10-Q 1 ar3q0410qc.txt AMR CORPORATION FORM 10-Q UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM 10-Q [X]Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Quarterly Period Ended September 30, 2004. [ ]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. Fort Worth, Texas 76155 (Address of principal (Zip Code) 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 X No . Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes X No . Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock, $1 par value - 160,829,767 shares as of October 15, 2004. INDEX AMR CORPORATION PART I: FINANCIAL INFORMATION Item 1. Financial Statements Consolidated Statements of Operations -- Three and nine months ended September 30, 2004 and 2003 Condensed Consolidated Balance Sheets -- September 30, 2004 and December 31, 2003 Condensed Consolidated Statements of Cash Flows -- Nine months ended September 30, 2004 and 2003 Notes to Condensed Consolidated Financial Statements -- September 30, 2004 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Item 3. Quantitative and Qualitative Disclosures about Market Risk Item 4. Controls and Procedures PART II: OTHER INFORMATION Item 1. Legal Proceedings Item 5. Other Information Item 6. Exhibits and Reports on Form 8-K SIGNATURE PART I: FINANCIAL INFORMATION Item 1. Financial Statements AMR CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited) (In millions, except per share amounts)

Three Months Ended Nine Months Ended September 30, September 30, 2004 2003 2004 2003

~~Revenues Passenger - American Airlines $3,838 $3,805 $11,411 $10,743 - Regional Affiliates 488 399 1,413 1,112 Cargo 149 135 452 409 Other revenues 287 266 828 785 Total operating revenues 4,762 4,605 14,104 13,049 Expenses Wages, salaries and benefits 1,696 1,693 5,039 5,660 Aircraft fuel 1,056 701 2,781 2,077 Depreciation~~

~~and~~
~~amortization~~
~~317 345 963~~
~~1,027 Other~~
~~rentals and~~
~~landing fees~~
~~295 302 901~~
~~891~~
~~Commissions,~~
~~booking fees~~
~~and credit~~
~~card expense~~
~~288 281 863~~
~~796~~
~~Maintenance,~~
~~materials and~~
~~repairs 265~~
~~223 741 641~~
~~Aircraft~~
~~rentals 152~~
~~165 458 532~~
~~Food service~~
~~145 160 421~~
~~460 Other~~
~~operating~~
~~expenses 593~~
~~594 1,775~~
~~1,863 Special~~
~~charges~~
~~(credits) (18)~~
~~(24) (49) 77~~
~~U. S.~~
~~government~~
~~grant - - -~~
~~(358) Total~~
~~operating~~
~~expenses~~
~~4,789 4,440~~
~~13,893~~
~~13,666~~
~~Operating~~
~~Income~~
~~(Loss) (27)~~
~~165 211~~
~~(617) Other~~
~~Income~~
~~(Expense)~~
~~Interest~~
~~income 19 20~~
~~47 41 Interest~~
~~expense~~
~~(219) (198)~~
~~(648) (580)~~
~~Interest~~
~~capitalized 22~~
~~17 60 54~~
~~Miscellaneous~~
~~- net (9) (3)~~
~~(44) (15)~~
~~(187) (164)~~
~~(585) (500)~~

~~Income (Loss) Before Income Taxes (214) 1 (374) (1,117) Income tax - - - - Net Earnings (Loss) $ (214) $ 1 $ (374) $(1,117) Basic and Diluted Earnings (Loss) Per Share $ (1.33) $ - $ (2.33) $(7.08)~~

The accompanying notes are an integral part of these financial statements. -1- AMR CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (In millions)

September 30, December 31, 2004 2003

~~Assets Current Assets Cash $ 117 $ 120 Short-term investments 3,018 2,486 Restricted cash and short-term investments 481 527 Receivables, net 903 796 Inventories, net 519 516 Other current assets 262 237 Total current assets 5,300 4,682 Equipment and Property Flight equipment, net 15,315 15,319 Other equipment and property, net 2,399 2,411 Purchase deposits for flight equipment 352 359 18,066 18,089 Equipment and Property~~

~~Under Capital Leases Flight equipment, net 1,107 1,284 Other equipment and property, net 81 87 1,188 1,371 Route acquisition costs and airport operating and gate lease rights, net 1,231 1,253 Other assets 3,476 3,935 $ 29,261 $29,330 Liabilities and Stockholders' Equity (Deficit) Current Liabilities Accounts payable $ 1,043 $ 967 Accrued liabilities 2,029 1,989 Air traffic liability 3,257 2,799 Current maturities of long-term debt 647 603 Current obligations under capital leases 148 201 Total current liabilities 7,124 6,559 Long-term debt, less current maturities 12,488 11,901 Obligations under capital leases, less current obligations 1,100 1,225 Pension and postretirement benefits 4,733 4,803 Other~~

~~liabilities, deferred gains and deferred credits 4,130 4,796 Stockholders' Equity (Deficit) Preferred stock - - Common stock 182 182 Additional paid-in capital 2,536 2,605 Treasury stock (1,325) (1,405) Accumulated other comprehensive loss (782) (785) Retained deficit (925) (551) (314) 46 $ 29,261 $29,330~~

The accompanying notes are an integral part of these financial statements. -2- AMR CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (In millions)

Nine Months Ended September 30, 2004 2003 ~~Net Cash Provided by Operating Activities $ 803 $ 593 Cash Flow from Investing Activities: Capital expenditures, including purchase deposits for flight equipment (773) (468) Net increase in short-term investments (532) (720) Net decrease in restricted cash and short-term~~

~~investments 46 243 Proceeds from sale of equipment and property 59 50 Proceeds from sale of interest in Worldspan - 180 Other (12) 22 Net cash used by investing activities (1,212) (693) Cash Flow from Financing Activities: Payments on long-term debt and capital lease obligations (575) (701) Proceeds from: Issuance of long-term debt 975 855 Exercise of stock options 6 - Net cash provided by financing activities 406 154 Net (decrease) increase in cash (3) 54 Cash at beginning of period 120 104 Cash at end of period $ 117 $ 158 Activities Not Affecting Cash Flight equipment acquired through seller financing $ 18 $ 649 Capital lease obligations~~

~~incurred $~~
~~10 $ 131~~
~~Reduction to capital lease obligations due to lease modifications~~
~~$ - $ (127)~~

The accompanying notes are an integral part of these financial statements. -3- AMR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) 1.The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements contain all adjustments, consisting of normal recurring accruals unless otherwise disclosed, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Results of operations for the periods presented herein are not necessarily indicative of results of operations for the entire year. The condensed consolidated financial statements include the accounts of AMR Corporation (AMR or the Company) and its wholly owned subsidiaries, including (i) its principal subsidiary American Airlines, Inc. (American) and (ii) its regional airline subsidiary, AMR Eagle Holding Corporation and its primary subsidiaries, American Eagle Airlines, Inc., Executive Airlines, Inc. and AMR Leasing Corporation (collectively, AMR Eagle). For further information, refer to the consolidated financial statements and footnotes thereto included in the AMR Annual Report on Form 10-K for the year ended December 31, 2003 (2003 Form 10-K). Certain amounts have been reclassified to conform with the 2004 presentation. 2.The Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Under APB 25, no compensation expense is recognized for stock option grants if the exercise price of the Company's stock option grants is at or above the fair market value of the underlying stock on the date of grant. The Company has adopted the pro forma disclosure features of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." The following table illustrates the effect on net earnings (loss) and earnings (loss) per share amounts if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
~~Net earnings (loss), as reported~~	~~$(214)~~	~~$ 1~~	~~$(374)~~	~~$(1,117)~~
~~Add (Deduct): Stock-based employee compensation expense included in reported net earnings (loss)~~	~~(7)~~	~~6~~	~~10~~	~~11~~
~~Deduct: Total stock-based employee compensation expense determined under fair value based methods for all awards~~	~~(9)~~	~~(23)~~	~~(59)~~	~~(54)~~
~~Pro forma net loss~~	~~$(230)~~	~~$ (16)~~	~~$(423)~~	~~$(1,160)~~
~~Earnings (loss) per share: Basic and diluted - as reported~~	~~$(1.33)~~	~~$ 0.00~~	~~$(2.33)~~	~~$ (7.08)~~
~~Basic and diluted - pro forma~~	~~$(1.43)~~	~~$(0.10)~~	~~$(2.64)~~	~~$ (7.34)~~

