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

FORM 10-Q

[X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 1999.

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

Commission file number 1-8400.

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 - 150,525,075 as of July 31, 1999

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AMR CORPORATION

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Revenues				
Airline Group:				
Passenger				
- American Airlines, Inc.	$3,751	$3,789	$7,071	$7,367
- American Eagle	340	289	611	545
Cargo	164	169	309	332
Other	273	250	528	482
	4,528	4,497	8,519	8,726
Sabre	639	577	1,277	1,131
Other	20	17	40	34
Less: Intersegment revenues	(176)	(167)	(342)	(333)
Total operating revenues	5,011	4,924	9,494	9,558
Expenses				
Wages, salaries and benefits	1,765	1,627	3,430	3,186
Aircraft fuel	414	404	763	819
Depreciation and amortization	351	320	667	638
Commissions to agents	298	322	586	623
Other rentals and landing fees	253	223	493	436
Maintenance, materials and repairs	223	223	480	453
Food service	185	175	352	339
Aircraft rentals	162	143	322	285
Other operating expenses	850	763	1,733	1,507
Total operating expenses	4,501	4,200	8,826	8,286
Operating Income	510	724	668	1,272
Other Income (Expense)				
Interest income	21	33	46	67
Interest expense	(95)	(92)	(187)	(189)
Interest capitalized	29	25	62	43
Minority interest	(11)	(12)	(27)	(25)
Miscellaneous - net	(6)	(5)	59	(18)
	(62)	(51)	(47)	(122)
Income From Continuing Operations Before Income Taxes	448	673	621	1,150
Income tax provision	180	265	259	457
Income From Continuing Operations	268	408	362	693
Discontinued Operations, net of Applicable income taxes	-	1	64	6
Net Earnings	$ 268	$ 409	$426	$699

Continued on next page.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Earnings Applicable to Common Shares	$ 268	$409	$426	$699
Earnings Per Common Share				
Basic				
Income from Continuing Operations	$ 1.76	$2.37	$2.32	$4.02
Discontinued Operations	-	0.01	0.41	0.04
Net Earnings	$ 1.76	$2.38	$2.73	$4.06
Diluted				
Income from Continuing Operations	$ 1.70	$2.29	$2.25	$3.88
Discontinued Operations	-	0.01	0.40	0.03
Net Earnings	$ 1.70	$2.30	$2.65	$3.91
Number of Shares Used in Computation				
Basic	153	172	156	172
Diluted	158	178	161	179

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

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

	June 30, 1999	December 31, 1998 (Note 1)
Assets		
Current Assets		
Cash	$ 79	$ 95
Short-term investments	1,486	1,978
Receivables, net	1,689	1,543
Inventories, net	657	596
Deferred income taxes	477	476
Other current assets	225	187
Total current assets	4,613	4,875
Equipment and Property		
Flight equipment, net	10,576	8,712
Other equipment and property, net	1,934	1,903
Purchase deposits for flight equipment	1,204	1,624
	13,714	12,239
Equipment and Property Under Capital Leases		
Flight equipment, net	1,954	1,981
Other equipment and property, net	166	166
	2,120	2,147
Route acquisition costs, net	901	916
Other assets, net	2,163	2,126
	$ 23,511	$ 22,303
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 1,245	$ 1,152
Accrued liabilities	2,033	2,122
Air traffic liability	2,578	2,163
Current maturities of long-term debt	282	48
Current obligations under capital leases	166	154
Total current liabilities	6,304	5,639
Long-term debt, less current maturities	2,959	2,436
Obligations under capital leases, less current obligations	1,684	1,764
Deferred income taxes	1,663	1,491
Other liabilities, deferred gains, deferred credits and postretirement benefits	4,463	4,275
Stockholders' Equity		
Common stock	182	182
Additional paid-in capital	3,058	3,075
Treasury stock	(1,910)	(1,288)
Accumulated other comprehensive income	(4)	(4)
Retained earnings	5,112	4,733
	6,438	6,698
	$ 23,511	$ 22,303

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

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

	Six Months Ended June 30, 1999	1998
Net Cash Provided by Operating Activities	$1,253	$ 1,297
Cash Flow from Investing Activities:		
Capital expenditures, including net change in purchase deposits for flight equipment	(2,061)	(1,224)
Net decrease in short-term investments	496	246
Acquisitions and other investments	(99)	(140)
Proceeds from:		
Sale of discontinued operations	259	-
Sale of other investments	66	-
Sale of equipment and property	46	196
Net cash used for investing activities	(1,293)	(922)
Cash Flow from Financing Activities:		
Repurchases of common stock	(696)	(366)
Payments on long-term debt and capital lease obligations	(128)	(138)
Proceeds from:		
Issuance of long-term debt	770	94
Sale-leaseback transactions	54	-
Exercise of stock options	24	75
Net cash provided by (used for) financing activities	24	(335)
Net increase (decrease) in cash	(16)	40
Cash at beginning of period	95	62
Cash at end of period	$ 79	$ 102
Cash Payments For:		
Interest	$ 121	$ 159
Income taxes	104	273
Financing Activities Not Affecting Cash:		
Capital lease obligations incurred	$ 54	$ -

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

AMR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. The balance sheet at December 31, 1998 has been derived from the audited financial statements at that date. For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Corporation (AMR or the Company) Annual Report on Form 10-K for the year ended December 31, 1998. Certain amounts from 1998 have been reclassified to conform with the 1999 presentation.

2. Accumulated depreciation of owned equipment and property at June 30, 1999 and December 31, 1998, was $7.7 billion and $7.3 billion, respectively. Accumulated amortization of equipment and property under capital leases at June 30, 1999 and December 31, 1998, was $1.3 billion.

   Effective January 1, 1999, in order to more accurately reflect the expected useful life of its aircraft, the Company changed its estimate of the depreciable lives of certain aircraft types from 20 to 25 years and increased the residual value from five to 10 percent. As a result of this change, depreciation and amortization expense was reduced by approximately $40 million and net earnings was increased by approximately $25 million, or $0.16 per common share diluted, for the three months ended June 30, 1999. For the six months ended June 30, 1999, depreciation and amortization expense was reduced by approximately $80 million and net earnings was increased by approximately $50 million, or $0.31 per common share diluted.

