issuance was 30 percent of the number of shares of the Company's common stock outstanding on March 24, 2003 (156,359,955) or approximately 46.9 million shares. From the foregoing authorization, the Company expects to issue up to 3.0 million shares to Vendors. Also in March 2003, the AMR Board of Directors adopted the 2003 Employee Stock Incentive Plan (2003 Plan) to provide equity awards to employees in connection with wage, benefit and work rule concessions. Under the 2003 Plan, all American employees are eligible to receive stock awards which may include stock options, restricted stock and deferred stock. In April 2003, the Company reached final agreements with the unions representing American employees (the Modified Labor Agreements, see Note 2 to the condensed

consolidated financial statements). In connection with the changes in wages, benefits and work rules, the Modified Labor Agreements provide for the issuance of up to 37.9 million shares of AMR stock in the form of stock options. On April 17, 2003 approximately 37.9 million stock options were granted to employees at an exercise price of $5.00 per share, which is equal to the closing price of AMR's common stock (NYSE) on that date (the grant date). These shares will vest over a three-year period and will expire no later than April 17, 2013. These options were granted to members of the APA, the TWU, the APFA, agents, other non-management personnel and management employees.

A provision in the scope clause of American's former contract with the Allied Pilots Associations (APA) limited the number of available seat miles (ASMs) and block hours that could be flown under American's marketing code (AA) by American's regional carrier partners when American pilots are on furlough (the so-called ASM cap). To ensure that American remained in compliance with the ASM cap, American and American Eagle took several steps in 2002 to reduce the number of ASMs flown by American's wholly-owned commuter air carriers. As one of those measures, AMR Eagle signed a letter of intent to sell Executive Airlines, its San Juan-based subsidiary.

Another provision in the former APA contract limited to 67 the total number of regional jets with more than 44 seats that could be flown under the AA code by American's regional carrier partners. As AMR Eagle continued to accept previously-ordered Bombardier and Embraer regional jets this cap would have been reached in early 2003. To ensure that American remained in compliance with the 67-aircraft cap, AMR Eagle reached an agreement to dispose of 14 Embraer ERJ-145 aircraft from its fleet. Trans States Airlines, an AmericanConnection carrier, agreed to acquire these aircraft. Under the former contract between AA and the APA, Trans States would have had to operate these aircraft under its AX code, rather than the AA* code, at its St. Louis hub.

The Labor Agreement with the APA (one of the Modified Labor Agreements), ratified in April 2003, modified the provisions in the APA contract described in the immediately preceding two paragraphs to give the Company more flexibility with its American Eagle operations. The limitations on the use of regional jets were substantially reduced and are now tied to 110 percent of the size of American's narrowbody aircraft fleet. As a consequence of these modifications, it is no longer necessary to use the AX marketing code on flights operated by Trans States as the AmericanConnection, and AMR Eagle has discontinued its plans to sell Executive Airlines.

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," "believes," and similar expressions are intended to identify forward-looking statements. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expectations, including the uncertain financial and business environment for the Company. These uncertainties include, but are not limited to, the struggling economy, high fuel prices, conflicts in the Middle East, the SARS outbreak and historically low fare levels. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the Form 10-K for the year ended December 31, 2002.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in market risk from the

information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of the Company's 2002 Form 10-K.

Item 4. Controls and Procedures

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 design and operation of the Company's disclosure controls and procedures within 90 days before the filing date of this quarterly report. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to their evaluation.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

On July 26, 1999, a class action lawsuit was filed, and in November 1999 an amended complaint was filed, against AMR Corporation, American Airlines, Inc., AMR Eagle Holding Corporation, Airlines Reporting Corporation, and the Sabre Group Holdings, Inc. in the United States District Court for the Central District of California, Western Division (Westways World Travel, Inc. v. AMR Corp., et al.). The lawsuit alleges that requiring travel agencies to pay debit memos to American for violations of American's fare rules (by customers of the agencies): (1) breaches the Agent Reporting Agreement between American and AMR Eagle and the plaintiffs; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The as yet uncertified class includes all travel agencies who have been or will be required to pay money to American for debit memos for fare rules violations from July 26, 1995 to the present. The plaintiffs seek to enjoin American from enforcing the pricing rules in question and to recover the amounts paid for debit memos, plus treble damages, attorneys' fees, and costs. The Company intends to vigorously defend the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies which could have an adverse impact on the Company.