3.As of September 30, 2004, the Company, through its airline subsidiaries, had commitments to acquire: 10 Embraer regional jets in 2004; 36 Embraer regional jets in 2005; two Embraer regional jets in 2006; and an aggregate of 47 Boeing 737-800s and nine Boeing 777-200ERs in 2006 through

2010. Future payments for all aircraft, including the estimated amounts for price escalation and purchase deposits, will approximate $185 million during the remainder of 2004, $743 million in 2005, $701 million in 2006 and an aggregate of approximately $2.0 billion in 2007 through 2010. The Company has pre-arranged financing for its remaining 10 aircraft deliveries in 2004 and the first 20 aircraft deliveries in 2005.   In October 2004, AMR Eagle reached a tentative agreement with Embraer to cancel its last 18 planned ERJ-145 regional jet aircraft deliveries, scheduled for delivery from July 2005 until February 2006, in exchange for canceling certain contractual rights. This agreement has not been finalized and is not reflected in the aircraft commitments listed above. Once this agreement is finalized, the Company's 2004, 2005 and 2006 aircraft commitments will be reduced by $7 million, $289 million and $34 million, respectively. The Company is subject to environmental issues at various airport and non-airport locations for which it has accrued, in Accrued liabilities on the accompanying condensed consolidated balance sheets, $71 million and $72 million at September 30, 2004 and December 31, 2003, respectively. 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. In 2003, the Company reached concessionary agreements with certain lessors. Certain of these agreements provide that the Company's obligations under the related leases revert to the original terms if certain events occur prior to December 31, 2005, including: (i) an event of default under the related lease (which generally occurs only if a payment default occurs), (ii) an event of loss with respect to the related aircraft, (iii) rejection by the Company of the lease under the provisions of Chapter 11 of the U.S. Bankruptcy Code or (iv) the Company's filing for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. If any one of these events were to occur, the Company would be responsible for approximately $66 million in additional operating lease payments and $54 million in additional payments related to capital leases as of September 30, 2004. These amounts will increase to approximately $119 million in operating lease payments and $111 million in payments related to capital leases prior to the expiration of the provision on December 31, 2005. These amounts are being accounted for as contingent rentals and will only be recognized if they become payable. Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (Interpretation 45), requires disclosures in interim and annual financial statements about obligations under certain guarantees issued by the Company. The disclosures required by Interpretation 45 were included in Notes 4, 5 and 6 to the consolidated financial statements in the 2003 Form 10-K. There have been no significant changes to such disclosures except as disclosed in Note 6 in this Form 10-Q. 4.Accumulated depreciation of owned equipment and property at September 30, 2004 and December 31, 2003 was $9.2 billion and $8.5 billion, respectively. Accumulated amortization of equipment and property under capital leases at September 30, 2004 and December 31, 2003 was $1.1 billion. 5.As discussed in Note 8 to the consolidated financial statements in the 2003 Form 10-K, the Company has a valuation allowance against the full amount of its net deferred tax asset. The Company's deferred tax asset valuation allowance increased $127 million during the nine months ended September 30, 2004 to $790 million as of September 30, 2004. 6.During the nine-month period ended September 30, 2004, AMR Eagle borrowed approximately $494 million (net of discount) under various debt agreements related to the purchase of regional jet aircraft, including certain seller financed agreements. These debt agreements are secured by the related aircraft, have interest rates which are either fixed or variable based on LIBOR plus a spread, and mature over various periods of time through 2020. As of September 30, 2004, the effective interest rates on these agreements range up to 4.88 percent. These debt agreements are guaranteed by AMR. In addition, in February 2004, American issued $180 million of Fixed Rate Secured Notes due 2009, which bear interest at 7.25 percent. As of September 30, 2004, these notes are secured by certain spare parts (with a net book value of $218 million), and by $39 million in cash collateral (classified as Other assets on the accompanying condensed consolidated financial statements).   Also in February 2004, the Company issued $324 million principal amount of 4.50 percent senior convertible notes due 2024 (the 4.50 Notes). Each note is convertible into AMR common stock at a conversion rate of 45.3515 shares per $1,000 principal amount of notes (which represents an equivalent conversion price of $22.05 per share), subject to adjustment in certain instances. The notes are convertible under certain circumstances, including if (i) the closing sale price of the Company's common stock reaches a certain level for a specified period of time, (ii) the trading price of the notes as a percentage of the closing sale price of the Company's common stock falls below a certain level for a specified period of time, (iii) the Company calls the notes for redemption, or (iv) certain corporate transactions occur. Holders of the notes may require the Company to repurchase all or any portion of the notes on February 15, 2009, 2014 and 2019 at a purchase price equal to the principal amount of the notes being purchased plus accrued and unpaid interest to the date of purchase. The Company may pay the purchase price in cash, common stock or a combination of cash and common stock. After February 15, 2009, the Company may redeem all or any portion of the notes for cash at a price equal to the principal amount of the notes being redeemed plus accrued and unpaid interest as of the redemption date. These notes are guaranteed by American. If the holders of the 4.50 Notes or the Company's 4.25 percent senior convertible notes due 2023 (the 4.25 Notes) require the Company to repurchase all or any portion of the notes on the repurchase dates, it is the Company's present intention to satisfy the requirement in cash. American has a fully drawn $834 million bank credit facility secured by aircraft that expires December 15, 2005. The facility contains a liquidity covenant and an EBITDAR (generally, earnings before interest, taxes, depreciation, amortization and rentals, adjusted for certain non-cash items) to fixed charges (generally, interest and total rentals) ratio covenant (the EBITDAR Covenant). Prior to the amendment described below, the required EBITDAR to fixed charges ratio was 1.3 to 1.0 for the nine-month period ending September 30, 2004, 1.4 to 1.0 for the twelve-month period ending December 31, 2004, and 1.5 to 1.0 for each of the four consecutive calendar quarters ending after December 31, 2004. The liquidity covenant requires American to maintain a minimum level of $1.0 billion of unrestricted cash and short-term investments (the Liquidity Covenant). The Company was in compliance with the Liquidity Covenant at September 30, 2004 and expects to continue to comply with this covenant. On September 22, 2004, American obtained an amendment to the EBITDAR Covenant to lower the required EBITDAR to fixed charges ratio to 1.0 to 1.0 for the nine-month period ending September 30, 2004 and 0.9 to 1.0 for the twelve-month period ending December 31, 2004. The required ratio remains 1.5 to 1.0 for each of the four consecutive calendar quarters ending on or after March 31, 2005. The Company was in compliance with the original EBITDAR Covenant by a narrow margin for the period ending September 30, 2004, and expects to comply with the amended covenant for the period ending December 31, 2004. Without the amendment to the EBITDAR Covenant, the Company believes it would not have been able to comply with the covenant for the twelve-month period ending December 31, 2004. In addition, the Company believes it will be unable to comply with the EBITDAR Covenant for the four-quarter period ending

March 31, 2005 and periods ending thereafter. The Company plans to refinance the bank credit facility with one or more credit facilities or term loans (collectively, the Replacement Facility). While the Company believes that it should be able to obtain the Replacement Facility on acceptable terms before March 31, 2005, there can be no assurance that it will be able to do so. Failure to comply with the EBITDAR Covenant or the Liquidity Covenant under the existing bank credit facility would result in a default under this facility and - - if the Company did not take steps to cure, obtain a waiver of, or otherwise mitigate the default - - could result in a default under a significant amount of the Company's other debt. The Company anticipates that the Replacement Facility will be secured by the aircraft that secure the existing bank credit facility, as well as by a significant amount of other assets to be pledged by the Company. -6- AMR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Unaudited) As of September 30, 2004, AMR has issued guarantees covering approximately $932 million of American's tax-exempt bond debt and American has issued guarantees covering approximately $1.3 billion of AMR's unsecured debt. In addition, as of September 30, 2004, AMR and American have issued guarantees covering approximately $466 million of AMR Eagle's secured debt, and AMR has issued guarantees covering an additional $2.4 billion of AMR Eagle's secured debt. 7.The following tables provide the components of net periodic benefit cost for the three and nine months ended September 30, 2004 and 2003 (in millions):

Pension Benefits Three Months Ended Nine Months Ended September 30, September 30, 2004 2003 2004 2003 Components of net periodic benefit cost ~~Service cost $ 89 $ 85 $ 268 $ 284 Interest cost 142 138 425 431 Expected return on assets (143) (118) (427) (354) Amortization of: Prior service cost 4 3 11 14 Unrecognized net loss 15 24 44 82 Curtailment loss * - - - - 46 Net periodic benefit cost $ 107 $ 132 $ 321 $ 503 * Included in Special charges (credits) in the consolidated statement of operations. Other Postretirement Benefits Three Months~~