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

4. As of June 30, 1999, the Company had commitments to acquire the following aircraft: 91 Boeing 737-800s, 24 Boeing 777-200IGWs, 95 Embraer EMB-135s, 25 Bombardier CRJ-700s and 17 Embraer EMB-145s. In July 1999, the Company exercised its purchase rights to acquire three additional Boeing 777-200IGWs. Deliveries of these aircraft will extend through 2006. Payments for these aircraft will approximate $1.4 billion during the remainder of 1999, $2.2 billion in 2000, $1.9 billion in 2001 and an aggregate of approximately $1.5 billion in 2002 through 2006.

   In April 1999, the Company announced that it will accelerate the retirement of nine McDonnell Douglas DC-10 and 16 Boeing 727-200 aircraft earlier than anticipated, thereby eliminating American's entire DC-10 fleet by the end of 2000 and advancing the retirement of the Boeing 727 fleet to the end of 2003.

5. In early February 1999, some members of the Allied Pilots Association (APA) engaged in certain activities (increased sick time and declining to fly additional trips) that resulted in numerous cancellations across American's system. These actions were taken in response to the acquisition of Reno Air, Inc. (Reno) in December 1998 and adversely impacted the Company's 1999 net earnings. In an attempt to resolve the dispute, the Company and the APA have agreed to non-binding mediation.

6. In connection with a secondary offering by Equant N.V. in

February 1999, the Company sold approximately 923,000 depository certificates for proceeds of $66 million. The Company recorded a pre-tax gain of $66 million as a result of this transaction.

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

7. The results of operations for AMR Services, AMR Combs and TeleService Resources have been reflected in the consolidated statements of operations as discontinued operations. During the first quarter of 1999, the Company completed the sales of AMR Services, AMR Combs and TeleService Resources. As a result of these sales, the Company recorded a gain of approximately $64 million, net of income taxes of approximately $19 million. Earnings from the operations of AMR Services, AMR Combs and TeleService Resources were $1 million, net of income taxes of $1.4 million, and $6 million, net of income taxes of $5 million, for the three and six months ended June 30, 1998, respectively. Revenues from the operations of AMR Services, AMR Combs and TeleService Resources were $119 million for the three months ended June 30, 1998 and $97 million and $252 million for the six months ended June 30, 1999 and 1998, respectively.

8. During the second quarter of 1999, American entered into various debt agreements which are secured by aircraft. Interest on these agreements is a variable rate based on the London Interbank Offered Rate (LIBOR) plus an additional spread. Interest on these agreements range from 5.47 percent to 5.9 percent and mature in 2011. As of June 30, 1999, the Company had borrowed approximately $612 million under these agreements.

   On July 13, 1999, the Company issued $150 million of unsecured debt bearing interest at 7.875 percent, maturing on July 13, 2039, and is callable at par after July 13, 2004.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Numerator:				
Income from continuing operations - numerator for basic and diluted earnings per share	$ 268	$ 408	$ 362	$ 693
Denominator:				
Denominator for basic earnings per share - weighted-average shares	153	172	156	172
Effect of dilutive securities:				
Employee options and shares	11	12	12	14
Assumed treasury shares purchased	(6)	(6)	(7)	(7)
Dilutive potential common shares	5	6	5	7
Denominator for diluted earnings per share - adjusted weighted-average shares	158	178	161	179
Basic earnings per share from continuing operations	$1.76	$2.37	$2.32	$4.02
Diluted earnings per share from continuing operations	$1.70	$2.29	$2.25	$3.88

10. AMR's operations fall within two lines of business: the Airline Group and Sabre, Inc. (Sabre), a majority-owned subsidiary of AMR. The Airline Group consists primarily of American, one of the largest scheduled passenger airlines and air freight carriers in the world, and AMR Eagle Holding Corporation (AMR Eagle), a separate subsidiary of AMR. At June 30, 1999, AMR Eagle owns three regional airlines which operate as "American Eagle", and provides connecting service to American. Sabre provides electronic distribution of travel through its Sabre computer reservations system and information technology solutions to the travel and transportation industries.

Selected financial information by reportable segment is as follows (in millions):

	Airline Group	Sabre	Total
Three months ended June 30, 1999			
Revenues from external customers	$4,516	$480	$4,996
Intersegment revenues	12	159	171
Operating income	408	96	504
Three months ended June 30, 1998			
Revenues from external customers	$4,484	$427	$4,911
Intersegment revenues	13	150	163
Operating income	608	109	717
Six months ended June 30, 1999			
Revenues from external customers	$8,496	$965	$9,461
Intersegment revenues	23	312	335
Operating income	445	208	653
Six months ended June 30, 1998			
Revenues from external customers	$8,703	$830	$9,533
Intersegment revenues	23	301	324
Operating income	1,035	224	1,259

The following table provides a reconciliation of reportable segment revenues and operating income to the Company's consolidated financial statement totals (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Revenues				
Total external revenues for reportable segments	$4,996	$4,911	$9,461	$9,533
Intersegment revenues for reportable segments	171	163	335	324
Other revenues	20	17	40	34
Elimination of intersegment revenues	(176)	(167)	(342)	(333)
Total consolidated revenues	$5,011	$4,924	$9,494	$9,558
Operating income				
Total operating income for reportable segments	$ 504	$ 717	$ 653	$1,259
Other operating income	6	7	15	13
Total consolidated operating income	$ 510	$ 724	$ 668	$1,272

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

RESULTS OF OPERATIONS

For the Three Months Ended June 30, 1999 and 1998

Summary AMR recorded net earnings for the three months ended June 30, 1999 of $268 million, or $1.70 per common share diluted. This compares to net earnings of $409 million, or $2.30 per common share diluted, for the second quarter of 1998. AMR's operating income of $510 million decreased 29.6 percent, or $214 million, compared to $724 million for the same period in 1998.

The following sections provide a discussion of AMR's results by reporting segment, which are described in Footnote 10 and in AMR's Annual Report on Form 10-K for the year ended December 31, 1998.

