

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

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 2002.

☐ 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	(I.R.S. Employer
jurisdiction	Identification No.)
of incorporation or	
organization)	

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

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 - 155,688,619 as of July 15, 2002.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Operations -- Three and six months ended June 30, 2002 and 2001

Condensed Consolidated Balance Sheets - June 30, 2002 and December 31, 2001

Condensed Consolidated Statements of Cash Flows -- Six months ended June 30, 2002 and 2001

Notes to Condensed Consolidated Financial Statements - June 30, 2002

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 6. Exhibits and Reports on Form 8-K

SIGNATURE

3

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,	
	2002	2001	2002	2001
Revenues				
Passenger - American Airlines	\$3,747	\$4,645	\$7,231	\$8,580
- AMR Eagle	344	409	649	763
Cargo	142	190	276	366
Other revenues	246	339	459	634
Total operating revenues	4,479	5,583	8,615	10,343
Expenses				
Wages, salaries and benefits	2,126	2,126	4,206	3,872
Aircraft fuel	656	842	1,183	1,549
Depreciation and amortization	338	352	679	665
Other rentals and landing fees	306	320	595	577
Maintenance, materials and repairs	285	298	551	578
Aircraft rentals	214	226	440	374
Food service	180	218	350	402
Commissions to agents	155	260	316	484
Special charges	-	685	-	685
Other operating expenses	820	1,016	1,625	1,921
Total operating expenses	5,080	6,343	9,945	11,107

Operating Loss	(601)	(760)	(1,330)	(764)
Other Income (Expense)				
Interest income	18	24	36	64
Interest expense	(164)	(132)	(330)	(251)
Interest capitalized	22	38	44	79
Miscellaneous - net	5	37	(3)	22
	(119)	(33)	(253)	(86)
Loss Before Income Taxes	(720)	(793)	(1,583)	(850)
Income tax benefit	(225)	(286)	(513)	(300)
Net Loss	\$ (495)	\$ (507)	\$ (1,070)	\$ (550)
Loss Per Share				
Basic and Diluted	\$ (3.19)	\$ (3.29)	\$ (6.90)	\$ (3.58)

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

1

4

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

	June 30, 2002	December 31, 2001
Assets		
Current Assets		
Cash	\$ 195	\$ 120
Short-term investments	2,368	2,872
Receivables, net	1,556	1,414
Inventories, net	743	822
Deferred income taxes	792	790
Other current assets	194	522
Total current assets	5,848	6,540
Equipment and Property		
Flight equipment, net	15,556	14,980
Other equipment and property, net	2,317	2,079
Purchase deposits for flight equipment	686	929
	18,559	17,988
Equipment and Property Under Capital Leases		
Flight equipment, net	1,433	1,572
Other equipment and property, net	92	95
	1,525	1,667
Goodwill	1,351	1,392
Route acquisition costs	829	829
Airport operating and gate lease rights, net	481	496
Other assets	4,296	3,929
	\$ 32,889	\$ 32,841
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 1,559	\$ 1,785
Accrued liabilities	2,344	2,192
Air traffic liability	3,059	2,763
Current maturities of long-term debt	350	556
Current obligations under capital leases	147	216
Total current liabilities	7,459	7,512
Long-term debt, less current maturities	9,172	8,310
Obligations under capital leases, less current obligations	1,444	1,524
Deferred income taxes	1,940	1,627
Postretirement benefits	2,611	2,538

Other liabilities, deferred gains and deferred credits	5,868	5,957
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Stockholders' Equity

Preferred stock	-	-
Common stock	182	182
Additional paid-in capital	2,812	2,865
Treasury stock	(1,645)	(1,716)
Accumulated other comprehensive loss	(72)	(146)
Retained earnings	3,118	4,188
	4,395	5,373
	\$ 32,889	\$ 32,841

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

2

5

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

	Six Months Ended June 30, 2002	2001
Net Cash Provided by Operating Activities	\$ 86	\$ 885
Cash Flow from Investing Activities:		
Capital expenditures, including purchase deposits for flight equipment	(1,113)	(2,124)
Acquisition of Trans World Airlines, Inc.	-	(742)
Net decrease in short-term investments	504	922
Proceeds from sale of equipment and property	162	206
Other	35	(6)
Net cash used for investing activities	(412)	(1,744)
Cash Flow from Financing Activities:		
Payments on long-term debt and capital lease obligations	(468)	(586)
Proceeds from:		
Issuance of long-term debt	866	1,587
Exercise of stock options	3	34
Net cash provided by financing activities	401	1,035
Net increase in cash	75	176
Cash at beginning of period	120	89
Cash at end of period	\$ 195	\$ 265

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

3

6

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 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 and the asset impairment charge as discussed in footnote 8, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. The Company's 2002 results continue to be adversely impacted by the September 11, 2001 terrorist attacks and the resulting effect on the economy and the air transportation industry. In addition, on April 9, 2001, Trans World Airlines LLC (TWA LLC, a wholly owned subsidiary of AMR Corporation) purchased substantially all of the assets and assumed certain liabilities of Trans World Airlines, Inc. (TWA). Accordingly, the operating results of TWA LLC are included in the accompanying condensed consolidated financial statements for the three and six month periods ended June 30, 2002 whereas for 2001 the results of TWA LLC were included only for the period April 10, 2001 through June 30, 2001. When utilized in this report, all references to American Airlines, Inc. include the operations of TWA LLC since April 10, 2001 (collectively, American). Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. 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, 2001 ("2001 Form 10-K").

2.Accumulated depreciation of owned equipment and property at June 30, 2002 and December 31, 2001 was \$9 billion and \$8.9 billion, respectively. Accumulated amortization of equipment and property under capital leases at June 30, 2002 and December 31, 2001 was approximately \$1.1 billion and \$1.2 billion, respectively.

3.The following table provides unaudited pro forma consolidated results of operations, assuming the acquisition of TWA had occurred as of January 1, 2001 (in millions, except per share amounts):

Six Months Ended
June 30, 2001

Operating revenues	\$ 11,210
Net loss	(557)
Loss per share	\$ (3.62)

The unaudited pro forma consolidated results of operations have been prepared for comparative purposes only. These amounts are not indicative of the combined results that would have occurred had the transaction actually been consummated on the date indicated above and are not indicative of the consolidated results of operations which may occur in the future.

4.As discussed in the notes to the consolidated financial statements included in the Company's 2001 Form 10-K, 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 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.

AMR CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

In addition, the Company is subject to environmental issues at various other airport and non-airport locations. Management believes, after considering a number of factors, that the ultimate disposition of these environmental issues is not expected to materially affect the Company's consolidated financial position, results of operations or cash flows. Amounts recorded for environmental issues are based on the Company's current assessments of the ultimate outcome and, accordingly, could increase or decrease as these assessments change.

5. As of June 30, 2002, the Company had commitments to acquire the following aircraft: 47 Boeing 737-800s, 11 Boeing 777-200ERs, nine Boeing 767-300ERs, 109 Embraer regional jets and 20 Bombardier CRJ-700s. Deliveries of these aircraft are scheduled to continue through 2008. Payments for these aircraft are expected to be approximately \$505 million during the remainder of 2002, \$1.5 billion in 2003, \$1.1 billion in 2004 and an aggregate of approximately \$2.1 billion in 2005 through 2008.

6. During the six month period ended June 30, 2002, American and AMR Eagle borrowed approximately \$626 million under various debt agreements which are secured by aircraft. Effective interest rates on these agreements are based on London Interbank Offered Rate plus a spread and mature over various periods of time through 2018.

In March 2002, the Regional Airports Improvement Corporation issued facilities sublease revenue bonds at the Los Angeles International Airport to provide reimbursement to American for certain facility construction costs. The proceeds of approximately \$225 million provided to American have been recorded as long-term debt on the condensed consolidated balance sheets. These obligations bear interest at fixed rates, with an average rate of 7.88 percent, and mature over various periods of time, with a final maturity in 2024.

7. Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended (SFAS 133). SFAS 133 required the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges are adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. The adoption of SFAS 133 did not result in a cumulative effect adjustment being recorded to net income for the change in accounting. However, the Company recorded a transition adjustment of approximately \$64 million in Accumulated other comprehensive loss in the first quarter of 2001.

In addition, 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. During the first quarter of 2002, the Company completed its impairment analysis for route acquisition costs in accordance with SFAS 142. The analysis did not result in an impairment charge. During the second quarter of 2002, the Company completed the first step of its impairment analysis related to its \$1.4 billion of goodwill and determined the Company's net book value to be in excess of the Company's fair market value at January 1, 2002, using AMR as the reporting unit for purposes of the fair value determination. As a result, the Company is in the process of completing the second step of the impairment analysis which will

allocate the newly determined fair value of AMR to each of its assets and liabilities. This allocation is expected to be completed during the third or fourth quarter of 2002 and will likely result in the Company recording a one-time, non-cash pre-tax charge of up to \$1.4 billion to write-down AMR's goodwill. Such charge would be nonoperational in nature and would be reflected as a cumulative effect of an accounting change in the consolidated statements of operations.