~~Ended Nine Months Ended September 30, September 30, 2004 2003 2004 2003 Components of net periodic benefit cost Service cost $ 19 $ 20 $ 57 $ 65 Interest cost 51 54 152 164 Expected return on assets (3) (2) (9) (7) Amortization of: Prior service cost (3) (2) (8) (6) Unrecognized net loss 2 5 6 15 Net periodic benefit cost $ 66 $ 75 $ 198 $ 231~~

As of September 30, 2004, the Company had contributed the entire $461 million it expects to contribute to its defined benefit pension plans in 2004. The Company expects to contribute a minimum of $421 million to its defined benefit pension plans in 2005. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the Pension Funding Equity Act of 2004, which was enacted in April 2004 (the 2004 Pension Act). -7- AMR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Unaudited) In December 2003, the President signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Modernization Act), which introduced a prescription drug benefit under Medicare into law. The effect of the Modernization Act was (i) to reduce the Company's accumulated postretirement benefit obligation (APBO) as of December 31, 2003 by $415 million by decreasing unrecognized net actuarial losses and (ii) to decrease the Company's full year 2004 postretirement benefits expense by approximately $60 million. The decrease in the Company's APBO is due to a reduction in the expected per capita claims cost along with a reduction in the expected rates of participation in the plan and is reflected in the Company's 2004 postretirement benefits expense through amortization of unrecognized gains/losses. Additionally, the service and interest cost components of the Company's 2004 postretirement benefits expense have been reduced as a result of the Modernization Act. 8.During the last few years, as a result of the events of September 11, 2001 and the Company's restructuring activities, the Company has recorded a number of special charges. During the nine months ended September 30, 2004 and 2003, the Company recorded the following to Special charges (credits): Amount Description of Charge (millions) 2004 Aircraft charges Adjusted prior accruals for lease return and other costs due to lower than anticipated lease return costs $(20) Employee charges Adjusted prior accruals for severance costs related to the 2003 Management Reductions and Labor Agreements* due to fewer furloughs than anticipated resulting from the Company's operational requirements and the volume of pilot retirements $(11) Facility exit costs Adjusted prior accruals for future lease commitments upon completion of a space reevaluation done in connection with the occupation of some of the space by another carrier $(18) 2003 Aircraft charges Retired Boeing 757 leased aircraft and accrued future lease commitments and lease return $ 39 costs Adjusted prior accruals for lease return and other costs (20) $ 19 -8- AMR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Unaudited) Amount Description of Charge (millions) 2003 Employee charges Reduced approximately 8,000 jobs across all work groups in conjunction with the Management Reductions and the Labor Agreements. Accrued primarily severance costs. $ 60 Recognized curtailment loss** 46 Accrued severance charges related to the 2002 workforce reduction 25 Reduced vacation accrual to reflect new lower pay scales and maximum vacation caps and wrote- off a note receivable from one of the Company's three major unions in conjunction with the Labor Agreements and the Management Reductions (59) Other 4 $ 76 Facility exit costs Accrued the fair value of future lease commitments and wrote-off certain prepaid rental amounts and leasehold improvements related to certain excess airport space $ 45 Other 5 $ 50 * In February 2003, American asked its employees for approximately $1.8 billion in annual savings through a combination of changes in wages, benefits and work rules. In April 2003, American reached agreements with its three major unions (the Labor Agreements) to achieve these savings and also implemented various reductions in the pay plans and benefits for non- unionized personnel, including officers and other management (the Management Reductions). ** As a result of workforce reductions related to the Labor Agreements and Management Reductions, the Company recognized a curtailment loss of $46 million related to its defined benefit pension plans, in accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" (SFAS 88). -9- AMR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Unaudited) Other As part of the Vendor Agreements discussed in Note 2 to the consolidated financial statements in the 2003 Form 10-K, in 2003, American sold 33 Fokker 100 aircraft (with a minimal net book value), issued a $23 million non-interest-bearing note, payable in installments and maturing in December 2010, entered into short-term leases on these aircraft and issued shares of AMR common stock. In exchange, approximately $130 million of debt related to certain of the Fokker 100 aircraft was retired. However, the agreement contains provisions that would require American to repay additional amounts of the original debt if certain events occur prior to December 31, 2005, including: (i) an event of default (which generally occurs only if a payment default occurs), (ii) an event of loss with respect to the related aircraft, (iii) rejection by the Company of the lease under the provisions of Chapter 11 of the U.S. Bankruptcy Code or (iv) the Company's filing for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. As a result of this transaction, including the sale of the 33 Fokker 100 aircraft, and the termination of the Company's interest rate swap agreements related to the debt that has been retired, the Company recognized a gain of approximately $68 million in the third quarter of 2003, which was recorded as a component of Special charges (credits) in the accompanying condensed consolidated financial statements. If the certain events described above do not occur, the Company expects to recognize an additional gain of approximately $37 million in December 2005. The following table summarizes the changes in the remaining accruals for special charges (in millions): Aircraft Facility Employee Charges Exit Costs Charges Total Remaining accrual at December 31, 2003 $ 197 $ 56 $ 26 $ 279 Adjustments (20) (18) (11) (49) Payments (47) (7) (11) (65) Remaining accrual at September 30, 2004 $ 130 $ 31 $ 4 $ 165 Cash outlays related to the accruals, as of September 30, 2004, for aircraft charges, facility exit costs and employee charges will occur through 2014, 2018 and 2004, respectively. U.S. Government Grant In April 2003, the President signed the Emergency Wartime Supplemental Appropriations Act, which included provisions authorizing payment of $2.3 billion to reimburse air carriers for increased security costs in proportion to the amounts each carrier had paid in passenger security and air carrier security fees to the Transportation Security Administration (the Security Fee Reimbursement). The Company's Security Fee Reimbursement was $358 million (net of payments to independent regional affiliates) and is included in U.S. government grant in the accompanying consolidated statement of operations. 9.In September 2004, the Company reduced both its accident liabilities and related receivables by $417 million based on revised estimates from its insurance carriers due primarily to the expiration of certain statutes of limitations. These insurance receivables and liabilities are classified as Other assets and Other liabilities and deferred credits on the accompanying condensed consolidated balance sheets, respectively. 10.The Company includes changes in the fair value of certain derivative financial instruments that qualify for hedge accounting, changes in minimum pension liabilities and unrealized gains and losses on available-for-sale securities in comprehensive loss. In the second quarter of 2003, as a result of the Labor Agreements and Management Reductions discussed in Note 8 in this Form 10-Q, the Company remeasured its defined benefit plans. In conjunction with the remeasurement the Company recorded an increase in its minimum pension liability, which resulted in an additional charge to stockholders' equity as a component of other comprehensive loss of $334 million. -10- AMR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) (Unaudited) For the three months ended September 30, 2004 and 2003, comprehensive loss was $194 million and $22 million, respectively, and for the nine months ended September 30, 2004 and 2003, comprehensive loss was $371 million and $1.5 billion, respectively. The difference between net loss and comprehensive loss for the three and nine months ended September 30, 2004 and the three months ended September 30, 2003 is due primarily to the accounting for the Company's derivative financial instruments. The difference between net loss and comprehensive loss for the nine months ended September 30, 2003 is due primarily to the adjustment to the Company's minimum pension liability and the accounting for the Company's derivative financial instruments. 11.The following table sets forth the computations of basic and diluted earnings (loss) per share (in millions, except per share data):

Three Months Ended Nine Months Ended September 30, September 30, 2004 2003 2004 2003

~~Numerator: Net earnings (loss) - numerator for basic and diluted earnings (loss) per share $(214) $ 1 $(374) $(1,117) Denominator: Denominator for basic~~

~~earnings (loss) per share - weighted-average shares 161 159 160 158 Effect of dilutive securities: Employee options and shares - 45 - - Assumed treasury shares purchased - (23) - - Dilutive potential common shares - 22 - - Denominator for diluted earnings (loss) per share - adjusted weighted-average shares 161 181 160 158 Basic and diluted earnings (loss) per share $(1.33) $ - $(2.33) $(7.08)~~