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

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998
Revenues		
Passenger - American Airlines, Inc.	$3,751	$ 3,789
- American Eagle	340	289
Cargo	164	169
Other	273	250
	4,528	4,497
Expenses		
Wages, salaries and benefits	1,557	1,452
Aircraft fuel	414	404
Commissions to agents	298	322
Depreciation and amortization	268	258
Other rentals and landing fees	241	215
Maintenance, materials and repairs	222	223
Food service	185	175
Aircraft rentals	162	143
Other operating expenses	773	697
Total operating expenses	4,120	3,889
Operating Income	408	608
Other Expense	(56)	(41)
Earnings Before Income Taxes	$ 352	$ 567
Average number of equivalent employees	98,400	91,500

RESULTS OF OPERATIONS (continued)

OPERATING STATISTICS

	Three Months Ended June 30, 1999	1998
American Airlines Jet Operations		
Revenue passenger miles (millions)	28,908	27,923
Available seat miles (millions)	40,406	38,963
Cargo ton miles (millions)	511	509
Passenger load factor	71.5%	71.7%
Breakeven load factor	63.2%	58.9%
Passenger revenue yield per passenger mile (cents)	12.97	13.57
Passenger revenue per available seat mile (cents)	9.28	9.72
Cargo revenue yield per ton mile (cents)	31.67	32.75
Operating expenses per available seat mile (cents)	9.31	9.25
Fuel consumption (gallons, in millions)	745	711
Fuel price per gallon (cents)	53.0	55.0
Fuel price per gallon, excluding fuel taxes (cents)	48.4	50.3
Operating aircraft at period-end	697	641
American Eagle		
Revenue passenger miles (millions)	885	708
Available seat miles (millions)	1,422	1,099
Passenger load factor	62.2%	64.5%
Operating aircraft at period-end	260	206

Operating aircraft at June 30, 1999 included:

American Airlines Aircraft:		American Eagle Aircraft:	
Airbus A300-600R	35	ATR 42	35
Boeing 727-200	76	Embraer 145	33
Boeing 737-800	12	Super ATR	43
Boeing 757-200	102	Saab 340A	20
Boeing 767-200	8	Saab 340B	104
Boeing 767-200 Extended Range	22	Saab 340B Plus	25
Boeing 767-300 Extended Range	49	Total	260
Boeing 777-200IGW	10		
Fokker 100	75		
McDonnell Douglas DC-10-10	8		
McDonnell Douglas DC-10-30	5		
McDonnell Douglas MD-11	11		
McDonnell Douglas MD-80	279		
McDonnell Douglas MD-90	5		
Total	697		

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

Average aircraft age is 10.6 years for American's aircraft and 6.2 years for American Eagle aircraft.

The Airline Group's revenues increased $31 million, or 0.7 percent, in the second quarter of 1999 versus the same period last year. American's passenger revenues decreased by 1.0 percent, or $38 million, compared to the second quarter of 1998. American's yield (the average amount one passenger pays to fly one mile) of 12.97 cents decreased by 4.4 percent compared to the same period in 1998. Domestic yields decreased 2.4 percent from the second quarter of 1998. International yields decreased 8.7 percent due to a 11.6 percent decrease in the Pacific, a 10.7 percent decrease in Europe and a 5.4 percent decrease in Latin America. The decrease in domestic yields was due primarily to increased capacity and fare sale activity during the second quarter of 1999, the residual effect of the APA job action from the first quarter of 1999, and the impact of international yield decreases on domestic yields. The decrease in international yields was due primarily to large industry capacity additions and increased fare sale activity in Europe.

American's traffic or revenue passenger miles (RPMs) increased 3.5 percent to 28.9 billion miles for the quarter ended June 30, 1999. American's capacity or available seat miles (ASMs) increased 3.7 percent to 40.4 billion miles in the second quarter of 1999. American's domestic traffic increased 2.7 percent on capacity increases of 4.7 percent and international traffic grew 5.4 percent on capacity increases of 1.6 percent. The increase in international traffic was driven by a 62.3 percent increase in traffic to the Pacific on capacity growth of 48.4 percent and a 7.3 percent increase in traffic to Europe on capacity growth of 8.1 percent. This increase was partially offset by a 3.8 decrease in traffic to Latin America on a capacity decrease of 8.7 percent.

American's operations were adversely impacted by several external factors in the second quarter of 1999. First, American experienced record delays and cancellations due to weather, primarily at its Dallas-Fort Worth and Chicago hubs. In addition, the implementation of the Federal Aviation Administration's new Display Screen Replacement (DSR) system caused numerous delays and cancellations across American's system as three of the first five centers to receive the new DSR system - Fort Worth, New York, and Chicago - are high-traffic cities in American's network which are responsible for a significant amount of American's traffic.

AMR Eagle's revenues increased 17.6 percent, or $51 million, due primarily to the acquisition of Business Express, a regional carrier based in the Northeast, in March 1999.

The Airline Group's other revenues increased $23 million, or 9.2 percent, primarily as a result of an increase in aircraft maintenance work performed by American for other airlines and increased service contracts, primarily related to ramp and consulting services.

The Airline Group's operating expenses increased 5.9 percent, or $231 million. American's Jet Operations cost per ASM increased 0.6 percent to 9.31 cents. Wages, salaries and benefits increased 7.2 percent, or $105 million, primarily due to an increase in the average number of equivalent employees and contractual wage rate and seniority increases that are built into the Company's labor contracts. Aircraft fuel expense increased 2.5 percent, or $10 million, due to a 4.8 percent increase in American's fuel consumption, partially offset by a 3.6 percent decrease in American's average price per gallon, including taxes. Other rentals and landing fees increased $26 million, or 12.1 percent, due to higher facilities rent and landing fees across American's system. Aircraft rentals increased $19 million, or 13.3 percent, due primarily to the addition of Reno aircraft. Other operating expense increased $76 million, or 10.9 percent, due primarily to an increase in outsourced services, booking fees, aircraft maintenance work performed by American for other airlines, and travel and incidental costs.