On May 13, 1999, the United States (through the Antitrust Division of the Department of Justice) sued AMR Corporation, American Airlines, Inc., and AMR Eagle Holding Corporation in federal court in Wichita, Kansas (United States v. AMR Corporation, et al, No. 99-1180-JTM, United States District Court for the District of Kansas). The lawsuit alleges that American unlawfully monopolized or attempted to monopolize airline passenger service to and from Dallas/Fort Worth International Airport (DFW) by increasing service when new competitors began flying to DFW, and by matching these new competitors' fares. The Department of Justice seeks to enjoin American from engaging in the alleged improper conduct and to impose restraints on American to remedy the alleged effects of its past conduct. On April 27, 2001, the U.S. District Court for the District of Kansas granted American's motion for summary judgment. On June 26, 2001, the U.S. Department of Justice appealed the granting of American's motion for summary judgment (United States v. AMR Corporation, et al, No. 01-3203, United States District Court of Appeals for the Tenth Circuit), and on September 23, 2002, the parties presented oral arguments to the 10th Circuit Court of Appeals, which has not yet issued its decision. The Company intends to defend the lawsuit vigorously. A final adverse court decision imposing restrictions on the Company's ability to respond to competitors would have an adverse impact on the Company.

Between May 14, 1999 and June 7, 1999, seven class action lawsuits were filed against AMR Corporation, American Airlines, Inc., and AMR Eagle Holding Corporation in the United States District Court in Wichita, Kansas seeking treble damages under federal and state antitrust laws, as well as injunctive relief and attorneys' fees (King v. AMR Corp., et al.; Smith v. AMR Corp., et al.; Team Electric v. AMR Corp., et al.; Warren v. AMR Corp., et al.; Whittier v. AMR Corp., et al.; Wright v. AMR Corp., et al.; and Youngdahl v. AMR Corp., et al.). Collectively, these lawsuits allege that American unlawfully monopolized or attempted to monopolize airline passenger service to and from DFW by increasing service when new competitors began flying to DFW, and by matching these new competitors' fares. Two of the

suits (Smith and Wright) also allege that American unlawfully monopolized or attempted to monopolize airline passenger service to and from DFW by offering discounted fares to corporate purchasers, by offering a frequent flyer program, by imposing certain conditions on the use and availability of certain fares, and by offering override commissions to travel agents. The suits propose to certify several classes of consumers, the broadest of which is all persons who purchased tickets for air travel on American into or out of DFW from 1995 to the present. On November 10, 1999, the District Court stayed all of these actions pending developments in the case brought by the Department of Justice (see above description). As a result, to date no class has been certified. The Company intends to defend these lawsuits vigorously. One or more final adverse court decisions imposing restrictions on the Company's ability to respond to competitors or awarding substantial money damages would have an adverse impact on the Company.

On May 17, 2002, the named plaintiffs in Hall, et al. v. United Airlines, et al., pending in the United States District Court for the Eastern District of North Carolina, filed an amended complaint alleging that between 1995 and the present, American and over 15 other defendant airlines conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. The court granted class action certification to the plaintiff on September 17, 2002, defining the plaintiff class as all travel agents in the United States, Puerto Rico, and the United States Virgin Islands, who, at any time from October 1, 1997 to the present, issued tickets, miscellaneous change orders, or prepaid ticket advices for travel on any of the defendant airlines. The case is stayed as to US Airways and United Air Lines, since they filed for bankruptcy. American is vigorously defending the lawsuit. Defendant carriers filed a motion for summary judgment on December 10, 2002. Trial is set for September 02, 2003. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's commission policies or practices would have an adverse impact on the Company.

On April 3, 2003, a group of 51 travel agencies opting out of the certified class in Hall, et al. v. United Airlines (see description above) filed a complaint styled Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California - San Francisco, alleging that between 1997 and the present, American and over 20 other defendant airlines conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. American is vigorously defending the lawsuit. A final adverse court decision awarding substantial money damages might have an adverse impact on the Company.

On April 26, 2002, six travel agencies filed Albany Travel Co., et al. v. Orbitz, LLC, et al., in the United States District Court for the Central District of California against American, United Air Lines, Delta Air Lines, and Orbitz, LLC, alleging that American and the other defendants: (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; and (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. The named plaintiffs seek to certify a nationwide class of travel agents, but no class has yet been certified. American is vigorously defending the lawsuit. On November 25, 2002, the District Court stayed this case pending a judgment in Hall et. al. v. United Airlines, et. al. (see above description). A final adverse court decision awarding substantial money damages or placing restrictions on the Company's distribution practices would have an adverse impact on the Company.