AMR CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

The following table provides information relating to the Company's amortized intangible assets as of June 30, 2002 (in millions):

	Cost	Accumulated Amortization	Net Book Value
Amortized intangible assets:			
Airport operating rights	\$ 516	\$ 168	\$ 348
Gate lease rights	209	76	133
Total	\$ 725	\$ 244	\$ 481

Airport operating and gate lease rights are being amortized on a straight-line basis over 25 years to a zero residual value. For the three and six month period ended June 30, 2002, the Company recorded amortization expense of approximately \$6 million and \$15 million, respectively, related to these intangible assets. The Company expects to record annual amortization expense of approximately \$29 million in each of the next five years related to these intangible assets.

The pro forma effect of discontinuing amortization of goodwill and route acquisition costs under SFAS 142 - assuming the Company had adopted this standard as of January 1, 2001 - results in an adjusted net loss of approximately \$494 million, or \$3.21 per share, and approximately \$530 million, or \$3.45 per share, respectively, for the three and six month periods ended June 30, 2001.

8. In conjunction with the acquisition of certain assets from TWA, coupled with revisions to the Company's fleet plan to accelerate the retirement dates of its Fokker 100, Saab 340 and ATR 42 aircraft, during the second quarter of 2001 the Company determined these aircraft were impaired under Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" (SFAS 121). As a result, during the second quarter of 2001, the Company recorded an asset impairment charge of approximately \$685 million relating to the write-down of the carrying value of 71 Fokker 100 aircraft, 74 Saab 340 aircraft and 20 ATR 42 aircraft and related rotables to their estimated fair market values which is included in Special charges on the accompanying consolidated statements of operations. Management estimated the undiscounted future cash flows utilizing models used by the Company in making fleet and scheduling decisions. In determining the fair market value of these aircraft, the Company considered outside third party appraisals and recent transactions involving sales of similar aircraft. As a result of the writedown of these aircraft to fair market value, as well as the acceleration of the retirement dates and changes in salvage values, depreciation and amortization will decrease by approximately \$18 million on an annualized basis.

9. 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 June 30, 2002 and 2001, comprehensive loss was \$496 million and \$511 million, respectively. In addition, for the six months ended June 30, 2002 and 2001, comprehensive loss was \$996 million and \$480 million, respectively. The difference between net loss and comprehensive loss is due primarily to the accounting for the Company's derivative financial instruments under SFAS 133. In addition, the six month period ended June 30, 2001 includes the

cumulative effect of the adoption of SFAS 133.

During the second quarter of 2002, the Company discontinued entering into new foreign exchange currency put option agreements. The fair value of the Company's remaining foreign currency put option agreements was not material as of June 30, 2002, and all of these agreements will expire by September 30, 2002.

6

9

AMR CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Numerator:				
Net loss - numerator for basic and diluted loss per share	\$ (495)	\$ (507)	\$ (1,070)	\$ (550)
Denominator:				
Denominator for basic and diluted loss per share - weighted-average shares	155	154	155	154
Basic and diluted loss per share	\$ (3.19)	\$ (3.29)	\$ (6.90)	\$ (3.58)

For the three and six months ended June 30, 2002, approximately five million and seven million potential dilutive shares, respectively, were not added to the denominator because inclusion of such shares would be antidilutive as compared to approximately 14 million shares for the three and six months ended June 30, 2001.

7

10

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

RESULTS OF OPERATIONS

For the Three Months Ended June 30, 2002 and 2001

Summary AMR Corporation's (AMR or the Company) net loss during the second quarter of 2002 was \$495 million, or \$3.19 per share, as compared to a net loss of \$507 million, or \$3.29 per share for the same period in 2001. AMR's operating loss of \$601 million decreased by \$159 million compared to the same period in 2001. The Company's 2002 results continue to be adversely impacted by the September 11, 2001 terrorist attacks and the resulting effect on the economy and the air transportation industry. On April 9, 2001, Trans World Airlines LLC (TWA LLC, a wholly owned subsidiary of AMR) purchased substantially all of the assets and assumed certain liabilities of Trans World Airlines, Inc. (TWA). Accordingly, the operating results of TWA LLC are included in the accompanying condensed consolidated financial statements for the three month period ended June 30, 2002 whereas for 2001 the results of TWA LLC were included only for the period April 10, 2001 through June 30, 2001. All references to American Airlines, Inc. include the operations of TWA LLC since April 10, 2001 (collectively, American). AMR's second quarter 2001 results include: (i) a \$685 million charge (\$430 million after-tax, or \$2.79 per share) related to the writedown of the carrying value of its Fokker 100, Saab 340 and ATR-42 aircraft and related rotables in accordance with SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (see footnote 8 to the condensed consolidated financial statements), and (ii) a \$45 million gain (\$29 million after-tax, or \$0.19 per share) from the settlement of a legal matter related to the Company's 1999 labor disruption.

Although traffic has continued to increase on significantly reduced capacity since the events of September 11, 2001, the Company's second quarter 2002 revenues were down significantly quarter-over-quarter.

In addition to the residual effects of September 11, the Company's revenues continue to be negatively impacted by the economic slowdown, seen largely in business travel declines, the geographic distribution of the Company's network and reduced fares. In total, the Company's revenues decreased \$1,104 million, or 19.8 percent, in the second quarter of 2002 as compared to the same period last year. American's passenger revenues decreased by 19.3 percent, or \$898 million in the second quarter of 2002 from the same period in 2001. American's domestic revenue per available seat mile (RASM) decreased 11.9 percent, to 8.47 cents, on a capacity decrease of 8 percent, to 32 billion available seat miles (ASMs). International RASM decreased to 8.67 cents, or 5 percent, on a capacity decrease of 16.2 percent. The decrease in international RASM was due to an 8.6 percent and 3.1 percent decrease in Latin American and European RASM, respectively, slightly offset by a 3.2 percent increase in Pacific RASM. The decrease in international capacity was driven by a 33.9 percent, 16.2 percent and 12.3 percent reduction in Pacific, European and Latin American ASMs, respectively.

AMR Eagle's passenger revenues decreased 15.9 percent, or \$65 million. AMR Eagle's traffic increased 2.8 percent while capacity decreased 5 percent, to approximately 1.6 billion ASMs. As with American, the decrease in AMR Eagle's revenues was due primarily to the continued impact of the September 11, 2001 terrorist attacks and the economic slowdown.

Cargo revenues decreased \$48 million, or 25.3 percent, primarily due to the same reasons as noted above.

Other revenues decreased 27.4 percent, or \$93 million, due primarily to decreases in contract maintenance work that American performs for other airlines, and decreases in codeshare revenue and employee travel service charges.

8

11

RESULTS OF OPERATIONS (Continued)

The Company's operating expenses decreased 19.9 percent, or \$1,263 million. American's cost per ASM increased 0.5 percent to 10.78 cents, excluding the impact of the second quarter 2001 asset impairment charge. Wages, salaries and benefits remained flat quarter-over-quarter, reflecting (i) a decrease in the average number of equivalent employees, somewhat offset by higher salaries, and (ii) increases in the Company's pension and health insurance costs, the latter reflecting rapidly rising medical care and prescription drug costs. Aircraft fuel expense decreased 22.1 percent, or \$186 million, due primarily to an 11.6 percent decrease in the Company's fuel consumption and a 9.4 percent decrease in the Company's average price per gallon of fuel. Food service decreased 17.4 percent, or \$38 million, due primarily to the Company's reduced operating schedule and change in level of food service. Commissions to agents decreased 40.4 percent, or \$105 million, due primarily to a 19.1 percent decrease in passenger revenues and commission structure changes implemented in March 2002. Special charges of \$685 million related to the writedown of the carrying value of the Company's Fokker 100, Saab 340 and ATR-42 aircraft and related rotables during the second quarter of 2001 (see footnote 8 to the condensed consolidated financial statements). Other operating expenses decreased 19.3 percent, or \$196 million, due primarily to decreases in contract maintenance work that American performs for other airlines, and decreases in travel and incidental costs, credit card and booking fees, advertising and promotion costs, and data processing expenses, which were partially offset by higher insurance and security costs.

Other income (expense) increased \$86 million due to the following: Interest income decreased 25 percent, or \$6 million, due primarily to decreases in interest rates. Interest expense increased \$32 million, or 24.2 percent, resulting primarily from the increase in the Company's long-term debt. Interest capitalized decreased \$16 million, or 42.1 percent, due primarily to a decrease in purchase deposits for flight equipment. Miscellaneous-net decreased 86.5 percent, or \$32 million, due primarily to a \$45 million gain recorded during the second quarter of 2001 from the settlement of a legal matter related to the Company's 1999 labor disruption.

The effective tax rate for the three months ended June 30, 2002 was impacted by a \$30 million charge resulting from a provision in Congress' economic stimulus package that changes the period for carrybacks of net operating losses (NOLs). This change allows the Company to carry back 2001 and 2002 NOLs for five years, rather than two years under the existing 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.