Other Expense increased 36.6 percent, or $15 million, primarily due to a decrease in interest income resulting from lower investment balances and a decline in interest rates.

RESULTS OF OPERATIONS (continued)

SABRE
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998
Revenues	$ 639	$ 577
Operating Expenses	543	468
Operating Income	96	109
Other Income	4	1
Earnings Before Income Taxes	$ 100	$ 110
Average number of equivalent employees	12,000	11,300

Revenues

Revenues for Sabre increased $62 million, or 10.7 percent. Electronic travel distribution revenues increased approximately $49 million, or 14.5 percent, due to growth in booking fees driven by an increase in booking volumes and an overall increase in the average price per booking due to a price increase implemented in February 1999. The increase in booking fee revenues was also partially driven by an increase in bookings made through Sabre's online travel site (Travelocity.com). Revenues from information technology solutions increased approximately $13 million, or 5.5 percent, primarily due to services performed under various information technology outsourcing agreements signed during 1998.

Expenses

Operating expenses increased $75 million, or 16.0 percent, due primarily to increases in salaries and benefits expense, subscriber incentive expense, depreciation and amortization, advertising, miscellaneous selling, and product development expenses, and data processing expense. Salaries and benefits expense increased due to an increase in the average number of employees necessary to support Sabre's business growth, and wage and salary increases for existing employees. Subscriber incentive expense increased in order to maintain and expand Sabre's travel agency subscriber base and to respond to competitor pressures. The increase in depreciation and amortization expense was due primarily to the amortization of the deferred asset associated with the stock options granted to US Airways, Inc. (US Airways). Advertising, miscellaneous selling, and product development expenses increased in order to support Sabre's growth initiatives. Data processing costs increased due to the growth in bookings and transactions processed. These increases were partially offset by a decrease in contract labor expenses due to a planned reduction in contract labor headcount.

RESULTS OF OPERATIONS (continued)

For the Six Months Ended June 30, 1999 and 1998

Summary AMR recorded net earnings for the six months ended June 30, 1999 of $426 million, or $2.65 per common share diluted. This compares with net earnings of $699 million, or $3.91 per common share diluted, for the same period in 1998. AMR's operating income of $668 million decreased 47.5 percent, or $604 million, compared to $1.3 billion for the same period in 1998. AMR's net earnings were adversely impacted by an illegal job action by some members of the APA during the first quarter of 1999, which negatively impacted the Company's net earnings by an estimated $140 million, or $0.87 per common share diluted. This was partially offset by the gain on the sale of AMR Services, AMR Combs and TeleService Resources, and the gain from the sale of the Equant N.V. depository certificates, such gains aggregating approximately $101 million after taxes, or $0.63 per common share diluted.

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

	Six Months Ended June 30, 1999	1998
Revenues		
Passenger - American Airlines, Inc.	$7,071	$ 7,367
- American Eagle	611	545
Cargo	309	332
Other	528	482
	8,519	8,726
Expenses		
Wages, salaries and benefits	3,019	2,836
Aircraft fuel	763	819
Commissions to agents	586	623
Depreciation and amortization	521	516
Other rentals and landing fees	469	419
Maintenance, materials and repairs	479	452
Food service	352	339
Aircraft rentals	322	285
Other operating expenses	1,563	1,402
Total operating expenses	8,074	7,691
Operating Income	445	1,035
Other Expense	(62)	(103)
Earnings Before Income Taxes	$ 383	$ 932
Average number of equivalent employees	96,250	91,250

OPERATING STATISTICS

	Six Months Ended June 30, 1999	1998
American Airlines Jet Operations		
Revenue passenger miles (millions)	54,198	53,311
Available seat miles (millions)	78,109	76,670
Cargo ton miles (millions)	942	1,005
Passenger load factor	69.4%	69.5%
Breakeven load factor	64.9%	58.6%
Passenger revenue yield per passenger mile (cents)	13.05	13.82
Passenger revenue per available seat mile (cents)	9.05	9.61
Cargo revenue yield per ton mile (cents)	32.36	32.65
Operating expenses per available seat mile (cents)	9.46	9.30
Fuel consumption (gallons, in millions)	1,432	1,392
Fuel price per gallon (cents)	51.0	56.9
Fuel price per gallon, excluding fuel taxes (cents)	46.6	52.0
Operating aircraft at period-end	697	641
American Eagle		
Revenue passenger miles (millions)	1,591	1,323
Available seat miles (millions)	2,633	2,170
Passenger load factor	60.4%	61.0%
Operating aircraft at period-end	260	206

The Airline Group's revenues decreased $207 million, or 2.4 percent, during the first six months of 1999 versus the same period last year. American's passenger revenues decreased by 4.0 percent, or $296 million, largely as a result of the illegal job action by some members of the APA during the first quarter of 1999. American's yield (the average amount one passenger pays to fly one mile) of 13.05 cents decreased by 5.6 percent compared to the same period in 1998. Domestic yields decreased 3.9 percent from the first six months of 1998. International yields decreased 9.4 percent, reflecting a 12.6 percent decrease in the Pacific, a 9.1 percent decrease in Europe and an 8.3 percent decrease in Latin America. The decrease in domestic yield was due primarily to increased capacity and fare sale activity in the first six months of 1999 compared to the same period in 1998, the APA job action, and the impact of international yield decreases on domestic yields. The decrease in international yields was due primarily to weak international economies, large industry capacity additions and increased fare sale activity.

American's traffic or revenue passenger miles (RPMs) increased 1.7 percent to 54.2 billion miles for the six months ended June 30, 1999. American's capacity or available seat miles (ASMs) increased 1.9 percent to 78.1 billion miles in the first six months of 1999. American's domestic traffic increased 1.4 percent on capacity growth of 1.9 percent and international traffic grew 2.3 percent on capacity increases of 1.9 percent. The increase in international traffic was driven by a 50.0 percent increase in traffic to the Pacific on capacity growth of 59.6 percent and a 2.8 percent increase in traffic to Europe on capacity growth of 5.8 percent. This was partially offset by a 4.0 percent decrease in traffic to Latin America on a capacity decline of 7.1 percent.