On April 25, 2002, a collection of 38 Quebec travel agencies filed Voyages Montambault (1989), Inc. v. International Air Transport Association, et al., seeking a declaratory judgment of the Superior Court in Montreal, Canada that American and the other airline defendants owe a "fair and reasonable commission" to the agencies, and that American and the other airline defendants breached alleged contracts with these agencies by adopting policies of not paying base commissions. The defendants are the International Air Transport Association, the Air Transport Association, Air Canada, American, America West, Delta Air Lines, Grupo TACA, Northwest Airlines/KLM Airlines, United Air Lines, US Airways, and Continental Airlines. American is vigorously defending the lawsuit. A final adverse court decision granting declaratory relief could expose the Company to

claims for substantial money damages or force the Company to pay agency commissions, either of which would have an adverse impact on the Company.

On May 13, 2002, the named plaintiffs in Always Travel, et. al. v. Air Canada, et. al., pending in the Federal Court of Canada, Trial Division, Montreal, filed a statement of claim alleging that between 1995 and the present, American, the other defendant airlines, and the International Air Transport Association conspired to reduce commissions paid to Canada-based travel agents in violation of Section 45 of the Competition Act of Canada. The named plaintiffs seek to certify a nationwide class of travel agents. Plaintiffs' motion for certification is set for hearing on September 2, 2003. American is vigorously defending the lawsuit. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's commission policies would have an adverse impact on the Company.

On August 14, 2002, a class action lawsuit was filed against American Airlines, Inc. in the United States District Court for the Central District of California, Western Division (All World Professional Travel Services, Inc. v. American Airlines, Inc.). The lawsuit alleges that requiring travel agencies to pay debit memos for refunding tickets after September 11, 2001: (1) breaches the Agent Reporting Agreement between American and plaintiff; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The as yet uncertified class includes all travel agencies who have or will be required to pay moneys to American for an "administrative service charge," "penalty fee," or other fee for processing refunds on behalf of passengers who were unable to use their tickets in the days immediately following the resumption of air carrier service after the tragedies on September 11, 2001. The plaintiff seeks to enjoin American from collecting the debit memos and to recover the amounts paid for the debit memos, plus treble damages, attorneys' fees, and costs. The Company intends to vigorously defend the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies which could have an adverse impact on the Company.

On August 19, 2002, a U.S. travel agency filed Power Travel International, Inc. v. American Airlines, Inc., et al., in New York state court against American, Continental Airlines, Delta Air Lines, JetBlue Airways, United Air Lines, and Northwest Airlines, alleging that American and the other defendants breached their contracts with the agency as well as the duty of good faith and fair dealing when these carriers at various times reduced base commissions to zero. The plaintiff seeks to certify a nationwide class of travel agents, but no class has yet been certified. The plaintiff dismissed JetBlue from the lawsuit, and the remaining defendants removed the lawsuit to the United States District Court for the Southern District of New York. The case is stayed as to United Air Lines, since it filed for bankruptcy. American is vigorously defending the lawsuit. On April 17, 2003, the court granted the remaining defendants' motion to dismiss the plaintiff's complaint with leave to replead within 20 days. A final adverse court decision awarding substantial money damages or forcing the Company to pay agency commissions would have an adverse impact on the Company.

Miami-Dade County (the County) is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American Airlines, Inc. and AMR Eagle have been named as potentially responsible parties (PRPs) for the contamination at MIA. During the second quarter of 2001, the County filed a lawsuit against 17 defendants, including American Airlines, Inc., in an attempt to recover its past and future cleanup costs (Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al. in the Florida Circuit Court). In addition to the 17 defendants named in the lawsuit, 243 other agencies and companies were also named as PRPs and contributors to the contamination. American's and AMR Eagle's portion of the cleanup costs cannot be reasonably estimated due to various factors, including the unknown extent of the remedial actions that may be required, the proportion of the cost that will ultimately be recovered from the responsible parties, and uncertainties regarding the environmental agencies that will ultimately supervise the remedial activities and the nature of that supervision. The Company is vigorously defending the lawsuit.

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

10.1 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and David L. Boren.

10.2 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Earl G. Graves.

10.3 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Ann M. Korologos.

10.4 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Michael A. Miles.

10.5 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Joe M. Rodgers.

12 Computation of ratio of earnings to fixed charges for the three months ended March 31, 2003 and 2002.

99 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).

Form 8-Ks filed under Item 5 - Other Events

On January 22, 2003, AMR filed a report on Form 8-K relating to a press release issued by AMR to announce its fourth quarter and full year 2002 earnings.