For the three and nine months ended September 30, 2004 approximately 16 million and 22 million potential dilutive shares, respectively, were not added to the denominator, because inclusion of such shares would be antidilutive, as compared to approximately ten million shares for the nine months ended September 30, 2003. In addition, for the three and nine months ended September 30, 2004, approximately 32 million shares issuable upon conversion of the 4.50 Notes (discussed in Note 6 in this Form 10-Q) and the 4.25 Notes (discussed in the 2003 Form 10-K) were not added to the denominator because the contingent conversion conditions were not met, and for the three and nine months ended September 30, 2003, approximately 17 million shares issuable upon conversion of the 4.25 Notes were not added to the denominator because the contingent conversion conditions were not met. In October 2004, the Financial Accounting Standards Board ratified the consensus on EITF Issue No. 04-08, "The Effect of Contingently Convertible Debt on Diluted Earnings Per Share," (EITF 04-08). EITF 04-08 is effective for periods ending after December 15, 2004 and will require shares issuable upon conversion of the 4.50 Notes and 4.25 Notes to be included in the calculation of fully diluted earnings per share unless the inclusion of such shares would be antidilutive. The effect of these shares on fully diluted earnings per share would have been antidilutive for all prior periods and the Company expects the effect of these shares on fully diluted earnings per share to be antidilutive for periods ending on December 31, 2004. During the nine months ended September 30, 2004, approximately one million shares were issued from Treasury stock pursuant to stock option and deferred stock incentive plans. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Information Statements in this report contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook" and similar expressions are intended to identify forward- looking statements. Forward-looking statements include, without limitation, the Company's expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs, future financing plans and needs, overall economic conditions, plans and objectives for future operations, and the impact on the Company of its results of operations in recent years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to a number of risk factors that could cause the Company's actual results to differ materially from the Company's expectations. The following factors, in addition to other possible factors not listed, could cause the Company's actual results to differ materially from those expressed in forward-looking statements: changes in economic, business and financial conditions; the Company's substantial indebtedness; continued high fuel prices and the availability of fuel; further increases in the price of fuel; the residual effects of the war in Iraq; conflicts in the Middle East or elsewhere; the highly competitive business environment faced by the Company, with increasing competition from low cost carriers and bankrupt carriers and historically low fare levels (which could result in a further deterioration of the revenue environment); the ability of the Company to implement its restructuring program and the effect of the program on operational performance and service levels; uncertainties with respect to the Company's international operations; changes in the Company's business strategy; actions by U.S. or foreign government agencies; the possible occurrence of additional terrorist attacks; another outbreak of a disease (such as SARS) that affects travel behavior; uncertainties with respect to the Company's relationships with unionized and other employee work groups; the ability of the Company to satisfy existing financial or other covenants in certain of its credit agreements; the availability of future financing (including the proposed Replacement Facility described in Note 6 to the accompanying condensed consolidated financial statements); the ability of the Company to reach acceptable agreements with third parties; and increased insurance costs and potential reductions of available insurance coverage. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the 2003 Form 10-K. Overview The Company incurred a $214 million net loss during the third quarter of 2004 compared to net earnings of $1 million in the same period last year. This loss occurred in what is typically the Company's strongest quarter. Over the course of the quarter, the Company's results deteriorated primarily due to the continuing increase in fuel prices and secondarily due to a weakening of the revenue environment. The Company's operating and financial results are significantly affected by the price of jet fuel. Fuel price increases during the quarter resulted in a year-over-year increase of 40.4 cents per gallon for American's mainline operations for the third quarter. This price increase negatively impacted fuel expense by $312 million during the quarter, based on mainline fuel consumption of 773 million gallons. Continuing high fuel prices, additional increases in the price of fuel, or disruptions in the supply of fuel, would further adversely affect the Company's financial condition and results of operations. -12- Mainline unit revenues (passenger revenue per available seat mile) declined 2.5 percent during the third quarter due to a 4.8 percent decrease in passenger yield (passenger revenue per passenger mile) compared to the same period in 2003. For the current period, passenger yield declined from already depressed levels. The Company believes this decline in passenger yield is due in large part to a corresponding decline in the Company's pricing power. The Company's reduced pricing power is the product of several factors, including: greater cost sensitivity on the part of travelers (particularly business travelers); greater competition from low-cost carriers; significant increases in overall capacity in 2004 that have exceeded the growth in demand; and more frequent and more deeply discounted fare sales initiated by competitors, including competitors currently operating under the protection of Chapter 11 of the Bankruptcy Code. The Company's third quarter 2004 results were also adversely impacted by hurricanes. In the face of these additional challenges, the Company is undertaking a number of new initiatives designed to generate additional revenues and reduce costs. Examples include: - American will continue its expansion in the Asia/Pacific market, launching daily nonstop service between Chicago and Nagoya, Japan on April 3, 2005 and resuming daily nonstop service between Dallas/Fort Worth and Osaka, Japan on November 1, 2005. American is also vigorously seeking authority to begin nonstop service between Chicago and Shanghai, China, starting on May 1, 2005. - American will begin adding additional seats to its McDonnell Douglas MD-80, Boeing 737 and Boeing 767 aircraft in January 2005 and its Boeing 777 aircraft in October 2005. The additional seats will allow American to increase its revenues while still offering customers better-than-industry-average legroom. - American has decided to withdraw capacity equivalent to 15 narrow- body aircraft in 2005. - AMR Eagle has reached a tentative agreement with Embraer to cancel its last 18 planned ERJ-145 regional jet aircraft deliveries, scheduled for delivery from July 2005 through February 2006. - American will expand the simplification experiment it launched in Chicago in the summer of 2004, in which aircraft types are assigned to certain stations and crew and aircraft are scheduled together. This approach will be implemented throughout American's system in 2005. - Other revenue initiatives include: ticketing fees ($5 for tickets purchased through U.S. reservations offices and $10 for tickets bought at U.S. airport locations); a $250 nonrefundable co-payment for AAdvantage mileage Upgrade Awards when used with certain discount fares; and fare actions in certain markets. Additionally, the U.S. Department of Transportation recently issued a favorable ruling, allowing U.S. carriers to apply fuel surcharges to all of their international routes, which should further improve revenue. The Company's ability to become profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of risk factors, many of which are largely beyond the Company's control. Some of the risk factors that affect the Company's business and financial results are referred to under "Forward-Looking Information" above and are discussed in the Risk Factors listed in Item 7 (on pages 36-38) in the 2003 Form 10-K. As the Company seeks to improve its financial condition, it must continue to take steps to generate additional revenues and significantly reduce its costs. However, it will be very difficult for the Company to become profitable and continue to fund its obligations on an ongoing basis if the revenue environment does not improve and fuel prices remain at historically high levels for an extended period. -13- LIQUIDITY AND CAPITAL RESOURCES Cash, Short-Term Investments and Restricted Assets AMR ended the quarter with $3.1 billion of cash and short-term investments (and an additional $481 million in restricted cash and short-term investments). As of the date of this Form 10-Q, the Company believes it should be able to refinance its fully drawn bank credit facility discussed below and have sufficient liquidity to fund its operations for the foreseeable future. Nevertheless, AMR remains heavily indebted and has significant obligations due in 2005 and thereafter, as described more fully below and under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2003 Form 10-K. Credit Facility American has a fully drawn $834 million bank credit facility secured by aircraft that expires December 15, 2005. The facility contains a liquidity covenant and an EBITDAR (generally, earnings before interest, taxes, depreciation, amortization and rentals, adjusted for certain non-cash items) to fixed charges (generally, interest and total rentals) ratio covenant (the EBITDAR Covenant). Prior to the amendment described below, the required EBITDAR to fixed charges ratio was 1.3 to 1.0 for the nine-month period ending September 30, 2004, 1.4 to 1.0 for the twelve-month period ending December 31, 2004, and 1.5 to 1.0 for each of the four consecutive calendar quarters ending after December 31, 2004. The liquidity covenant requires American to maintain a minimum level of $1.0 billion of unrestricted cash and short-term investments (the Liquidity Covenant). The Company was in compliance with the Liquidity Covenant at September 30, 2004 and expects to continue to comply with this covenant. On September 22, 2004, American obtained an amendment to the EBITDAR Covenant to lower the required EBITDAR to fixed charges ratio to 1.0 to 1.0 for the nine-month period ending September 30, 2004 and 0.9 to 1.0 for the twelve-month period ending December 31, 2004. The required ratio remains 1.5 to 1.0 for each of the four consecutive calendar quarters ending on or after March 31, 2005. The Company was in compliance with the original EBITDAR Covenant by a narrow margin for the period ending September 30, 2004, and expects to comply with the amended covenant for the period ending December 31, 2004. Without the amendment to the EBITDAR Covenant, the Company believes it would not have been able to comply with the covenant for the twelve-month period ending December 31, 2004. In addition, the Company believes it will be unable to comply with the EBITDAR Covenant for the four- quarter period ending March 31, 2005 and periods ending thereafter. The Company plans to refinance the bank credit facility with one or more credit facilities or term loans (collectively, the Replacement Facility). While the Company believes that it should be able to obtain the Replacement Facility on acceptable terms before March 31, 2005, there can be no assurance that it will be able to do so. Failure to comply with the EBITDAR Covenant or the Liquidity Covenant under the existing bank credit facility would result in a default under this facility and - - if the Company did not take steps to cure, obtain a waiver of, or otherwise mitigate the default - - could result in a default under a significant amount of the Company's other debt. The Company anticipates that the Replacement Facility will be secured by the aircraft that secure the existing bank credit facility, as well as by a significant amount of other assets to be pledged by the Company. -14- Significant Indebtedness and Future Financing During 2001, 2002 and 2003, the Company raised an aggregate of approximately $10.0 billion of financing mostly to fund capital commitments (mainly for aircraft and ground properties) and operating losses. During the nine months ended September 30, 2004, the Company raised an additional $993 million of financing to fund capital commitments and for general corporate purposes, and ended the period with $3.1 billion of unrestricted cash and short-term investments compared with $2.6 billion at December 31, 2003. As of the date of this Form 10-Q, the Company believes that it should be able to refinance its existing fully drawn bank credit facility and have sufficient liquidity to fund its operations for the foreseeable future, including capital expenditures and other contractual obligations. However, to maintain sufficient liquidity as the Company seeks to return to profitability, the Company will need access to additional funding in the future. The Company's possible future financing sources primarily include: (i) a limited amount of additional secured aircraft debt (virtually all of the Company's Section 1110-eligible aircraft are encumbered), (ii) debt secured by new aircraft deliveries, (iii) debt secured by other assets, (iv) securitization of future operating receipts, (v) sale-leaseback transactions involving owned aircraft, (vi) the sale of certain assets (including the Company's interest in Orbitz, Inc. (Orbitz), a travel planning website - - see discussion below) and (vii) equity and/or equity-like securities. However, the availability and level of these financing sources cannot be assured, particularly in light of high fuel prices, historically weak revenues, the financial difficulties being experienced in the airline industry and the fact that the Company now has far fewer unencumbered assets available than it has had in the past. In addition, the Company expects to pledge additional assets to secure the Replacement Facility, as described above. On September 29, 2004, Cendant Corporation announced a tender offer for all shares of Orbitz at $27.50 per share. American owns approximately 6.7 million shares of Orbitz. The estimated proceeds to American if the transaction is consummated are $185 million. The tender offer is still subject to regulatory and other approvals and conditions and may not occur in the fourth quarter or at all. If and when this transaction is completed, the Company expects to recognize a gain of approximately $145 million. The Company's significant indebtedness could have important future consequences, such as (i) limiting the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes, (ii) requiring the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, (iii) making the Company more vulnerable to economic downturns, (iv) limiting its ability to withstand competitive pressures and reducing its flexibility in responding to changing business and economic conditions, and (v) limiting the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates. Financing Activity The Company, or its subsidiaries, issued the following debt during the nine months ended September 30, 2004 (in millions): 7.25% secured notes due 2009 $ 180 4.50% senior convertible notes due 2024 (net of discount) 319 Various debt agreements related to the purchase of regional jet aircraft (effective interest rates ranging up to 4.88%) (various maturities through 2020) (net of discount) 494 $ 993 See Note 6 to the accompanying condensed consolidated financial statements for additional information regarding the debt issuances listed above. -15- Other Operating and Investing Activities The Company's cost savings initiatives resulted in improved cash flow from operations during the nine months ended September 30, 2004, compared to the same period in 2003. Net cash provided by operating activities in the nine-month period ended September 30, 2004 was $803 million, an increase of $210 million over the same period in 2003. Net cash provided by operating activities for the nine months ended September 30, 2003 included the receipt of a $572 million federal tax refund and the receipt of $358 million from the U.S. government under the Appropriations Act, offset by $216 million of redemption payments under operating leases for special facility revenue bonds. Capital expenditures for the first nine months of 2004 were $791 million and included the acquisition of 26 Embraer 145 and six Bombardier CRJ-700 aircraft. Pension Funding Obligation As of September 30, 2004, the Company had contributed the entire $461 million it expects to contribute to its defined benefit pension plans in 2004. The Company expects to contribute a minimum of $421 million to its defined benefit pension plans in 2005. The Company's estimates of its defined benefit pension plan contributions reflect the provisions of the 2004 Pension Act. RESULTS OF OPERATIONS Overview The Company's operating income (loss) and net earnings (loss) worsened during the three months ended September 30, 2004 compared to the same period in 2003, but improved for the nine months ended September 30, 2004 compared to the same period in 2003.