American's operations were adversely impacted by several external factors in the second quarter of 1999. First, American experienced record delays and cancellations due to weather, primarily at its Dallas-Fort Worth and Chicago hubs. In addition, the implementation of the Federal Aviation Administration's new Display Screen Replacement (DSR) system caused numerous delays and cancellations across American's system as three of the first five centers to receive the new DSR system - Fort Worth, New York, and Chicago - are high-traffic cities in American's network which are responsible for a significant amount of American's traffic.

AMR Eagle's revenues increased 12.1 percent, or $66 million, due primarily to the acquisition of Business Express in March 1999.

The Airline Group's other revenues increased $46 million, or 9.5 percent, primarily as a result of an increase in aircraft maintenance work performed by American for other airlines and increased service contracts, primarily related to ramp and consulting services.

The Airline Group's operating expenses increased 5.0 percent, or $383 million. American's Jet Operations cost per ASM increased by 1.7 percent to 9.46 cents. Wages, salaries and benefits increased $183 million, or 6.5 percent, primarily due to an increase in the average number of equivalent employees and contractual wage rate and seniority increases that are built into the Company's labor contracts. Aircraft fuel expense decreased 6.8 percent, or $56 million, due to a 10.4 percent decrease in American's average price per gallon, including taxes, partially offset by a 2.9 percent increase in American's fuel consumption. Other rentals and landing fees increased $50 million, or 11.9 percent, due to higher facilities rent and landing fees across American's system. Aircraft rentals increased $37 million, or 13.0 percent, due primarily to the addition of Reno aircraft. Other operating expense increased $161 million, or 11.5 percent, due primarily to an increase in outsourced services, booking fees, aircraft maintenance work performed by American for other airlines, and travel and incidental costs.

Other Expense decreased 39.8 percent, or $41 million, due to an increase in capitalized interest on aircraft purchase deposits and a $31 million gain on the sale of a portion of American's interest in Equant N.V., partially offset by a decrease in interest income resulting from lower investment balances and a decline in interest rates.

SABRE
FINANCIAL HIGHLIGHTS
(Unaudited) (Dollars in millions)

	Six Months Ended June 30, 1999	1998
Revenues	$1,277	$ 1,131
Operating Expenses	1,069	907
Operating Income	208	224
Other Income	41	3
Earnings Before Income Taxes	$ 249	$ 227
Average number of equivalent employees	12,100	11,000

Revenues

Revenues for Sabre increased $146 million, or 12.9 percent. Electronic travel distribution revenues increased approximately $85 million, or 12.4 percent, due to growth in booking fees driven by an increase in booking volumes and an overall increase in the average price per booking due to a price increase implemented in February 1999. The increase in booking fee revenues was also partially driven by an increase in bookings made through the Travelocity.com site. Revenues from information technology solutions increased approximately $61 million, or 13.6 percent, primarily due to services performed under the information technology services agreement with US Airways and services performed under other information technology outsourcing agreements signed during 1998.

Expenses

Operating expenses increased $162 million, or 17.9 percent, due primarily to increases in salaries, benefits and employee-related costs, subscriber incentive expense, depreciation and amortization, advertising and miscellaneous selling expenses, and data processing costs. Salaries, benefits and employee-related costs increased due to an increase in the average number of employees necessary to support Sabre's business growth, and wage and salary increases for existing employees. Subscriber incentive expense increased in order to maintain and expand Sabre's travel agency subscriber base and to respond to competitor pressures. The increase in depreciation and amortization expense was due primarily to the amortization of the deferred asset associated with the stock options granted to US Airways, the acquisition of information technology assets to support the US Airways' contract, and normal additions. These increases were partially offset by a decrease in depreciation expense due to the sale of data center mainframe equipment to an unrelated party in October 1998. Advertising and miscellaneous selling expenses increased in order to support the Company's growth initiatives. Data processing costs increased due to the growth in bookings and transactions processed.

In an effort to balance costs with revenue growth, and as a result of certain inefficiencies uncovered after Sabre's March 1999 reorganization, Sabre is reviewing a number of alternatives aimed at strategically managing costs and improving operating margins in the latter half of 1999. Such alternatives may result in headcount reductions in certain areas, reduced spending on discretionary items, and prioritization and streamlining of current development projects in order to focus resources on those that provide the best long-term solution. Sabre intends to implement such measures without compromising the service levels or commitments to its existing customers or reducing sales and marketing efforts to continue to grow the outsourcing business.

Other Income

Other income increased $38 million primarily due to a $35 million gain on the sale of Equant N.V. depository certificates held by American for the economic benefit of Sabre.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities in the six-month period ended June 30, 1999 was $1.3 billion, a decrease of $44 million over the same period in 1998. This decrease resulted primarily from a decrease in net earnings, partially offset by an increase in the air traffic liability due to higher advanced sales. Capital expenditures for the first six months of 1999 were $2.1 billion, and included the acquisition of 12 Boeing 737-800s, 10 Boeing 777-200IGWs, six Boeing 757-200s, four Boeing 767-300ERs and 13 Embraer 145 aircraft. These capital expenditures were financed with internally generated cash, except for 12 Boeing aircraft which were financed through secured mortgage agreements, one Boeing aircraft which was financed through a sale-leaseback transaction, and the Embraer aircraft which were funded through secured debt agreements.

As of June 30, 1999, the Company had commitments to acquire the following aircraft: 91 Boeing 737-800s, 24 Boeing 777-200IGWs, 95 Embraer EMB-135s, 25 Bombardier CRJ-700s and 17 Embraer EMB-145s. In July 1999, the Company exercised its purchase rights to acquire three additional Boeing 777-200IGWs. Deliveries of these aircraft will extend through 2006. Payments for these aircraft will approximate $1.4 billion during the remainder of 1999, $2.2 billion in 2000, $1.9 billion in 2001 and an aggregate of approximately $1.5 billion in 2002 through 2006. The Company expects to fund its remaining 1999 capital expenditures from the Company's existing cash and short-term investments, internally generated cash, and new financing depending upon capital market conditions and the Company's evolving view of its long-term needs.