Form 8-Ks furnished under Item 9 - Regulation FD Disclosure

On January 21, 2003, AMR furnished a report on Form 8-K to announce AMR's intent to host a conference call on January 22, 2002 with the financial community relating to its fourth quarter and full year 2002 earnings.

On January 30, 2003, AMR furnished a report on Form 8-K to provide information regarding presentations by AMR's senior management at upcoming transportation conferences.

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: May 15, 2003 BY: /s/ Jeffrey C. Campbell
Jeffrey C. Campbell
Senior Vice President and Chief Financial Officer

CERTIFICATIONS

I, Gerard J. Arpey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMR Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003 /s/ Gerard J. Arpey
Gerard J. Arpey
President and Chief Executive Officer

CERTIFICATIONS (Continued)

I, Jeffrey C. Campbell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMR Corporation;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Jeffrey C. Campbell
Jeffrey C. Campbell
Senior Vice President and Chief
Financial Officer

Exhibit 10.1

April 30, 2003

Mr. David L. Boren
Office of the President
University of Oklahoma
660 Parrington Oval, Room 110
Norman, OK 73019

Dear David:

As you will recall at the meeting on April 24, it was decided that all Directors would take their fees in stock equivalent units. Accordingly, provided you agree, the deferral will occur as follows:

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period May 1, 2003 through December 31, 2003 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. AMR's obligation to make the payment pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ David L. Boren
David L. Boren

May 1, 2003
Date

Exhibit 10.2

April 30, 2003

Mr. Earl G. Graves
Chairman and CEO
Earl G. Graves Ltd.
130 Fifth Avenue
New York, New York 10011

Dear Earl:

As you will recall at the meeting on April 24, it was decided that all Directors would take their fees in stock equivalent units. Accordingly, provided you agree, the deferral will occur as follows:

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period May 1, 2003 through December 31, 2003 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. AMR's obligation to make the payment pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Earl G. Graves
Earl G. Graves

May 8, 2003
Date

Exhibit 10.3

April 30, 2003

Mrs. Ann M. Korologos
1155 23rd Street, N.W.
Suite 7A
Washington, D.C. 20037

Dear Ann:

As you will recall at the meeting on April 24, it was decided that all Directors would take their fees in stock equivalent units. Accordingly, provided you agree, the deferral will occur as follows:

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period May 1, 2003 through December 31, 2003 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. AMR's obligation to make the payment pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Ann M. Korologos
Ann M. Korologos

May 3, 2003
Date

Exhibit 10.4

April 30, 2003

Mr. Michael A. Miles
1350 Lake Road
Lake Forest, IL 60045

Dear Mike:

As you will recall at the meeting on April 24, it was decided that all Directors would take their fees in stock equivalent units. Accordingly, provided you agree, the deferral will occur as follows:

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period May 1, 2003 through December 31, 2003 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. AMR's obligation to make the payment pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Michael A. Miles
Michael A. Miles

May 12, 2003
Date

Exhibit 10.5

April 30, 2003

Mr. Joe M. Rodgers
Chairman
The JMR Group
P. O. Box 158838
Nashville, TN 37215-8838

Dear Joe:

As you will recall at the meeting on April 24, it was decided that all Directors would take their fees in stock equivalent units. Accordingly, provided you agree, the deferral will occur as follows:

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period May 1, 2003 through December 31, 2003 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. AMR's obligation to make the payment pursuant to paragraph 3 hereof will not be released or modified by reason of your death. In such event, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Joe M. Rodgers
Joe M. Rodgers

May 1, 2003
Date

Exhibit 12

AMR CORPORATION
Computation of Ratio of Earnings to Fixed Charges
(in millions)

	Three Months Ended March 31, 2003	2002
Earnings (loss):		
Loss before income taxes and cumulative effect of accounting change	$(1,043)	$ (863)
Add: Total fixed charges (per below)	438	440
Less: Interest capitalized	19	22
Total earnings (loss) before income taxes and cumulative effect of accounting change	$ (624)	$ (445)
Fixed charges:		
Interest	$ 183	$ 160
Portion of rental expense representative of the interest factor	244	272
Amortization of debt expense	11	8
Total fixed charges	$ 438	$ 440
Coverage deficiency	$ 1,062	$ 885

Exhibit 99

AMR CORPORATION
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 AMR Corporation, 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 March 31, 2003 (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: May 15, 2003 /s/ Gerard J. Arpey
Gerard J. Arpey
President and Chief Executive Officer

Date: May 15, 2003 /s/ Jeffrey C. Campbell
Jeffrey C. Campbell
Senior Vice President and Chief
Financial Officer

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