9

12
RESULTS OF OPERATIONS (Continued)

OPERATING STATISTICS	Three Months Ended June 30,	
	2002	2001
American Airlines		
Revenue passenger miles (millions)	31,379	35,188
Available seat miles (millions)	43,958	49,044
Cargo ton miles (millions)	518	610
Passenger load factor	71.4%	71.7%
Breakeven load factor (*)	86.4%	74.0%
Passenger revenue yield per passenger mile (cents)	11.94	13.20
Passenger revenue per available seat mile (cents)	8.52	9.47
Cargo revenue yield per ton mile (cents)	27.21	30.89
Operating expenses per available seat mile (cents) (*)	10.78	10.73
Fuel consumption (gallons, in millions)	808	922
Fuel price per gallon (cents)	75.5	83.3
Fuel price per gallon, excluding fuel taxes (cents)	70.0	78.0
Operating aircraft at period-end	828	904
AMR Eagle		
Revenue passenger miles (millions)	1,059	1,030
Available seat miles (millions)	1,596	1,680
Passenger load factor	66.4%	61.3%
Operating aircraft at period-end	281	271

(*) Excludes the impact of Special charges

Operating aircraft at June 30, 2002, included:

American Airlines Aircraft		AMR Eagle Aircraft	
Airbus A300-600R	34	ATR 42	28
Boeing 737-800	77	Bombardier CRJ-700	5
Boeing 757-200	151	Embraer 135	40
Boeing 767-200	8	Embraer 140	30
Boeing 767-200 Extended Range	21	Embraer 145	56
Boeing 767-300 Extended Range	58	Super ATR	42
Boeing 777-200 Extended Range	43	Saab 340B	55
Fokker 100	74	Saab 340B Plus	25
McDonnell Douglas MD-80	362	Total	281
Total	828		

The average aircraft age for American's aircraft is 10 years and 6.6 years for AMR Eagle aircraft.

In addition, the following owned and leased aircraft were not operated by the Company as of June 30, 2002: 29 owned Boeing 727-200s, 24 operating leased Boeing 717-200s, 13 operating leased McDonnell Douglas DC-9s, eight owned McDonnell Douglas DC-10-10s, four operating leased McDonnell Douglas MD-80s, and 15 capital leased and two owned Saab 340Bs.

10

RESULTS OF OPERATIONS (Continued)

For the Six Months Ended June 30, 2002 and 2001

Summary AMR's net loss for the six months ended June 30, 2002 was \$1,070 million, or \$6.90 per share, as compared to a net loss of \$550 million, or \$3.58 per share, for the same period in 2001. AMR's operating loss for the six months ended June 30, 2002 was \$1,330 million, compared to an operating loss of \$764 million for the same period in 2001. The Company's 2002 results continue to be adversely impacted by the September 11, 2001 terrorist attacks and the resulting effect on the economy and the air transportation industry. On April 9, 2001, TWA LLC purchased substantially all of the assets and assumed certain liabilities of TWA. Accordingly, the operating results of TWA LLC are included in the accompanying condensed consolidated financial statements for the six month period ended June 30, 2002 whereas for 2001 the results of TWA LLC were included only for the period April 10, 2001 through June 30, 2001. In addition, AMR's 2001 results include: (i) a \$685 million charge (\$430 million after-tax, or \$2.79 per share) related to the writedown of the carrying value of its Fokker 100, Saab 340 and ATR-42 aircraft and related rotables, and (ii) a \$45 million gain (\$29 million after-tax, or \$0.19 per share) from the settlement of a legal matter related to the Company's 1999 labor disruption.

Although traffic has continued to increase on significantly reduced capacity since the events of September 11, 2001, the Company's 2002 revenues were down significantly year-over-year. In addition to the residual effects of September 11, the Company's revenues continue to be negatively impacted by the economic slowdown, seen largely in business travel declines, the geographic distribution of the Company's network and reduced fares. In total, the Company's revenues decreased \$1,728 million, or 16.7 percent, in 2002 versus the same period in 2001. American's passenger revenues decreased by 15.7 percent, or \$1,349 million in 2002 as compared to the same period in 2001. American's domestic RASM decreased 13.4 percent, to 8.58 cents, on a capacity decrease of 0.4 percent, to 61.3 billion ASMs. International RASM decreased to 8.67 cents, or 7.7 percent, on a capacity decrease of 14 percent. The decrease in international RASM was due to a 10.2 percent and 7.9 percent decrease in Latin American and European RASM, respectively, slightly offset by a 5.6 percent increase in Pacific RASM. The decrease in international capacity was driven by a 36.4 percent, 15.2 percent and 8.2 percent reduction in Pacific, European and Latin American ASMs, respectively.

AMR Eagle's passenger revenues decreased 14.9 percent, or \$114 million. AMR Eagle's traffic increased 4.7 percent while capacity decreased 3.2 percent, to approximately 3.2 billion ASMs. As with American, the decrease in AMR Eagle's revenues was due primarily to the continued impact of the September 11, 2001 terrorist attacks and the economic slowdown.

Cargo revenues decreased \$90 million, or 24.6 percent, primarily due to the same reasons as noted above.

Other revenues decreased 27.6 percent, or \$175 million, due primarily to decreases in contract maintenance work that American performs for other airlines, and decreases in codeshare revenue and employee travel service charges.

RESULTS OF OPERATIONS (Continued)

The Company's operating expenses decreased 10.5 percent, or approximately \$1,162 million. American's cost per ASM increased by 0.5 percent to 11.03 cents, excluding the impact of the second quarter 2001 asset impairment charge. Wages, salaries and benefits increased 8.6 percent, or \$334 million, reflecting (i) a decrease in the average number of equivalent employees, somewhat offset by higher average salaries, and (ii) increases in the Company's pension and health insurance costs, the latter reflecting rapidly rising medical care and prescription drug costs. Aircraft fuel expense decreased 23.6 percent, or \$366 million, due primarily to a 16.1 percent decrease in the Company's average price per gallon of fuel and a 6.1 percent decrease

in the Company's fuel consumption. Aircraft rentals increased \$66 million, or 17.6 percent, due primarily the addition of TWA aircraft. Food service decreased 12.9 percent, or \$52 million, due primarily to the Company's reduced operating schedule and change in level of food service. Commissions to agents decreased 34.7 percent, or \$168 million, due primarily to a 15.7 percent decrease in passenger revenues and commission structure changes implemented in March 2002. Special charges of \$685 million related to the writedown of the carrying value of the Company's Fokker 100, Saab 340 and ATR-42 aircraft and related rotables during the second quarter of 2001. Other operating expenses decreased 15.4 percent, or \$296 million, due primarily to decreases in contract maintenance work that American performs for other airlines, and decreases in travel and incidental costs, credit card and booking fees, advertising and promotion costs, and data processing expenses, which were partially offset by higher insurance and security costs.

Other income (expense) increased \$167 million due to the following: Interest income decreased 43.8 percent, or \$28 million, due primarily to decreases in interest rates. Interest expense increased \$79 million, or 31.5 percent, resulting primarily from the increase in the Company's long-term debt. Interest capitalized decreased \$35 million, or 44.3 percent, due primarily to a decrease in purchase deposits for flight equipment. Miscellaneous-net decreased \$25 million due primarily to a \$45 million gain recorded during the second quarter of 2001 from the settlement of a legal matter related to the Company's 1999 labor disruption and the write-down of certain investments held by the Company during the first quarter of 2001.

The effective tax rate for the six months ended June 30, 2002 was impacted by a \$57 million charge resulting from a provision in Congress' economic stimulus package that changes the period for carrybacks of NOLs. This change allows the Company to carry back 2001 and 2002 NOLs for five years, rather than two years under the existing 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.

12

15

RESULTS OF OPERATIONS (Continued)

OPERATING STATISTICS	Six Months Ended June 30,	
	2002	2001
American Airlines		
Revenue passenger miles (millions)	59,197	61,640
Available seat miles (millions)	84,047	88,021
Cargo ton miles (millions)	981	1,159
Passenger load factor	70.4%	70.0%
Breakeven load factor (*)	86.9%	71.3%
Passenger revenue yield per passenger mile (cents)	12.22	13.92
Passenger revenue per available seat mile (cents)	8.60	9.75
Cargo revenue yield per ton mile (cents)	27.93	31.27
Operating expenses per available seat mile (cents) (*)	11.03	10.97
Fuel consumption (gallons, in millions)	1,553	1,664
Fuel price per gallon (cents)	71.5	85.2
Fuel price per gallon, excluding fuel taxes (cents)	66.0	79.8
AMR Eagle		
Revenue passenger miles (millions)	1,978	1,890
Available seat miles (millions)	3,163	3,268
Passenger load factor	62.5%	57.8%

(*) Excludes the impact of Special charges

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities in the six month period ended June 30, 2002 was \$86 million, a decrease of \$799 million over the same period in 2001, due primarily to an increase in the Company's net loss. Included in net cash provided by operating activities during

the first six months of 2002 was approximately \$658 million received by the Company as a result of the utilization of its 2001 NOL's. Capital expenditures for the first six months of 2002 were \$1,113 million, and included the acquisition of seven Boeing 757-200s, three Boeing 777-200ERs, 15 Embraer 140s and four Bombardier CRJ-700 aircraft. These capital expenditures were financed primarily through secured mortgage and debt agreements. Proceeds from the sale of equipment and property of \$162 million include the proceeds received upon delivery of three McDonnell Douglas MD-11 aircraft to FedEx.