In April 1999, the Company announced that it will accelerate the retirement of nine McDonnell Douglas DC-10 and 16 Boeing 727-200 aircraft earlier than anticipated, thereby eliminating American's entire DC-10 fleet by the end of 2000 and advancing the retirement of the Boeing 727 fleet to the end of 2003.

On July 13, 1999, the Company issued $150 million of unsecured debt bearing interest at 7.875 percent, maturing on July 13, 2039, and is callable at par after July 13, 2004.

During the six months ended June 30, 1999, the Company purchased approximately 10.7 million shares of its common stock at a cost of approximately $664 million. Additional share repurchases of up to $241 million, which is the remaining amount currently authorized by the Company's Board of Directors, may be made from time to time, depending on market conditions, and may be discontinued at any time.

In March 1999, Sabre's Board of Directors authorized, subject to certain business and market conditions, the repurchase of up to 1.0 million shares of Sabre's Class A Common Stock. During the six months ended June 30, 1999, Sabre purchased approximately 545,000 shares at a cost of approximately $32 million.

In connection with a secondary offering by Equant N.V. in February 1999, the Company sold approximately 923,000 depository certificates for proceeds of $66 million. During the first six months of 1999, the Company acquired approximately 400,000 depository certificates from other airlines. In addition, based upon a reallocation between the owners of the certificates in July 1999, the Company received an additional 2.6 million certificates. Accordingly, as of July 30, 1999, the Company holds approximately 5.3 million depository certificates with an estimated market value of approximately $474 million.

YEAR 2000 READINESS

State of Readiness In 1995, the Company implemented a project (the Year 2000 Project) to ensure that hardware and software systems operated by the Company, including software licensed to or operated for third parties by Sabre, are designed to operate and properly manage dates beyond December 31, 1999 (Year 2000 Readiness). The Year 2000 Project consists of six phases: (i) awareness, (ii) assessment, (iii) analysis, design and remediation, (iv) testing and validation, (v) quality assurance review (to ensure consistency throughout the Year 2000 Project) and (vi) creation of business continuity strategy, including plans in the event of Year 2000 failures. In developing the Company's proprietary software analysis, remediation and testing methodology for Year 2000 Readiness, it studied the best practices of the Institute of Electrical and Electronics Engineers and the British Standards Institution. The Company has assessed (i) the Company's over 1,000 information technology and operating systems that will be utilized after December 31, 1999 (IT Systems); (ii) non-information technology systems, including embedded technology, facilities, and other systems (Non-IT Systems); and (iii) the Year 2000 Readiness of its critical third party service providers.

IT Systems The Company has completed the first three phases of the Year 2000 Project for all of its IT Systems. The Company has successfully completed the testing and validation phase and quality assurance review phase for 99 percent of its IT Systems, including its computer reservations and flight operating systems that perform such "mission critical" functions as passenger bookings, ticketing, passenger check-in, aircraft weight and balance, flight planning and baggage and cargo processing. As of July 1, 1999, approximately 43 percent of those IT Systems (including the computer reservations systems) are already successfully processing Year 2000 dates in actual use.

Using dedicated testing environments and applying rigorous test standards, the Company is actively testing the remaining one percent of its IT Systems to determine if they are Year 2000 ready or if further remediation is necessary. The Company estimates completing the testing and validation phase and quality assurance review phase, and the business continuity phase for its remaining IT Systems during the third quarter of 1999.

Non-IT Systems The Company has completed the first five phases of the Year 2000 project for 99 percent of its Non-IT Systems, such as aircraft avionics and flight simulators. The Company estimates completing the final phase of business continuity for its Non-IT systems during the third quarter of 1999.

Third Party Services The Company's business is dependent upon entities which supply critical infrastructure to the airline industry, such as the air traffic control and related systems of the Federal Aviation Administration and international aviation authorities, the Department of Transportation, and airport authorities. Those service providers depend on their hardware and software systems and on interfaces with the Company's IT Systems. The Company is actively involved in the Air Transport Association (ATA) and the International Air Transport Association (IATA) Year 2000 Airline Industry Program to ensure the readiness of airports, air traffic service providers, and commercial airline suppliers worldwide. As part of this program, the ATA and IATA are monitoring approximately 2,500 airports, 185 air traffic control service providers, and more than 5,000 commercial airline suppliers throughout the world regarding their Year 2000 Readiness. The results of these studies indicate that a majority of the domestic and international airports in which American operates have made significant progress towards their Year 2000 Readiness. Nevertheless, the Company continues to closely monitor the progress of a number of key airports that, if not properly prepared for the Year 2000, could disrupt the Company's ability to provide services to its customers.

In addition, the Company relies on third party service providers for many services, such as telecommunications, electrical power, and data and credit card transaction processing. Those service providers depend on their hardware and software systems and on interfaces with the Company's IT Systems. The Company is monitoring its critical service providers regarding their Year 2000 Readiness and has received responses from approximately 87 percent of its critical service providers. Such respondents assured the Company that their software and hardware is or will be Year 2000 ready. To the extent practical, the Company will implement contingencies for the third party critical service providers that have not responded.

The Company does not expect the Year 2000 issues it might encounter with third parties to be materially different from those encountered by other airlines, including the Company's competitors.

Costs of Year 2000 Project The Company expects to incur significant hardware, software and labor costs, as well as consulting and other expenses, in its Year 2000 Project. The Company's total estimated cost of the project is $215 to $220 million, of which approximately $204 million was incurred as of June 30, 1999. Costs associated with the Year 2000 Project are expensed as incurred, other than capitalized hardware costs, and have been funded through cash from operations.

Risks of Year 2000 Non-readiness The economy in general, and the travel and transportation industries in particular, may be adversely affected by risks associated with the Year 2000. The Company's business, financial condition, and results of operations could be materially adversely affected if systems that it operates or systems that are operated by third party service providers upon which the Company relies are not Year 2000 ready in time. There can be no assurance that these systems will continue to properly function and interface and will otherwise be Year 2000 ready. Management believes that its most likely Year 2000 risks relate to the failure of third parties with whom it has material relationships to be Year 2000 ready.