(in millions)	Three Months Ended September 30, 2004	2003	Change	Nine Months Ended September 30, 2004	2003	Change
~~Operating Income (Loss)~~	~~$ (27)~~	~~$165~~	~~$(192)~~	~~$ 211~~	~~$ (617)~~	~~$ 828~~
~~Net Earnings (Loss)~~	~~$(214)~~	~~$ 1~~	~~$(215)~~	~~$(374)~~	~~$(1,117)~~	~~$ 743~~

As discussed above, the year-over-year decline in the Company's operating results for the third quarter is largely due to the continuing increase in fuel costs and the weak revenue environment. The year-over-year improvement in the Company's operating results for the nine months ended September 30, 2004 reflects the benefit of the cost reduction initiatives in the Company's restructuring program, which is described more fully under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2003 Form 10-K, dampened by the increase in fuel costs. -16- For the Three Months Ended September 30, 2004 and 2003 Revenues The Company's revenues increased approximately $157 million, or 3.4 percent, to $4.8 billion in the third quarter of 2004 from the same period last year. American's passenger revenues increased by 0.9 percent, or $33 million, on a capacity (available seat mile) (ASM) increase of 3.5 percent. American's passenger load factor increased 1.9 points to 77.9 percent while passenger revenue yield per passenger mile decreased by 4.8 percent to 11.07 cents. This resulted in a decrease in passenger revenue per available seat mile (RASM) of 2.5 percent to 8.62 cents. Following is additional information regarding American's domestic and international RASM and capacity:

Three Months Ended September 30, 2004	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
~~Domestic~~	~~8.29~~	~~(4.6)%~~	~~29.6~~	~~(1.3)%~~
~~International~~	~~9.28~~	~~0.9~~	~~14.9~~	~~14.5~~
~~Latin America~~	~~8.63~~	~~(7.0)~~	~~7.2~~	~~16.8~~
~~Europe~~	~~10.06~~	~~9.6~~	~~6.3~~	~~8.7~~
~~Pacific~~	~~9.13~~	~~4.7~~	~~1.4~~	~~32.7~~

Regional affiliates' passenger revenues, which are based on industry standard mileage proration agreements for flights connecting to American flights, increased $89 million, or 22.3 percent, to $488 million as a result of increased capacity and load factors. Regional affiliates' traffic increased 33.9 percent to 2.0 billion revenue passenger miles (RPMs), while capacity increased 29.7 percent to 2.8 billion ASMs, resulting in a 2.2 point increase in passenger load factor to 69.0 percent. Cargo revenues increased 10.4 percent, or $14 million, due to a 9.1 percent increase in cargo ton miles and a 0.9 percent increase in cargo revenue yield per ton mile. Operating Expenses The Company's total operating expenses increased 7.9 percent, or $349 million, to $4.8 billion in the third quarter of 2004 compared to the third quarter of 2003. American's mainline operating expenses per ASM in the third quarter of 2004 increased 2.7 percent compared to the third quarter of 2003 to 9.68 cents. This increase in operating expenses per ASM is due primarily to a 47.5 percent increase in American's price per gallon of fuel in the third quarter of 2004 relative to the third quarter of 2003.