As of June 30, 2002, the Company had commitments to acquire the following aircraft: 47 Boeing 737-800s, 11 Boeing 777-200ERs, nine Boeing 767-300ERs, 109 Embraer regional jets and 20 Bombardier CRJ-700s. Deliveries of these aircraft are scheduled to continue through 2008. Payments for these aircraft are expected to be approximately \$505 million during the remainder of 2002, \$1.5 billion in 2003, \$1.1 billion in 2004 and an aggregate of approximately \$2.1 billion in 2005 through 2008.

In June 2002, Standard & Poor's downgraded the credit ratings of AMR and American, and the credit ratings of a number of other major airlines. The long-term credit ratings of AMR and American were removed from Standard & Poor's Credit Watch with negative implications and were given a negative outlook. Any additional reductions in AMR's or American's credit ratings could result in increased borrowing costs to the Company and might limit the availability of future financing needs.

13

16

In addition to the Company's approximately \$2.6 billion in cash and short-term investments as of June 30, 2002, the Company has available a variety of future financing sources, including, but not limited to: (i) the receipt of the remainder of the U.S. Government grant authorized by the Air Transportation Safety and System Stabilization Act (the Act), which is estimated to be in excess of \$40 million, (ii) additional secured aircraft debt, (iii) the availability of the Company's \$1 billion credit facility, (iv) sale-leaseback transactions of owned property, including aircraft and real estate, (v) the recovery of past federal income taxes paid as a result of a provision in the recently passed economic stimulus package regarding NOL carrybacks, (vi) tax-exempt borrowings for airport facilities, (vii) securitization of future operating receipts, and (viii) unsecured borrowings. No assurance can be given that any of these financing sources will be available on terms acceptable to the Company. However, the Company believes it will meet its current financing needs.

Pursuant to the Act, the Government made available to air carriers, subject to certain conditions, up to \$10 billion in federal government guarantees of certain loans. American did not seek such loan guarantees.

OTHER INFORMATION

As a result of the September 11, 2001 events, aviation insurers have significantly reduced the maximum amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war-risk coverage). At the same time, they significantly increased the premiums for such coverage as well as for aviation insurance in general. Pursuant to authority granted in the Act, the Government has supplemented the commercial war-risk insurance until August 17, 2002 with a third party liability policy to cover losses to persons other than employees or passengers for renewable 60-day periods. In the event the insurance carriers reduce further the amount of insurance coverage available or the Government fails to renew war-risk insurance, the Company's operations and/or financial position, results of operations or cash flows would be adversely impacted.

As discussed in the Company's 2001 Form 10-K, a provision in the current Allied Pilots Association (APA) contract freezes the number of ASMs and block hours flown on American's two letter marketing code by American's regional carrier partners when American pilots are on

furlough (the ASM cap). As AMR Eagle continues to accept previously ordered regional jets, this ASM cap would be reached sometime in 2002, necessitating actions to insure compliance with the ASM cap. American is working with its regional partners to accomplish this. Actions currently being taken and considered by AMR Eagle to reduce its capacity are discussed in the Company's 2001 Form 10-K. In addition, American is removing its code from flights of the AmericanConnection carriers, which are independent carriers that provide feed to American's St. Louis hub. American believes that the combination of these actions will enable it to comply with this ASM cap through 2002 and for sometime beyond.

In addition, another provision in the current APA contract limits the total number of regional jets with more than 44 seats flown under the American code by American's regional carrier partners to 67 aircraft. Similar to the above, as AMR Eagle continues to accept previously ordered Bombardier CRJ aircraft, this cap would be reached in early 2003. In order to ensure American remains in compliance with this provision, AMR Eagle has reached an agreement in principle to dispose of 14 Embraer 145 aircraft. Ultimately, these airplanes will be acquired by Trans States Airlines, an AmericanConnection carrier. Trans States Airlines will operate these aircraft under its two letter airline code and expects to deploy these aircraft at its St. Louis hub where it feeds American. The potential transaction still requires the consent of certain third parties, including the companies financing these aircraft, and is subject to the negotiation of final documentation.

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. During the first quarter of 2002, the Company completed its impairment analysis for route acquisition costs in accordance with SFAS 142. The analysis did not result in an impairment charge. During the second quarter of 2002, the Company completed the first step of its impairment analysis related to its \$1.4 billion of goodwill and determined the Company's net book value to be in excess of the Company's fair market value at January 1, 2002, using AMR as the reporting unit for purposes of the fair value determination. As a result, the Company is in the process of completing the second step of the impairment analysis which will allocate the newly determined fair value of AMR to each of its assets and liabilities. This allocation is expected to be completed during the third or fourth quarter of 2002 and will likely result in the Company recording a one-time, non-cash pre-tax charge of up to \$1.4 billion to write-down AMR's goodwill. Such charge would be nonoperational in nature and would be reflected as a cumulative effect of an accounting change in the consolidated statements of operations.

17
OUTLOOK

Capacity for American is expected to be down approximately two percent in the third quarter of 2002 compared to last year's third quarter levels. AMR Eagle's third quarter capacity will be down about one percent from last year's levels. For the third quarter of 2002, the Company expects traffic to be about flat as compared to last year's third quarter levels. Pressure to reduce costs will continue, although the Company will continue to see higher benefit and security costs, increased insurance premiums, and greater interest expense. However, the Company expects to see a slight decrease in fuel prices as compared to the third quarter of 2001 and the continued decline in commission expense due to the commission changes implemented earlier in 2002. In total, American's unit costs, excluding special charges, for the third quarter of 2002 are expected to be down approximately 3.5 percent from last year's third quarter level. Notwithstanding the expected decrease in unit costs however, given the revenue pressures seen in the first half of the year and expected to continue into the third quarter, the Company expects to incur a sizable loss in the third quarter and a significant loss for 2002.

In response to these financial challenges, the Company has undertaken a comprehensive review of its business to better align its cost

structure with the current revenue environment, aimed at improving productivity, simplifying operations and reducing costs. The Company has begun to implement certain of these changes, including a fleet simplification program, adjustments to its operating schedule and increased airport automation, and will continue to refine its business throughout the coming months.

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. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the 2001 Form 10-K.

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 2001 Form 10-K.

15

18

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 monies 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, an adverse court decision could impose restrictions on the Company's relationships with travel agencies which restrictions 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. 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. The parties have submitted briefs to the 10th Circuit Court of Appeals, which has scheduled the case for oral argument on September 23, 2002. 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. 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., No. 7:00 CV 123-BR(1), 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 the other defendant airlines conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 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. Trial is set for April 29, 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.

16

19

Item 1. Legal Proceedings (Continued)

On April 26, 2002, six travel agencies filed an action 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, which is styled Albany Travel Co., et al. v. Orbitz, LLC, et al., No. 02-3459 (ER) (AJW)x. 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 May 13, 2002, the named plaintiffs in Always Travel, et. al. v. Air Canada, et. al., No. T757-027, 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, but no class has yet been certified. 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.

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.

17

20

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

The owners of 138,215,811 shares of common stock, or 89 percent of shares outstanding, were represented at the annual meeting of stockholders on May 15, 2002 at the American Airlines Training & Conference Center, Flagship Auditorium, 4501 Highway 360 South, Fort Worth, Texas.

Elected as directors of the Corporation, each receiving a minimum of 135,637,573 votes were:

John W. Bachmann	Ann McLaughlin Korologos
David L. Boren	Michael A. Miles
Edward A. Brennan	Philip J. Purcell
Donald J. Carty	Joe M. Rodgers
Armando M. Codina	Judith Rodin
Earl G. Graves	Roger T. Staubach

Stockholders ratified the appointment of Ernst & Young LLP as independent auditors for the Corporation for 2002. The vote was 132,769,970 in favor; 4,927,896 against; and 517,945 abstaining.

A stockholder proposal to recommend that the Company affirm its political non-partisanship - submitted by Mrs. Evelyn Y. Davis - was defeated. The vote was 18,069,575 in favor; 95,602,793 against; 2,449,216 abstaining; and 22,094,227 non-voting.

A stockholder proposal relating to increasing the Board of Directors independence by nominating only independent directors to key board committees - submitted by Mr. John Chevedden - was defeated. The vote was 11,207,257 in favor; 102,829,057 against; 2,085,270 abstaining; and 22,094,227 non-voting.

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are included herein:

3.1 Bylaws of AMR Corporation, amended as of April 2, 2002.

10.1 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Roger T. Staubach.

- 10.2 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Edward A. Brennan.
- 10.3 Deferred Compensation Agreement, dated as of January 14, 2002 between AMR and Joe M. Rodgers.
- 10.4 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Judith Rodin.
- 10.5 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and John W. Bachmann.
- 10.6 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Armando M. Codina.
- 10.7 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Philip J. Purcell.
- 10.8 American Airlines, Inc. 2002 Employee Profit Sharing Plan.
- 10.9 American Airlines, Inc. 2002 Incentive Compensation Plan for Officers and Key Employees.
- 10.10 AMR Corporation 2002-2004 Performance Share Plan for Officers and Key Employees under the 1998 Long-Term Incentive Plan, as amended.