Although the Company is not aware of any threatened claims related to the Year 2000, the Company may be subject to litigation arising from such claims and, depending on the outcome, such litigation could have a material adverse affect on the Company. There can be no assurance that the Company's insurance coverage would be adequate to offset these and other business risks related to the Year 2000 issue.

Business Continuity Plans The Company has identified four potential risk areas related to the Year 2000 and is developing and refining plans to continue its business in the event of Year 2000 failures in response to those risks. The Company believes that its most likely Year 2000 risks relate to the failure of third parties with whom it has material relationships to be Year 2000 compliant. In response to this risk, the Company has been actively participating with the ATA and IATA Year 2000 Airline Industry program to ensure the readiness of airports and air traffic services worldwide. The Company is in the process of collecting additional business continuity information from such suppliers in order to effectively manage any failures. The second risk area relates to the effective prioritization and management of any Year 2000 failures. The Company is establishing an Enterprise Command Center in order to prioritize issues, manage resources, coordinate problem resolution and communicate status in the event of Year 2000 failures. The third risk area relates to the possibility that the Company's employees will fail to report to work on or around December 31, 1999, thereby potentially disrupting the Company's operations. In order to mitigate such risk, American may voluntarily reduce its schedule during this timeframe. The fourth risk area relates to the failure of critical internal business processes, services, systems and facilities. Although the Company has tested all systems including those not impacted by dates, the Company is developing business continuity plans to manage potential internal Year 2000 failures and expects to complete these plans by September 30, 1999. The Company's business continuity plans include performing certain processes manually; maintaining dedicated staff to be available at crucial dates to remedy unforeseen problems; installing defensive code to protect real-time systems from improperly formatted date data supplied by third parties; repairing or obtaining replacement systems; and reducing or suspending certain non-critical aspects of the Company's services or operations. Because of the pervasiveness and complexity of the Year 2000 issue, and in particular the uncertainty concerning the efforts and success of third parties to be Year 2000 compliant, the Company will continue to refine its contingency plans during 1999.

The costs of the project and the date on which the Company plans to complete the Year 2000 Readiness program are based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party modification plans and other factors. Even though the Company has met all established deadlines and the cost estimates have remained constant, actual results could differ materially from these estimates. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, the failure of third parties to be Year 2000 ready, and similar uncertainties.

DALLAS LOVE FIELD

In 1968, as part of an agreement between the cities of Fort Worth and Dallas to build and operate Dallas/Fort Worth Airport (DFW), a bond ordinance was enacted by both cities (the Bond Ordinance). The Bond Ordinance required both cities to direct all scheduled interstate passenger operations to DFW and was an integral part of the bonds issued for the construction and operation of DFW. In 1979, as part of a settlement to resolve litigation with Southwest Airlines, the cities agreed to expand the scope of operations allowed under the Bond Ordinance at Dallas' Love Field. Congress enacted the Wright Amendment to prevent the federal government from acting inconsistent with this agreement. The Wright Amendment limited interstate operations at Love Field to the four states contiguous to Texas (New Mexico, Oklahoma, Arkansas and Louisiana) and prohibited through ticketing to any destination outside that perimeter. In 1997, without the consent of either city, Congress amended the Wright Amendment by (i) adding three states (Kansas, Mississippi and Alabama) to the perimeter and (ii) removing some federal restrictions on large aircraft configured with 56 seats or less (the 1997 Amendment). In October 1997, the City of Fort Worth filed suit in state district court against the City of Dallas and others seeking to enforce the Bond Ordinance. Fort Worth contends that the 1997 Amendment does not preclude the City of Dallas from exercising its proprietary rights to restrict traffic at Love Field in a manner consistent with the Bond Ordinance and, moreover, that Dallas has an obligation to do so. American joined in this litigation. On October 15, 1998, the state district court granted summary judgment in favor of Fort Worth and American, which summary judgment is being appealed to the Fort Worth Court of Appeals. In the same lawsuit, DFW filed claims alleging that irrespective of whether the Bond Ordinance is enforceable, the DFW Use Agreement prohibits American and other DFW signatory airlines from moving any interstate operations to Love Field. These claims remain unresolved. Dallas filed a separate declaratory judgment action in federal district court seeking to have the court declare that, as a matter of law, the 1997 Amendment precludes Dallas from exercising any restrictions on operations at Love Field. Further, in May 1998, Continental Airlines and Continental Express filed a lawsuit in federal court seeking a judicial declaration that the Bond Ordinance cannot be enforced to prevent them from operating flights from Love Field to Cleveland using regional jets. In December 1998, the Department of Transportation (DOT) issued an order on the federal law questions concerning the Bond Ordinance, local proprietary powers, DFW's Use Agreement with DFW carriers such as American, and the Wright and 1997 Amendments, and concluded that the Bond Ordinance was preempted by federal law and was therefore, not enforceable. The DOT also found that the DFW Use Agreement did not preclude American from conducting interstate operations at Love Field. Fort Worth, American and DFW have appealed the DOT's order to the Fifth Circuit Court of Appeals.

As a result of the foregoing, the future of interstate flight operations at Love Field and American's DFW hub are uncertain. An increase in operations at Love Field to new interstate destinations could adversely impact American's business.

FORWARD-LOOKING INFORMATION

Statements in this report contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this report, the words "expects," "plans," "anticipates," and similar expressions are intended to identify forward-looking statements. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expectations. 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, 1998.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes from the information provided in

Item 7A. Quantitative and Qualitative Disclosures About Market Risk of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

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

In connection with its frequent flyer program, American was sued in two purported class action cases (Wolens et al v. American Airlines, Inc. and Tucker v. American Airlines, Inc.) that were consolidated and are currently pending in the Circuit Court of Cook County, Illinois. The litigation arises from certain changes made to American's AAdvantage frequent flyer program in May 1988 which limited the number of seats available to participants traveling on certain awards. In the consolidated action, the plaintiffs seek to represent all persons who joined the AAdvantage program before May 1988 and accrued mileage credits before the seat limitations were introduced and allege that these changes breached American's contract with AAdvantage members. Plaintiffs seek money damages and attorney's fees. The complaint originally asserted several state law claims, however only the plaintiffs' breach of contract claim remains after the U. S. Supreme Court ruled that the Airline Deregulation Act preempted the other claims. Although the case has been pending for numerous years, it still is in its preliminary stages. The court has not ruled on the plaintiffs' motion for class certification. American is vigorously defending the lawsuit.