(in millions)

Operating Expenses	Three Months Ended September 30, 2004	Increase/ (Decrease) from 2003	Percentage Change
~~Wages, salaries and benefits~~	~~$ 1,696~~	~~$ 3~~	~~0.2%~~
~~Aircraft fuel~~	~~1,056~~	~~355~~	~~50.6 (a)~~
~~Depreciation and amortization~~	~~317~~	~~(28)~~	~~(8.1)~~
~~Other rentals and landing fees~~	~~295~~	~~(7)~~	~~(2.3)~~
~~Commissions, booking fees and credit card expense~~	~~288~~	~~7~~	~~2.5~~
~~Maintenance, materials and repairs~~	~~265~~	~~42~~	~~18.8 (b)~~
~~Aircraft rentals~~	~~152~~	~~(13)~~	~~(7.9)~~
~~Food service~~	~~145~~	~~(15)~~	~~(9.4)~~
~~Other operating expenses~~	~~593~~	~~(1)~~	~~(0.2)~~
~~Special charges (credits)~~	~~(18)~~	~~6~~	~~(25.0) (c)~~
~~Total operating expenses~~	~~$ 4,789~~	~~$ 349~~	~~7.9%~~

(a)Aircraft fuel expense increased primarily due to a 47.5 percent increase in American's price per gallon of fuel (net of the impact of fuel hedging). (b)Maintenance, materials and repairs increased primarily due to increased aircraft utilization, the benefit from retiring aircraft subsiding and increases in contractual rates in certain flight hour agreements for outsourced aircraft engine maintenance. (c)Special charges (credits) for the quarter ending September 30, 2004 included the reversal of reserves previously established for facility exit costs of $18 million. Special charges (credits) for the quarter ending September 30, 2003 included a $68 million gain resulting from a transaction involving 33 of the Company's Fokker 100 aircraft and related debt offset by $39 million in aircraft related charges and $5 million in employee charges and facility exit costs (see Note 8 to the accompanying condensed consolidated financial statements). Other Income (Expense) Other income (expense), historically a net expense, increased $23 million due primarily to the increase in Interest expense of $21 million, or 10.6 percent, resulting primarily from the increase in the Company's long-term debt. Income Tax The Company did not record a net tax benefit associated with its third quarter 2004 losses or a net tax provision associated with its third quarter 2003 earnings due to the Company providing a valuation allowance, as discussed in Note 5 to the accompanying condensed consolidated financial statements. Operating Statistics The following table provides statistical information for American and Regional Affiliates for the three months ended September 30, 2004 and 2003.

	Three Months Ended September 30, 2004	2003
~~American Airlines, Inc. Mainline Jet Operations~~		
~~Revenue passenger miles (millions)~~	~~34,659~~	~~32,718~~
~~Available seat miles (millions)~~	~~44,515~~	~~43,021~~
~~Cargo ton miles (millions)~~	~~529~~	~~485~~
~~Passenger load factor~~	~~77.9%~~	~~76.0%~~
~~Passenger revenue yield per passenger mile (cents)~~	~~11.07~~	~~11.63~~
~~Passenger revenue per available seat mile (cents)~~	~~8.62~~	~~8.84~~
~~Cargo revenue yield per ton mile (cents)~~	~~28.11~~	~~27.86~~
~~Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*)~~	~~9.68~~	~~9.43~~
~~Fuel~~		

~~consumption (gallons, in millions) 773 772~~

~~Fuel price per gallon (cents) 125.4 85.0~~

~~Operating aircraft at period-end 734 799~~

~~Regional Affiliates~~

~~Revenue passenger miles (millions) 1,959 1,463~~

~~Available seat miles (millions) 2,840 2,190~~

~~Passenger load factor 69.0% 66.8%~~

(*)Excludes $539 million and $441 million of expense incurred related to Regional Affiliates in 2004 and 2003, respectively. -18- Operating aircraft at September 30, 2004, included:

~~American Airlines Aircraft AMR Eagle Aircraft Airbus A300-600R 34 ATR 42 3 Boeing 737-800 77 Bombardier CRJ-700 25 Boeing 757-200 143 Embraer 135 39 Boeing 767-200 Extended Range 16 Embraer 140 59 Boeing 767-300 Extended Range 58 Embraer 145 78 Boeing 777-200 Extended Range 45 Super ATR 41 McDonnell Douglas MD-80 361 Saab 340B/340B Plus 35 Total 734 Total 280~~

The average aircraft age for American's and AMR Eagle's aircraft is 12.1 years and 5.6 years, respectively. Of the operating aircraft listed above, 23 McDonnell Douglas MD-80s and one Saab 340B were in temporary storage as of September 30, 2004. As part of the Company's fleet simplification initiative, American and AMR Eagle have agreed to sell certain aircraft. As of September 30, 2004, remaining aircraft to be delivered under these agreements include two Fokker 100 aircraft (both of which were non-operating and therefore not included in the table above) and three ATR 42 aircraft, with final deliveries in November 2004 and December 2004, respectively. Owned and leased aircraft not operated by the Company at September 30, 2004, included: American Airlines Aircraft AMR Eagle Aircraft Boeing 767-200 9 Embraer 145 10 Boeing 767-200 Extended Range 4 Saab 340B/340B Plus 51 Fokker 100 7 Total 61 McDonnell Douglas MD-80 2 Total 22 In October 2004, American agreed to sell four Boeing 767-200 Extended Range and one Boeing 767-200 aircraft (all of which are non- operating), with deliveries beginning in November 2004 and ending in December 2005. AMR Eagle has leased its 10 owned Embraer 145s not operated by the Company to Trans States Airlines, Inc. For the Nine Months Ended September 30, 2004 and 2003 Revenues The Company's revenues increased approximately $1.1 billion, or 8.1 percent, to $14.1 billion for the nine months ended September 30, 2004 from the same period last year. American's passenger revenues increased by 6.2 percent, or $668 million, on a capacity (available seat mile) (ASM) increase of 5.9 percent. American's passenger load factor increased 1.7 points to 75.0 percent while passenger revenue yield per passenger mile decreased by 1.9 percent to 11.61 cents. This resulted in an increase in passenger revenue per available seat mile (RASM) of 0.3 percent to 8.70 cents notwithstanding the decrease in RASM for the three months ended September 30, 2004. Following is additional information regarding American's domestic and international RASM and capacity:

Nine Months Ended September 30, 2004	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
~~Domestic~~	~~8.53~~	~~(1.2)%~~	~~89.0~~	~~1.5%~~
~~International~~	~~9.06~~	~~3.6~~	~~42.1~~	~~16.5~~
~~Latin America~~	~~8.86~~	~~(2.9)~~	~~21.1~~	~~20.2~~
~~Europe~~	~~9.37~~	~~9.0~~	~~17.0~~	~~9.7~~
~~Pacific~~	~~8.78~~	~~19.8~~	~~4.0~~	~~29.9~~

Regional affiliates' passenger revenues, which are based on industry standard mileage proration agreements for flights connecting to American flights, increased $301 million, or 27.1 percent, to $1.4 billion as a result of increased capacity and load factors. Regional affiliates' traffic increased 33.3 percent to 5.4 billion revenue passenger miles (RPMs), while capacity increased 26.6 percent to 8.0 billion ASMs, resulting in a 3.4 point increase in passenger load factor to 67.3 percent. Cargo revenues increased 10.5 percent, or $43 million, primarily due to a 10.1 percent increase in cargo ton miles. Operating Expenses The Company's total operating expenses increased 1.7 percent, or $227 million, to $13.9 billion for the nine months ended September 30, 2004 compared to the same period in 2003. American's mainline operating expenses per ASM in the nine months ended September 30, 2004 decreased 5.5 percent compared to the same period in 2003 to 9.56 cents. This decrease in operating expenses per ASM is due primarily to the Company's cost savings initiatives and occurred despite the receipt of a grant from the U.S. government in 2003 and a 29.1 percent increase in American's price per gallon of fuel in the nine months ended September 30, 2004 relative to the same period in 2003.