18

21

Item 6. Exhibits and Reports on Form 8-K (continued)

- 10.11 AMR Corporation 2002-2004 Performance Share Program Deferred Stock Award Agreement under the 1998 Long-Term Incentive Plan, as amended.
- 10.12 Current form of Stock Option Agreement under the 1998 Long-Term Incentive Plan, as amended.
- 12 Computation of ratio of earnings to fixed charges for the three and six months ended June 30, 2002 and 2001.

Form 8-Ks filed under Item 5 - Other Events

On June 13, 2002, AMR filed a report on Form 8-K relating to a press release issued by American to announce the appointment of Jeffrey C. Campbell as Senior Vice President and Chief Financial Officer of the Company.

On June 19, 2002, AMR filed a report on Form 8-K to provide updated monthly guidance on unit cost, fuel, traffic and capacity for the months of May through August 2002.

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

On April 4, 2002, AMR furnished a report on Form 8-K to announce AMR's intent to host a conference call on April 17, 2002 with the financial community relating to its first quarter 2002 earnings.

On May 31, 2002, AMR furnished a report on Form 8-K to provide updated monthly guidance on unit cost, fuel, traffic and capacity for the months of March through July 2002.

On June 5, 2002, AMR furnished a report on Form 8-K to provide information regarding a presentation by Don Carty, Chairman and CEO of AMR, at the Merrill Lynch Global Transportation Conference.

Signature

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

AMR CORPORATION

Date: July 19, 2002

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

AMR CORPORATION

BYLAWS

(As amended April 2, 2002)

ARTICLE I

Offices

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

ARTICLE II

Meetings of Stockholders

Section 1. Annual Meetings. An annual meeting of stockholders to elect directors and to take action upon such other matters as may properly come before the meeting shall be held on the third Wednesday in May of each year, or on such other day, and at such time and at such place, within or without the State of Delaware, as the board of directors or the chairman of the board may from time to time fix.

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

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

Section 3. Nominees For Election As Director. Nominations for election as director, other than those made by or

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

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

2

3

be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty days or a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

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

Section 6. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or

persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

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

If holders of the requisite number of shares to constitute a quorum shall not be present in person or represented by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from

3

4

time to time until a quorum shall be present or represented. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

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

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

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

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

(d) Elections of directors shall be by ballot but the

vote upon any other question shall be by ballot only if so ordered by the chairman of the meeting or if so requested by stockholders, present in person or represented by proxy, entitled to vote on the question and holding at least 10% of the shares so entitled to vote.

Section 9. Action By Written Consent. Any stockholder seeking to act by written consent of stockholders shall notify the secretary in writing of such intent and shall request the board of directors to fix a record date for determining the stockholders entitled to vote by consent. The notice shall specify the actions sought to be taken and, if the election of one or more individuals

4

5

as director is sought, shall include as to each nominee the information required to be included in a proxy statement under the proxy rules of the Securities and Exchange Commission. Such record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors.

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

law, the record date for determining stockholders entitled to vote by consent shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action.

Section 10. List of Stockholders. At least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the

5

6

name of each stockholder shall be prepared. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

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

election in place of any so failing to attend or refusing or unable to serve, shall be appointed by the board of directors, the stockholders at the meeting, the chairman of the board or the president.

6

7

ARTICLE III

Directors: Number, Election, Etc.

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

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

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

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

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

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ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the board of directors shall be held at the principal office of the corporation, or at such other place (within or without the State of Delaware), and at such time, as may from time to time be prescribed by the board of directors or stockholders. A regular annual meeting of the board of directors for the election of officers and the transaction of other business shall be held on the same day as the annual meeting of the stockholders or on such other day and at such time and place as the board of directors shall determine. No notice need be given of any regular meeting.

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

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

Section 4. Action Without Meeting. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of

directors or of any committee thereof may be taken without a meeting if all members of the board of directors or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the board of directors or of such committee.

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

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

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

ARTICLE V

Powers of the Board of Directors

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

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ARTICLE VI

Committees

Section 1. Executive Committee. The board of directors may, by resolution passed by a majority of the whole board, designate an executive committee, to consist of three or more members. The chief executive officer plus one other member of the executive committee shall constitute a quorum.

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

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

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

Section 3. Compensation/Nominating Committee. The board of directors may, by resolution passed by a majority of the

whole board, designate a compensation/nominating committee, to consist of three or more members of the board of directors, except that no member of the compensation/nominating committee may (i) be an employee or officer of the corporation or (ii) maintain a relationship with the Corporation that would cause such member to be ineligible for membership on the compensation/nominating

committee pursuant to rules or regulations adopted by the Securities and Exchange Commission, the Internal Revenue Service or any other governmental agency. A majority of the members of the compensation/nominating committee shall constitute a quorum.

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

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

The governance committee shall make recommendations to the board of directors concerning the practices and procedures

11

12

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

Section 5. Committee Procedure, Seal.

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

(b) The executive, compensation/nominating, governance,

and audit committees may each authorize the seal of the corporation to be affixed to all papers which may require it.

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

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

ARTICLE VII

Indemnification

Section 1. Nature of Indemnity. The corporation shall indemnify any person who was or is a party or is threatened to be

12

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made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was or has agreed to become a director or officer of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action by reason of the fact that he is or was or has agreed to become an employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred

by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful; except that in the case of an action or suit by or in the right of the corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

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

Section 2. Successful Defense. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 hereof or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. Determination That Indemnification Is Proper.

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

(b) Any indemnification of an employee or agent of the corporation (who is not also a director or officer of the

14

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corporation) under Section 1 hereof (unless ordered by a court) may be made by the corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 hereof. Such determination, in the case of an employee or agent, may be made (1) in accordance with the procedures outlined in the second sentence of Section 3(a), or (2) by an officer of the corporation, upon delegation of such authority by a majority of the Board of Directors.

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

authorize the corporation's counsel to represent a director, officer, employee or agent in any action, suit or proceeding, whether or not the corporation is a party to such action, suit or proceeding.

Section 5. Procedure for Indemnification of Directors or Officers. Any indemnification of a director or officer of the corporation under Sections 1 and 2, or advance of costs, charges and expenses of a director or officer under Section 4 of this Article, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer. If the corporation fails to respond within 60 days, then the request for indemnification shall be deemed to be approved. The right to indemnification or advances as granted by this Article shall be enforceable by the director or officer in any court of competent jurisdiction if the corporation denies such request, in whole or

15

16

in part. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 4 of this Article where the required undertaking, if any, has been received by the corporation) that the claimant has not met the standard of conduct set forth in Section 1 of this Article, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors or a committee thereof, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 of this Article, nor the fact that there has been an actual determination by the corporation (including its board of directors or a committee thereof, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant

has not met the applicable standard of conduct.

Section 6. Survival; Preservation of Other Rights.

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

16

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

Section 7. Insurance. The corporation shall

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

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

17

18

ARTICLE VIII

Officers

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

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

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

Section 4. Compensation. The compensation of

officers of the corporation shall be fixed, from time to time, by the board of directors.

Section 5. Vacancy. In case any office becomes vacant by death, resignation, retirement, disqualification,

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removal from office, or any other cause, the board of directors may abolish the office (except that of president, secretary and treasurer), elect an officer to fill such vacancy or allow the office to remain vacant for such time as the board of directors deems appropriate.

ARTICLE IX

Duties of Officers

Section 1. Chairman of the Board, Vice-Chairman, President, Chief Operating Officer. The chairman of the board shall be the chief executive officer of the corporation. He shall have general supervisory powers over all other officers, employees and agents of the corporation for the proper performance of their duties and shall otherwise have the general powers and duties of supervision and management usually vested in the chief executive officer of a corporation. The vice-chairman and the chief operating officer shall perform such duties as shall be assigned to each by the board of directors or the chairman of the board. The president shall have the general powers and duties of supervision and management of the corporation as the chairman shall assign. The chairman of the board shall preside at and act as chairman of all meetings of the board of directors. The president shall preside at any meeting of the board of directors in the event of the absence of the chairman of the board. The offices of (a) chairman of the board and president or (b) president and chief operating officer may be filled by the same individual.

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

Section 3. Secretary. The secretary shall record

all proceedings of the meetings of the corporation, its stock

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holders and the board of directors and shall perform such other duties as shall be assigned to him by the board of directors, the chairman of the board, or the president. Any part or all of the duties of the secretary may be delegated to one or more assistant secretaries.

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

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

Section 6. Other Officers' Duties. Each other officer shall perform such duties and have such responsibilities as may be delegated to him by the superior officer to whom he is

made responsible by designation of the chairman of the board or the president.