Gutterman et al. v. American Airlines, Inc. is also pending in the Circuit Court of Cook County, Illinois. In December 1993, American announced that the number of miles required to claim a certain travel award under American's AAdvantage frequent flyer program would be increased effective February 1, 1995, giving rise to the Gutterman litigation filed on that same date. The Gutterman plaintiffs claim that the increase in award mileage level violated the terms and conditions of the agreement between American and AAdvantage members. On June 23, 1998, the Court certified the case as a class action, although to date no notice has been sent to the class. The class consists of all members who earned miles between January 1, 1992 and February 1, 1995 (the date the change became effective). On July 13, 1998, the Court denied American's motion for summary judgment as to the claims brought by plaintiff Steven Gutterman. On July 30, 1998, the plaintiffs filed a motion for summary judgment as to liability, which motion has not been ruled upon. American is vigorously defending the lawsuit.

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

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

Act. Plaintiff has filed an appeal of the dismissal of the lawsuit. American intends to vigorously defend the granting of the summary judgment on appeal.

Item 1. Legal Proceedings (Continued)

On May 20, 1999, several class action lawsuits filed against the Allied Pilots Association (APA) seeking compensation for passengers and cargo shippers adversely affected by an illegal sick-out by some of American's pilots in February 1999 were consolidated in the United States District Court for the Northern District of Texas, Dallas Division (In re Allied Pilots Association Class Action Litigation). Plaintiffs are not seeking to hold American independently liable. Instead, Plaintiffs named American as a defendant inasmuch as American has a $45 million judgment against the APA that exceeds APA's total assets. Plaintiffs claim they are entitled to some or all of the APA's limited funds. APA filed cross claims against American alleging that American must indemnify pilots who put themselves on the sick list. American is vigorously defending all claims against it.

On July 26, 1999, a class action lawsuit 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) 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 monies to American for debit memos for fare rules violations from July 26, 1995 to the present. Plaintiffs seek to enjoin American from enforcing the pricing rules in question and to recover the amounts paid for debit memos, plus treble damages, attorneys' fees, and costs. American intends to vigorously defend the lawsuit.

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

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

Also since the filing of the Department of Justice case, one class action lawsuit filed on April 13, 1999, against AMR Corporation, American Airlines, Inc., and AMR Eagle Holding Corporation in federal court in Fort Lauderdale, Florida, (Zifrony v. AMR Corp., et al.), alleging that American violated federal antitrust law by monopolizing and attempting to monopolize airline passenger service to and from DFW and Miami International Airport, was dismissed.

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

The owners of 140,165,083 shares of common stock, or 89 percent of shares outstanding, were represented at the annual meeting of stockholders on May 19, 1999 at the American Airlines Training & Conference Center, 4501 Highway 360 South, Fort Worth, Texas.

Elected as directors of the Corporation, each receiving a minimum of 139,531,183 votes were:

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

Stockholders ratified the appointment of Ernst & Young LLP as independent auditors for the Corporation for 1999. The vote was 139,819,436 in favor; 67,519 against; and 278,128 abstaining.

Item 5. Other Information

The Department of Justice is investigating the competitive practices of major carriers at major hub airports, including American's practices at DFW (for further information, see Item 1. Legal Proceedings). Also, in April 1998, the DOT issued proposed pricing and capacity rules that would severely limit major carriers' ability to compete with new entrant carriers. The outcomes of the investigations and the proposed DOT rules are unknown. However, to the extent that (i) restrictions are imposed upon American's ability to respond to a competitor, or (ii) competitors have an advantage because of federal assistance, American's business may be adversely impacted.

PART II

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

12 Computation of ratio of earnings to fixed charges for the three and six months ended June 30, 1999 and 1998.

27.1 Financial Data Schedule as of June 30, 1999.

27.2 Restated Financial Data Schedule as of June 30, 1998.

On April 22, 1999, AMR filed a report on Form 8-K relative to a press release issued to report the Company's first quarter 1999 earnings and to announce the acceleration of the retirement of nine DC-10 widebody aircraft and 16 Boeing 727 narrowbody aircraft.

On July 12, 1999, AMR filed a report on Form 8-K relative to filing documents with reference to the Registration Statement on Form S-3 (Registration No. 333-68211) (which Registration Statement constitutes a post-effective amendment to Registration Statements on Form S-3 (Registration Nos. 33-46325 and 33-52121)) of AMR Corporation.

On July 22, 1999, AMR filed a report on Form 8-K relative to a press release issued to report the Company's second quarter 1999 earnings.

Signature

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

AMR CORPORATION

Date: August 16, 1999

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

Exhibit 12

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Earnings:				
Earnings from continuing operations before income taxes	$448	$673	$621	$1,150
Add: Total fixed charges (per below)	317	288	625	570
Less: Interest capitalized	29	25	62	43
Total earnings	$736	$936	$1,184	$1,677
Fixed charges:				
Interest, including interest capitalized	$ 92	$92	$183	$188
Portion on rental expense representative of the interest factor	222	195	437	381
Amortization of debt expense	3	1	5	1
Total fixed charges	$317	$288	$625	$570
Ratio of earnings to fixed charges	2.32	3.25	1.89	2.94

5
1,000,000

6-MOS
DEC-31-1999
JUN-30-1999
79
1,486
1,724
35
657
4,613
24,891
9,057
23,511
6,304
4,643
0
0
1,330
5,108
23,511
0
9,494
0
8,826
0
0
187
621
259
362
64
0
0
426
2.73
2.65

5

1,000,000

6-MOS
DEC-31-1998
JUN-30-1998
102
2,124
1,717
25
648
5,187
21,807
8,190
21,904
5,844
3,833
0
0
2,556
4,085
21,904
0
9,558
0
8,286
0
0
189
1,150
457
693
6
0
0
699
4.06
3.91