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21

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

ARTICLE X

Stock

Section 1. Certificates. Certificates of stock of the corporation shall be signed by, or in the name of the corporation by, the chairman of the board, the president or a vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation. If such certificate is countersigned, (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, then any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

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

21

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

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

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

ARTICLE XI

Miscellaneous

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

Section 2. Stockholder Inspection of Books and Records. The board of directors from time to time shall determine whether and to what extent and at what times and places and under

what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of a stockholder and no stockholder shall have any right to inspect any account, book or document of the corporation except as conferred

by statute or authorized by resolution of the board of directors.

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

ARTICLE XII

Amendments to Bylaws

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

December 18, 2001

Mr. Roger T. Staubach
Chairman & CEO
The Staubach Company
15601 Dallas Parkway
Suite 400
Addison, TX 75001

Dear Mr. Staubach:

This will confirm the following agreement relating to the deferral of your director's fees in 2002.

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 January 1, 2002 through December 31, 2002, 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 Marianne Staubach.

2

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:

Roger T. Staubach

Exhibit 10.2

December 18, 2001

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

Dear Ed:

You've elected to defer your retainer and meeting fees for calendar year 2002.

In June 1998, you and the Company entered into an agreement governing the fees you had deferred through that date. That agreement is attached.

I'm assuming you want to continue to defer your fees in accordance with the June 1998 letter. If so, please sign below and return to me. If you want another agreement, please let me know the details and we'll see what we can do.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Deferral of 2002 fees to be in accordance with June 2, 1998 letter:

AGREED: _____
Edward A. Brennan

P.S. I'm enclosing two originals - one to be returned to me and the other for your files.

Attachment

January 14, 2002

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

Dear Joe:

This will confirm the following agreement relating to the deferral of your director's fees in 2002.

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 January 1, 2002 through December 31, 2002, 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. On or before January 31, 2003, 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 November 2002.

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 estate.

2

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:

Joe M. Rodgers

Date

December 18, 2001

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

Dear Judith:

This will confirm the following agreement relating to the deferral of your directors' fees and retainers in 2002:

1. All directors' fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2002 through December 31, 2002, 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. Upon your retirement from the Board of Directors of AMR the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you by multiplying the number of Stock Equivalent Units as of the date of your retirement by the arithmetic mean of the high and low of AMR stock ("fair market value") during the calendar month immediately preceding such retirement date. Such payment will occur within 30 days of your retirement date.

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

2

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

Judith Rodin

Date

December 18, 2001

Mr. John W. Bachmann
Managing Director
Edward Jones
12555 Manchester Road
St. Louis, MO 63131-3279

Dear Mr. Bachmann:

This will confirm the following agreement relating to the deferral of your director's fees in 2002.

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 January 1, 2002 through December 31, 2002, 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 ("fair market value") 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 number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Katharine Bachmann.

2

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:

John W. Bachmann

December 18, 2001

Mr. Armando M. Codina
Chairman
Codina Group, Inc.
355 Alhambra Circle, Suite 900
Coral Gables, FL 33134

Dear Armando:

This will confirm the following agreement relating to the deferral of, and payment of, your directors' fees in 2002:

1. All directors' fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2002, through December 31, 2002, 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. On or before January 31, 2010, all the Stock Equivalent Units will be converted to cash and paid to you by multiplying the number of Stock Equivalent Units as of December 31, 2009, by the arithmetic mean of the high and low of AMR stock ("fair market value") during December 2009.

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

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

Very truly yours,

Charles D. Marlett
Corporate Secretary

Accepted and agreed:

Armando M. Codina

Exhibit 10.7

December 18, 2001

Mr. Philip J. Purcell
Morgan Stanley Dean Witter & Co.
2500 Lake Cook Road
Riverwoods, IL 60015

Dear Mr. Purcell:

This will confirm the following agreement relating to the deferral of your director's fees in 2002.

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 January 1, 2002 through December 31, 2002, 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 ("fair market value") 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 number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Anne Purcell.

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:

Philip J. Purcell

Exhibit 10.8
2002 EMPLOYEE PROFIT SHARING PLAN

Purpose

The purpose of the 2002 American Airlines Employee Profit Sharing Plan ("Plan") is to provide participating employees with a sense of commitment to, and direct financial interest in, the success of American Airlines, Inc.

Definitions

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

"AMR" is defined as AMR Corporation.

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

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

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

"Average Adjusted Investment" is defined as the sum of Adjusted Investment as of 12/31/01, 3/31/02, 6/30/02, and 9/30/02, divided by four.

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

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

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

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

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

"Present Value of Operating Leases" is defined as the present value of the lease payments required under American's aircraft operating leases over the remaining lease term, calculated using the discount rate of Prime plus one percent. Amounts for 3/31/02, 6/30/02, and 9/30/02 are computed by determining the

difference between the Present Value of Operating Leases as of 12/31/02 and 12/31/01 and allocating that difference evenly over the four quarters of 2002.

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

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

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

Eligibility for Participation

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

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

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- Have an adjusted seniority date prior to July 1st of the Plan year. An individual's Qualified Earnings from the time worked at American will be included in the award calculation.
- Be employed at American or an Affiliate at the time awards are paid. If at the time awards are paid under the Plan, an individual has retired from American or an Affiliate, has been laid off, is on a leave of absence with re-instatement rights, is disabled or has died, the award which the individual otherwise would have received under the Plan but for such retirement, lay-off, leave, disability or death may be paid to the individual or his/her estate in the event of death, at the discretion of the Committee.

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

- i) the 2002 American Airlines Incentive Compensation Plan for Officers and Key Employees,
- ii) the Pilot Profit Sharing Plan (as implemented in 1997),
- iii) any incentive compensation, profit sharing, commission or other bonus plan for employees of any division of American, or
- iv) any incentive compensation, profit sharing, commission or other bonus plan sponsored by an Affiliate.

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

The Profit Sharing Fund Accumulation

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

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

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Award Distribution

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

A portion of the Fund will be allocated for eligible international employees (employees other than those in the United States, Puerto Rico and the U.S. Virgin Islands) based on the aggregate of all eligible international employees' Qualified Earnings as a percentage of the aggregate of all eligible employees' total Qualified Earnings. This portion of the Fund will be set aside for distribution at the discretion of the American officer(s) responsible for such international employees, subject only to the Committee's approval.

Administration

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

Method of Payment

The Committee shall determine the method of payment of awards. Subject to the terms of the Plan, awards shall be paid as soon as practicable after audited financial statements for the year 2002 are available.

General

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

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to

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receive payment of such award as may have been expressly determined by the Committee.

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials

shortage, or any other act beyond the control of American, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects American or its Subsidiaries or its Affiliates, the Committee, in its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Committee may deem necessary), or substitute any payments due currently or in the future under the Plan, including, but not limited to, any payments that have accrued to the benefit of participants but have not yet been paid.

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

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

Exhibit 10.9
2002 INCENTIVE COMPENSATION PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2002 American Airlines Incentive Compensation Plan ("Plan") for officers and key employees is to provide greater incentive to officers and key employees of American Airlines, Inc. to achieve the highest level of individual performance and to meet or exceed specified goals which will contribute to the success of American.

Definitions

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

"AMR" is defined as AMR Corporation.

"Aggregate Target Awards" is defined as the arithmetic sum of the Target Awards for all Plan participants.

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

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

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

"Competitors" is defined as Continental Airlines, Delta Air Lines, Northwest Airlines, United Air Lines and US Airways.

"DOT Rank" is defined as American's relative rank with respect to the Competitors in the category of arrivals+14 (A+14) as determined by the U.S. Department of Transportation (DOT). This cumulative ranking is based on DOT's aggregated A+14 data for the period December 1, 2001 through November 30, 2002, inclusive. To the extent that at any point during the year a carrier ceases to participate, it will be excluded from the entire year.

"Engagement Scores" is defined as American's overall engagement score on the employee opinion survey and American's rating versus the National Norm, each reported as a percent annually.

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

"Measure" is defined as Net Income, DOT Rank, Survey America Rank, or Engagement Score.

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

"National Norm" is defined as a national sample of employees in firms with 1,000 or more employees.

"Net Income" is AMR net income including any accounting adjustments or extraordinary or unusual items which may be added or deducted by the Committee.

"Qualified Earnings" is defined as base pay as of December 31 of the Plan year, holiday pay, sick pay, and vacation pay, but does not include such things as travel and incidental expenses, moving expenses, relocation allowance (COLA), payouts from any retirement plan, disability payments, workers compensation payments, imputed income from certain travel service charges or life insurance, or other benefits provided by American, nor does it include any special monetary awards or allowances, lump sum payments, or incentive compensation or profit sharing payments.

"Survey America Rank" is defined as American's relative rank with respect to its Competitors in the categories of "Retained Preference", "Overall Travel Experience", "Overall Ground Service", and "Overall On-Board Services" in the coach cabin as reported in Plog Inc.'s Survey America. The Survey America ranking is based on cumulative data for American and the Competitors for the period October 1, 2001 through September 30, 2002, inclusive. To the extent that at any point during the year a carrier ceases to participate, it will be excluded from the entire year.

"Target Award" is defined as the award (stated as a percentage of Qualified Earnings) for an eligible participant when target levels are achieved on all Measures. The Target Award is determined by the participant's job level.

Eligibility for Participation

In order to be eligible to participate in the Plan, an individual must be an officer or key employee (as designated by American's Chairman and CEO) of American. Additionally, the individual must have been employed by American or an Affiliate as an

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officer or key employee for at least three consecutive months during the Plan year. The three months service requirement may be waived in cases of retirement in accordance with American's then applicable pension plan, prior to completing three months of service.

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

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

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

The Incentive Compensation Fund

The Fund is comprised of three components: financial, employee and customer. The employee and customer components have various Measures (see below). Each Measure has a threshold (performance

below this level earns no award), target and maximum percentage of Aggregate Target Awards that may be earned, as follows:

Component	Threshold	Target	Maximum
Financial	16.50%	66%	132%
Employee	8.50%	17%	34%
Customer	12.75%	17%	34%
Total	37.75%	100%	200%

For each Measure, the Fund will accumulate on a linear basis between each of the points defined in the following tables.

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Financial Measure:

The financial measure is based on Net Income. At a threshold Net Income of \$125 million, the Fund will accumulate 16.50% of Aggregate Target Awards. Higher Net Incomes will result in higher percentages of Aggregate Target Awards as follows:

Net Income	% of Target Awards Earned
\$ 125	16.50%
\$ 310	33.00%
\$ 495	49.50%
\$ 680	66.00%
\$ 935	99.00%
\$1,190	132.00% (Max)

Employee Measures:

The employee measures will depend on Engagement Scores.

	Threshold	Target	Maximum
Engagement Score	5%	10%	20%
Engagement versus National Norm	3.5%	7%	14%
Total	8.5%	17%	34%

At a threshold Engagement Score of 72%, the Fund will accumulate 5% of Aggregate Target Awards. Higher scores will result in higher percentages of Aggregate Target Awards, as follows:

Engagement Score	% of Target Awards Earned
72%	5.00%
73%	7.50%
74%	10.00%
75%	15.00%
76%	20.00% (Max)

At a threshold Engagement Score of 7% below National Norm, the Fund will accumulate 3.5% of Aggregate Target Awards. Higher scores will result in higher percentages of Aggregate Target Awards, as follows:

Percent below National Norm	% of Target Awards Earned
7%	3.50%
6%	5.25%
5%	7.00%
4%	10.50%
3%	14.00% (Max)

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In the event the Employee Opinion Survey is not conducted during the plan year measured, AA's Engagement Score and Engagement versus the National Norm will be calculated at target.

Customer Measures:

Customer Measures will depend on DOT Rank and Survey America Rank. Each of the five components (retained preference, overall travel experience, overall ground service, overall on-board service and DOT A+14 rankings) is measured separately. For each Measure, at a threshold rank of fourth, the fund will accumulate 2.55% of Aggregate Target Awards. A higher rank will result in higher percentages of Aggregate Target Awards, as follows:

Rank	% of Target Awards Earned
Fourth	2.55%
Third	3.40%
Second	5.10%
First	6.80% (Max)

The following scorecard illustrates this.

<Captions>

2002 Incentive Plan Scorecard

Measures	Weight	Threshold		75%	Target		Maximum	Example Score 1/
		25%	50%		100%	150%		
Shareholder								
- AMR net income	66%	\$125M	\$310M	\$495M	\$680M	\$935M	\$1,190M	66.00%
Employee	Weight	Threshold		75%	Target		Maximum	Example Score
		25%	50%		100%	150%		
- engagement score								
on opinion survey	10%	n/a	72%	73%	74%	75%	76%	5.00%
- AA engagement vs. national norm	7%	n/a	7% below	6% below	5% below	4% below	3% below	5.25%
	17%							10.25%
Customer	Weight	Threshold		75%	Target		Maximum	Example Score
		25%	50%		100%	150%		
-retained preference	3.4%	n/a	n/a	4th	3rd	2nd	1st	3.40%
-overall travel experience	3.4%	n/a	n/a	4th	3rd	2nd	1st	2.55%
-overall ground service	3.4%	n/a	n/a	4th	3rd	2nd	1st	2.55%
-overall on-board services	3.4%	n/a	n/a	4th	3rd	2nd	1st	5.10%
-DOT A+14 ratings	3.4%	n/a	n/a	4th	3rd	2nd	1st	3.40%
	17%							17.00%
Fund as a % of Target								93.25%

1/ Based on performance results in shaded areas

Allocation of Individual Awards

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

The Committee, in consultation with the Chairman and CEO of American, will determine awards for officers of American,

including the Named Executive Officers. The awards for officers (other than the Named Executive Officers) will be equal to the appropriate Target Award, plus or minus any adjustments for individual performance. To the extent that an award to a Named Executive Officer includes a partial payment relating to a Measure (other than Net Income), such partial payment will be paid from the general operating funds of American. An award under the Plan to an officer may not exceed the amount set forth in Section 11 of the LTIP.

The aggregate of all awards paid hereunder will not exceed the lesser of: (2.0 times the Fund at Aggregate Target Awards) or (50% of the total base salaries of all eligible participants in the Plan). In the discretion of the Committee, the Fund may not be fully distributed.

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper and efficient operation of the Plan. For participants other than the Named Executive Officers, the Committee reserves the right to adjust the calculation of each Measure at its discretion. Notwithstanding anything to the contrary contained herein, no awards will be made under the Plan unless awards are also made under the 2002 American Airlines Employee Profit Sharing Plan and the 2002 Pilot Variable Compensation Plan for members of the Allied Pilots Association. The amount, if any, of the Fund shall be audited by the General Auditor of American based on a certification of Net Income by AMR's independent auditors. A summary of awards under the Plan shall be provided to the Committee at the first regular meeting following determination of the awards. To the extent a Measure is no longer compiled by the DOT, Survey America, or American as applicable, during a Plan year, the Committee will substitute a comparable performance measure for the remainder of the Plan year.

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Method of Payment

The Committee will determine the method of payment of awards. Except as provided herein, awards shall be paid as soon as practicable after audited financial statements for the year 2002 are available. Individuals, except retirees, may elect to defer their awards into a deferred compensation program, if any, administered by American or AMR.

General

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

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

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or any other act beyond the control of American, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects American or its subsidiaries or its Affiliates, the Committee in its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Committee may deem necessary), or substitute any payments

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

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

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

Exhibit 10.10
2002 - 2004 PERFORMANCE SHARE PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2002 - 2004 AMR Corporation Performance Share Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of the subsidiaries and affiliates of AMR Corporation ("AMR" or "the Corporation") to achieve the highest level of individual performance and to meet or exceed specified goals which will contribute to the success of the Corporation. This Plan is adopted pursuant to the 1998 Long Term Incentive Plan, as amended ("LTIP").

Definitions

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

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

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

"Committee" is defined as the Compensation / Nominating Committee, or its successor, of the AMR Board of Directors.

"Comparator Group" is defined as the seven major U.S. based carriers including AMR Corporation, Continental Airlines, Inc., Delta Air Lines, Inc., Northwest Airlines Corp., Southwest Airlines Co., UAL Corporation, and US Airways Group, Inc.

"Measurement Period" is defined as the three year period beginning January 1, 2002 and ending December 31, 2004.

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

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

"National Exchange" is defined as either the New York Stock Exchange (NYSE), the National Association of Stock Dealers and Quotes (NASDAQ), or the American Stock Exchange (AMEX).

Accumulation of Shares

The number of shares under the Plan to be distributed to individual participants is determined by (i) the Corporation's TSR rank within the Comparator Group and (ii) the terms and conditions of the award agreement between the Corporation and the employee. The distribution percentage of target shares, based on rank, is specified below:

Granted Shares - Percent of Target Based on Rank

Rank	7	6	5	4	3	2	1
Payout%	0%	25%	50%	75%	100%	135%	175%

In the event that a carrier (or carriers) in the Comparator Group ceases to trade on a National Exchange at any point in the Measurement Period, the following distribution percentage of target shares, based on rank and the number of remaining comparators, will be used accordingly.

6 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	6	5	4	3	2	1
Payout%	0%	50%	75%	100%	135%	175%

5 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	5	4	3	2	1
Payout%	50%	75%	100%	135%	175%

4 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	4	3	2	1
Payout%	75%	100%	135%	175%

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3 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	3	2	1
Payout %	50%	135%	175%

Administration

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

General

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

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

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or any other act beyond the control of the Corporation, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects the Corporation or its subsidiaries or its Affiliates, the Committee, in its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for

such period of time as the Committee may deem necessary), or substitute any awards due currently or in the future under the Plan, including, but not limited to, any awards that have accrued to the benefit of participants but have not yet been paid.

In consideration of the employee's privilege to participate in the Plan, the employee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. or its Affiliates to any unauthorized party and, (ii) not to make any unauthorized use of such trade secrets or confidential or restricted

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information during his or her employment with American Airlines, Inc. or its Affiliates or after such employment is terminated, and (iii) not to solicit any current employees of American Airlines, Inc. or any subsidiaries of AMR to join the employee at his or her new place of employment after his or her employment with American Airlines, Inc. is terminated.

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

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2002 - 2004 PERFORMANCE SHARE PROGRAM
DEFERRED STOCK AWARD AGREEMENT

This AGREEMENT made as of Date, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and First Last (the "Employee"), employee number 999999.

WHEREAS, the stockholders of the Corporation approved the 1998 Long Term Incentive Plan at the Corporation's annual meeting held on May 20, 1998 (such plan, as may be amended from time to time, to be referenced the "1998 Plan"); and

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

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

1. Grant of Award. The Employee is hereby granted as of Date, (the "Grant Date") a Deferred Stock Award (the "Award"), subject to the terms and conditions hereinafter set forth, with respect to shares of Common Stock, \$1.00 par value, of the Corporation ("Stock"). The shares of Stock covered by the Award shall vest, if at all, in accordance with Section 2.

2. Vesting.

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

(b) In the event of the termination of Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) prior to the end of three year measurement period set forth in Schedule A (the "Measurement Period") due to the Employee's death, Disability, Retirement or termination not for Cause (each an "Early Termination") the Award will vest, if at all, on a prorata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) as soon as practicable after the end of the Measurement Period. The prorata share will be a percentage where the denominator is 36 and the numerator is the number of months from January 1, 2002 through the month of the Early Termination, inclusive.

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(c) In the event of the termination of Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) for Cause, or if the Employee terminates his/her employment with the Corporation (or any Subsidiary or Affiliate thereof) prior to the distribution of any Award hereunder, the Award shall be forfeited in its entirety.

(d) In the event of a Change in Control or Potential Change in Control of the Corporation, the Award shall vest in accordance with the 1998 Plan, or its successor.

(e) If prior to the distribution of any Award hereunder, the Employee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation, then the Award shall be forfeited in its entirety.

(f) If prior to the distribution of any Award hereunder, the

Employee takes a leave of absence without reinstatement rights, and unless otherwise agreed in writing between the Corporation and the Employee, then the Award shall be forfeited in its entirety.

3. Payment in Cash. Upon a determination by the Board, an Award may be paid in cash or other consideration in accordance with a formula as adopted by the Board.

4. Elective Deferrals. At any time at least 12 months prior to the end of the Measurement Period, the Employee may elect in writing, subject to approval by the Corporation, to voluntarily defer the receipt of the Stock for a specified additional period beyond the end of the Measurement Period (the "Elective Deferral Period"). Any Stock deferred pursuant to this Section 4 shall be issued to the Employee within 60 days after the end of the Elective Deferral Period. In the event of the death of the Employee during the Elective Deferral Period, the Stock so deferred shall be issued to the Employee's designated Beneficiary (or to the Employee's estate, in the absence of an effective beneficiary designation) within 60 days after the Corporation receives written notification of death.

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

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6. Miscellaneous. This Agreement (a) shall be binding upon and inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment shall be implied by this Agreement. In the event Employee does not forward to the Corporation, within the applicable period, required taxes with respect to any Award distributed pursuant to this Agreement, the Corporation may withhold from any payments to be made to the Employee by the Corporation (or any Subsidiary or Affiliate thereof), an amount(s) equal to such taxes.

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

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

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

IN WITNESS HEREOF, the Corporation has executed this Performance Share Grant as of the day and year first above written.

Charles D. MarLett
Corporate Secretary

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Schedule A
2002 - 2004 PERFORMANCE SHARE PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2002 - 2004 AMR Corporation Performance Share Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of the subsidiaries and affiliates of AMR Corporation ("AMR" or "the Corporation") to achieve the highest level of individual performance and to meet or exceed specified goals which will contribute to the success of the Corporation. This Plan is adopted pursuant to the 1998 Long Term Incentive Plan, as amended ("LTIP").

Definitions

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

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

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

"Committee" is defined as the Compensation / Nominating Committee, or its successor, of the AMR Board of Directors.

"Comparator Group" is defined as the seven major U.S. based carriers including AMR Corporation, Continental Airlines, Inc., Delta Air Lines, Inc., Northwest Airlines Corp., Southwest Airlines Co., UAL Corporation, and US Airways Group, Inc.

"Measurement Period" is defined as the three year period beginning January 1, 2002 and ending December 31, 2004.

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

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

"National Exchange" is defined as either the New York Stock Exchange (NYSE), the National Association of Stock Dealers and Quotes (NASDAQ), or the American Stock Exchange (AMEX).

Accumulation of Shares

The number of shares under the Plan to be distributed to individual participants is determined by (i) the Corporation's TSR rank within the Comparator Group and (ii) the terms and conditions of the award agreement between the Corporation and the employee. The distribution percentage of target shares, based on rank, is specified below:

Granted Shares - Percent of Target Based on Rank

Rank	7	6	5	4	3	2	1
Payout%	0%	25%	50%	75%	100%	135%	175%

In the event that a carrier (or carriers) in the Comparator Group ceases to trade on a National Exchange at any point in the Measurement Period, the following distribution percentage of target shares, based on rank and the number of remaining comparators, will be used accordingly.

6 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	6	5	4	3	2	1
Payout%	0%	50%	75%	100%	135%	175%

5 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	5	4	3	2	1
Payout%	50%	75%	100%	135%	175%

4 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	4	3	2	1
Payout%	75%	100%	135%	175%

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3 Comparators

Granted Shares - Percent of Target Based on Rank

Rank	3	2	1
Payout%	50%	135%	175%

Administration

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

General

Neither this Plan nor any action taken hereunder shall be

construed as giving any employee or participant the right to be retained in the employ of American Airlines, Inc. or an Affiliate.

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

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

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

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

STOCK OPTION

STOCK OPTION granted Date, by AMR Corporation, a Delaware corporation (the "Corporation"), and First Last, employee number 999999, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee").

W I T N E S S E T H:

WHEREAS, the stockholders of the Corporation approved the 1998 Long Term Incentive Plan at the Corporation's annual meeting held on May 20, 1998 (such plan, as may be amended from time to time, to be referenced the "1998 Plan");

WHEREAS, the 1998 Plan provides for the grant of an option to purchase shares of the Corporation's Common Stock to those individuals selected by the Committee or, in lieu thereof, the Board of Directors of AMR Corporation (the "Board"); and

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

NOW, THEREFORE:

1. Option Grant. The Corporation hereby grants to the Optionee a non-qualified stock option, subject to the terms and conditions hereinafter set forth, to purchase all or any part of an aggregate of xxxx shares of Common Stock at a price of \$xx.xxxx per share (being the fair market value of the Common Stock on the date hereof), exercisable in approximately equal installments on and after the following dates and with respect to the following number of shares of Common Stock:

Exercisable On and After	Number of Shares
07/23/2002	XXX
07/23/2003	XXX
07/23/2004	XXX
07/23/2005	XXX
07/23/2006	XXX

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provided, that in no event shall this option be exercisable in whole or in part ten years from the date hereof and that the Corporation shall in no event be obligated to issue fractional shares. The right to exercise this option and to purchase the number of shares comprising each such installment shall be cumulative, and once such right has become exercisable it may be exercised in whole at any time and in part from time to time until the date of termination of the Optionee's rights hereunder.

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

3. Manner of Exercise. This option may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise pursuant to whatever procedures may be adopted by the Corporation. In the event that at the time of such exercise the shares of Common Stock as to which this option is exercisable have not been registered under the Securities Act of 1933, the Optionee will make a representation that he is acquiring

the shares of Common Stock for investment only and not with a view to distribution. Subject to compliance by the Optionee with all the terms and conditions hereof, the Corporation or its agent shall promptly thereafter deliver to the Optionee a certificate or certificates for such shares with all requisite transfer stamps attached. (In the event of a cashless exercise, the Corporation or its agent will pay to the Optionee the appropriate cash amount, less required withholdings.)

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

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

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

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

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

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

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

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

7. Miscellaneous.

(a) This option (i) shall be binding upon and inure to the benefit of any successor of the Corporation, (ii) shall be governed by the laws of the State of Texas, and any applicable laws of the United States, and (iii) may not be amended except in writing. No contract or right of employment shall be implied by

this option.

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

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

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

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

9. Option Subject to 1998 Plan. This option shall be subject to all the terms and provisions of the 1998 Plan and the Optionee shall abide by and be bound by all rules, regulations and determinations of the Board now or hereafter made in connection with the administration of the 1998 Plan. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1998 Plan.

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

AMR Corporation

Optionee

Charles D. MarLett
Corporate Secretary

4

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

	Three Months Ended June 30, 2002	2001	Six Months Ended June 30, 2002	2001
Earnings:				
Loss before income taxes	\$ (720)	\$ (793)	\$ (1,583)	\$ (850)
Add: Total fixed charges (per below)	435	423	875	754
Less: Interest capitalized	22	38	44	79
Total loss	\$ (307)	\$ (408)	\$ (752)	\$ (175)
Fixed charges:				
Interest, including interest capitalized	\$ 156	\$ 126	\$ 316	\$ 240
Portion of rental expense representative of the interest factor	270	290	542	502
Amortization of debt expense	9	7	17	12
Total fixed charges	\$ 435	\$ 423	\$ 875	\$ 754
Coverage deficiency	\$ 742	\$ 831	\$1,627	\$ 929