(in millions)

Operating Expenses	Nine Months Ended September 30, 2004	Increase/ (Decrease) from 2003	Percentage Change	
~~Wages, salaries and benefits~~	~~$ 5,039~~	~~$(621)~~	~~(11.0)%~~	~~(a)~~
~~Aircraft fuel~~	~~2,781~~	~~704~~	~~33.9~~	~~(b)~~
~~Depreciation and amortization~~	~~963~~	~~(64)~~	~~(6.2)~~	
~~Other rentals and landing fees~~	~~901~~	~~10~~	~~1.1~~	
~~Commissions, booking fees and credit card expense~~	~~863~~	~~67~~	~~8.4~~	
~~Maintenance, materials and repairs~~	~~741~~	~~100~~	~~15.6~~	~~(c)~~
~~Aircraft rentals~~	~~458~~	~~(74)~~	~~(13.9)~~	~~(d)~~
~~Food service~~	~~421~~	~~(39)~~	~~(8.5)~~	
~~Other operating expenses~~	~~1,775~~	~~(88)~~	~~(4.7)~~	
~~Special charges (credits)~~	~~(49)~~	~~(126)~~	~~NM~~	~~(e)~~
~~U.S. government grant~~	~~-~~	~~358~~	~~NM~~	~~(f)~~
~~Total operating expenses~~	~~$ 13,893~~	~~$ 227~~	~~1.7%~~	

(a)Wages, salaries and benefits decreased due to lower wage rates and reduced headcount primarily as a result of the Labor Agreements and Management Reductions, discussed in the Company's 2003 Form 10-K, which became effective in the second quarter of 2003. This decrease was offset to some degree by increased headcount related to capacity increases. (b)Aircraft fuel expense increased primarily due to a 29.1 percent increase in American's price per gallon of fuel (net of the impact of fuel hedging) and a 2.3 percent increase in American's fuel consumption. (c)Maintenance, materials and repairs increased primarily due to increased aircraft utilization, the benefit from retiring aircraft subsiding and increases in contractual rates in certain flight hour agreements for outsourced aircraft engine maintenance. -20- (d)Aircraft rentals decreased primarily due to the removal of leased aircraft from the fleet in the second half of 2003 as part of the Company's restructuring initiatives and concessionary agreements with certain lessors, which reduced future lease payment amounts and resulted in the conversion of 30 operating leases to capital leases in the second quarter of 2003. (e)Special charges (credits) for the nine months ended September 30, 2004 included the reversal of reserves previously established for aircraft return costs of $20 million, facility exit costs of $18 million and employee severance of $11 million. Special charges (credits)for the nine months ended September 30, 2003 included (i) a $68 million gain resulting from a transaction involving 33 of the Company's Fokker 100 aircraft and related debt, (ii) $76 million in employee charges, (iii) $50 million in facility exit costs and (iv) $39 million related to aircraft charges offset by a $20 million reversal of reserves previously established for aircraft return costs (see Note 8 to the accompanying condensed consolidated financial statements). (f)U.S. government grant for 2003 included the receipt of $358 million from the U.S. government under the Appropriations Act. Other Income (Expense) Other income (expense), historically a net expense, increased $85 million due primarily to the following: Interest expense increased $68 million, or 11.7 percent, resulting primarily from the increase in the Company's long-term debt. Miscellaneous-net increased $29 million, due primarily to the accrual during the first quarter of 2004 of a $23 million award rendered by an independent arbitrator and relating to a grievance filed by the Allied Pilots Association. Income Tax The Company did not record a net tax benefit associated with its losses for the nine months ended September 30, 2004 and 2003 due to the Company providing a valuation allowance, as discussed in Note 5 to the accompanying condensed consolidated financial statements. Operating Statistics The following table provides statistical information for American and Regional Affiliates for the nine months ended September 30, 2004 and 2003.

	Nine Months Ended September 30, 2004	2003
~~American Airlines, Inc. Mainline Jet Operations~~		
~~Revenue passenger miles (millions)~~	~~98,271~~	~~90,736~~
~~Available seat miles (millions)~~	~~131,109~~	~~123,861~~
~~Cargo ton miles (millions)~~	~~1,617~~	~~1,468~~
~~Passenger load factor~~	~~75.0%~~	~~73.3%~~
~~Passenger revenue yield per passenger mile (cents)~~	~~11.61~~	~~11.84~~
~~Passenger revenue per available seat mile (cents)~~	~~8.70~~	~~8.67~~
~~Cargo revenue~~		

~~yield per ton mile (cents)~~	~~27.92~~	~~27.86~~
~~Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*)~~	~~9.56~~	~~10.12~~
~~Fuel consumption (gallons, in millions)~~	~~2,276~~	~~2,224~~
~~Fuel price per gallon (cents)~~	~~112.7~~	~~87.3~~
~~Regional Affiliates~~		
~~Revenue passenger miles (millions)~~	~~5,355~~	~~4,017~~
~~Available seat miles (millions)~~	~~7,958~~	~~6,286~~
~~Passenger load factor~~	~~67.3%~~	~~63.9%~~

(*)Excludes $1.5 billion and $1.3 billion of expense incurred related to Regional Affiliates in 2004 and 2003, respectively. -21- Outlook As discussed in the Overview section on page 12 in this Form 10-Q, the Company's results deteriorated over the course of the third quarter primarily due to the continuing increase in fuel prices and secondarily due to a weakening of the revenue environment. At this time, the Company believes it is unlikely that fuel prices will decrease meaningfully in the fourth quarter. Thus, the Company expects to face continued high fuel prices in a quarter that is typically seasonally weak from a revenue perspective. As a result, the Company expects to incur a fourth quarter 2004 loss significantly larger than its third quarter 2004 loss of $214 million. In addition, the Company expects that the initiatives discussed in the Overview section on page 13 in this Form 10-Q may result in some special charges being recognized in the fourth quarter. The amount and scope of these special charges are not known at the present time. In addition, the Company expects to recognize a gain on the sale of the Company's interest in Orbitz, which is discussed in the Liquidity and Capital Resources section on page 15 in this Form 10-Q. However, the closing date for the sale of the Company's interest in Orbitz is not known at the present time and it may not occur in the fourth quarter or at all. Capacity for American's mainline jet operations is expected to increase about 3.5 percent in the fourth quarter of 2004 compared to the fourth quarter of 2003, and American's mainline unit costs in the fourth quarter of 2004 is expected to be approximately 10.3 cents, a 0.6 percent year-over-year increase. American's average fuel price per gallon in the fourth quarter of 2004 is expected to be approximately $1.53 per gallon, a 73.5 percent year-over-year increase. -22- Item 3. Quantitative and Qualitative Disclosures about Market Risk Except as discussed below, there have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of the Company's 2003 Form 10-K. The risk inherent in the Company's fuel related market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions management may take to mitigate the Company's exposure to such changes. Therefore, actual results may differ. The Company does not hold or issue derivative financial instruments for trading purposes. Aircraft Fuel The Company's earnings are affected by changes in the price and availability of aircraft fuel. In order to provide a measure of control over price and supply, the Company trades and ships fuel and maintains fuel storage facilities to support its flight operations. The Company also manages the price risk of fuel costs primarily by using jet fuel, heating oil, and crude oil swap and option contracts. Market risk is estimated as a hypothetical 10 percent increase in the September 30, 2004 cost per gallon of fuel. Based on projected 2004 and 2005 fuel usage through September 30, 2005, such an increase would result in an increase to aircraft fuel expense of approximately $499 million in the remainder of 2004 and the first nine months of 2005, inclusive of the impact of fuel hedge instruments outstanding at September 30, 2004, and assumes the Company's fuel hedging program remains effective under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative

Instruments and Hedging Activities". Comparatively, based on projected 2004 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately $268 million in 2004, inclusive of fuel hedge instruments outstanding as of December 31, 2003. The change in market risk is due to the increase in fuel prices and a decrease in the amount of fuel hedged. As of September 30, 2004, the Company had hedged, with crude oil option contracts, approximately four percent of its estimated fourth quarter 2004 fuel requirements at an average of $30 per barrel and an insignificant percentage of its estimated 2005, 2006 and 2007 fuel requirements. Item 4. Controls and Procedures The term "disclosure controls and procedures" is defined in Rules 13a- 15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as of September 30, 2004. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2004. During the quarter ending on September 30, 2004, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. -23- 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 certified class includes all travel agencies who have been or will be required to pay money to American for debit memos for fare rules violations from July 26, 1995 to the present. The plaintiffs seek to enjoin American from enforcing the pricing rules in question and to recover the amounts paid for debit memos, plus treble damages, attorneys' fees, and costs. The Company intends to vigorously defend the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies, which could have an adverse impact on the Company. On May 17, 2002, the named plaintiffs in Hall, et al. v. United Airlines, et al., pending in the United States District Court for the Eastern District of North Carolina, filed an amended complaint alleging that between 1995 and the present, American and over 15 other defendant airlines conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. The plaintiffs are seeking monetary damages and injunctive relief. The court granted class action certification to the plaintiffs on September 17, 2002, defining the plaintiff class as all travel agents in the United States, Puerto Rico, and the United States Virgin Islands, who, at any time from October 1, 1997 to the present, issued tickets, miscellaneous change orders, or prepaid ticket advices for travel on any of the defendant airlines. The case is stayed as to US Airways and United Airlines, since they filed for bankruptcy. American is vigorously defending the lawsuit. Defendant carriers filed a motion for summary judgment on December 10, 2002, which the court granted on October 30, 2003. Plaintiffs have appealed that order to the 4th Circuit Court of Appeals, and that appeal remains pending. 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. Between April 3, 2003 and June 5, 2003, three lawsuits were filed by travel agents some of whom have opted out of the Hall class action (above) to pursue their claims individually against American Airlines, Inc., other airline defendants, and in one case against certain airline defendants and Orbitz LLC. (Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California - San Francisco (51 individual agencies), Paula Fausky d/b/a Timeless Travel v. American Airlines, et. al, in the United States District Court for the Northern District of Ohio Eastern Division (29 agencies) and Swope Travel et al. v. Orbitz et. al. in the United States District Court for the Eastern District of Texas Beaumont Division (6 agencies)). Collectively, these lawsuits seek damages and injunctive relief alleging that the certain airline defendants and Orbitz LLC: (i) conspired to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers in violation of Section 1 of the Sherman Act; (ii) conspired to monopolize the distribution of common carrier air travel between airports in the United States in violation of Section 2 of the Sherman Act; and that (iii) between 1995 and the present, the airline defendants conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. These cases have been consolidated in the United States District Court for the Northern District of Ohio Eastern Division. American is vigorously defending these lawsuits. 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. -24- On May 13, 2002, the named plaintiffs in Always Travel, et. al. v. Air Canada, et. al., pending in the Federal Court of Canada, Trial Division, Montreal, filed a statement of claim alleging that between 1995 and the present, American, the other defendant airlines, and the International Air Transport Association conspired to reduce commissions paid to Canada-based travel agents in violation of Section 45 of the Competition Act of Canada. The named plaintiffs seek monetary damages and injunctive relief and seek to certify a nationwide class of travel agents. Plaintiffs have filed a motion for class certification, but that motion has not yet been decided. American is vigorously defending the lawsuit. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's commission policies would have an adverse impact on the Company. On August 14, 2002, a class action lawsuit was filed against American Airlines, Inc. in the United States District Court for the Central District of California, Western Division (All World Professional Travel Services, Inc. v. American Airlines, Inc.). The lawsuit alleges that requiring travel agencies to pay debit memos for refunding tickets after September 11, 2001: (1) breaches the Agent Reporting Agreement between American and plaintiff; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The alleged class includes all travel agencies who have or will be required to pay moneys to American for an "administrative service charge," "penalty fee," or other fee for processing refunds on behalf of passengers who were unable to use their tickets in the days immediately following the resumption of air carrier service after the tragedies on September 11, 2001. On April 1, 2004, the court denied plaintiff's motion for class certification. The plaintiff seeks to enjoin American from collecting the debit memos and to recover the amounts paid for the debit memos, plus treble damages, attorneys' fees, and costs. The Company intends to vigorously defend the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies which could have an adverse impact on the Company. On August 19, 2002, a class action lawsuit seeking monetary damages was filed, and on May 7, 2003 an amended complaint was filed in the United States

District Court for the Southern District of New York (Power Travel International, Inc. v. American Airlines, Inc., et al.) against American, Continental Airlines, Delta Air Lines, United Airlines, and Northwest Airlines, alleging that American and the other defendants breached their contracts with the agency and were unjustly enriched when these carriers at various times reduced their base commissions to zero. The as yet uncertified class includes all travel agencies accredited by the Airlines Reporting Corporation "whose base commissions on airline tickets were unilaterally reduced to zero by" the defendants. The case is stayed as to United Airlines, since it filed for bankruptcy. American is vigorously defending the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision awarding substantial money damages or forcing the Company to pay agency commissions would have an adverse impact on the Company. Miami-Dade County (the County) is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American Airlines, Inc. and AMR Eagle have been named as potentially responsible parties (PRPs) for the contamination at MIA. During the second quarter of 2001, the County filed a lawsuit against 17 defendants, including American Airlines, Inc., in an attempt to recover its past and future cleanup costs (Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al. in the Florida Circuit Court). The Company is vigorously defending the lawsuit. 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. The case is currently stayed while the parties pursue an alternative dispute resolution process. The County has proposed draft allocation models for remedial costs for the Terminal and Tank Farm areas of MIA. While it is anticipated that American and AMR Eagle will be allocated equitable shares of remedial costs, the Company does not expect the allocated amounts to have a material adverse effect on the Company. Four cases (each being a purported class action) have been filed against American arising from the disclosure of passenger name records by a vendor of American. The cases are: Kimmell v. AMR, et al. (U. S. District Court, Texas), Baldwin v. AMR, et al. (U. S. District Court, Texas), Rosenberg v. AMR, et al. (U. S. District Court, New York) and Anapolsky v. AMR, et al. (U.S. District Court, New York). The Kimmell suit was filed in April 2004. The Baldwin and Rosenberg cases were filed in May 2004. The Anapolsky suit was filed in September 2004. The suits allege various causes of action, including but not limited to, violations of the Electronic Communications Privacy Act, negligent misrepresentation, breach of contract and violation of alleged common law rights of privacy. In each case plaintiffs seek statutory damages of $1000 per passenger, plus additional unspecified monetary damages. The Company is vigorously defending these suits and believes the suits are without merit. -25- Item 5. Other Information Relationship with Ernst & Young LLP Ernst & Young LLP ("Ernst & Young") is the Company's independent auditor. Ernst & Young recently notified the SEC, the Public Company Accounting Oversight Board and the Audit Committee of the Company's Board of Directors that certain non-audit work it has performed in China and Taiwan has raised questions regarding Ernst & Young's independence with respect to its performance of audit services for the Company. Ernst & Young has disclosed that through January 2003 its affiliates in China and Taiwan held employment tax related funds and made payment of such funds to the applicable taxing authorities for a few employees of American who worked in these countries. The total amount of the funds transferred by Ernst & Young to the taxing authority was less then $150,000 in any one year. For these services, the fees paid to Ernst & Young were under $5,000 in any year. All such services were discontinued in January 2003. Under the SEC's rules regarding auditor independence, a company's independent auditor is not permitted to have custody of an audit client's assets. These services are no longer performed by Ernst & Young for the Company and/or American. Both the Audit Committee and Ernst & Young have considered the effect these services may have had on Ernst & Young's independence. The conclusion reached by the Audit Committee and Ernst & Young is that the services have had no impact on Ernst & Young's independence. The Audit Committee reached this conclusion by considering the de minimis nature of the fees for the services, the insignificant amounts of the funds involved, the administrative nature of the services and the fact that there are no operations in these locations subject to the audit of our consolidated financial statements. The Audit Committee will continue to evaluate and review matters that are relevant to the maintenance of Ernst & Young's independence. Item 6. Exhibits and Reports on Form 8-K The following exhibits are included herein: 12 Computation of ratio of earnings to fixed charges for the three and nine months ended September 30, 2004 and 2003. 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a). 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a). 32 Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code). Form 8-Ks filed under Item 5 - Other Events or Item 8.01 - Other Events On July 9, 2004, AMR filed a report on Form 8-K to provide a press release issued to report June traffic for American Airlines, Inc. On August 3, 2004, AMR filed a report on Form 8-K to provide a press release issued to report July traffic for American Airlines, Inc. On August 26, 2004, AMR filed a report on Form 8-K to provide actual fuel cost, unit cost and capacity and traffic information for July as well as current fuel cost, unit cost and capacity and traffic forecasts for August, September, the third quarter and the full year 2004. On September 3, 2004, AMR filed a report on Form 8-K to provide a press release issued to report August traffic for American Airlines, Inc. -26- On September 22, 2004, AMR filed a report on Form 8-K to provide (a) actual fuel price, unit cost and capacity and traffic information for July and August, (b) forecasts of unit cost and revenue performance, fuel prices, capacity estimates, liquidity expectations, other income/expense estimates, statements regarding the Company's future financing activities, and statements regarding the Company's liquidity and (c) information regarding the fully drawn $834 million credit facility of American Airlines, Inc. Form 8-Ks furnished under Item 7.01 - Regulation FD Disclosure On September 20, 2004, AMR furnished a report on Form 8-K to announce that Gerard Arpey would speak to the Society of Airline Analysts on Thursday, September 23, 2004. Form 8-Ks filed under Item 12 - Disclosure of Results of Operations and Financial Condition On July 21, 2004, AMR furnished a report on Form 8-K to furnish a press release issued by AMR to announce its second quarter 2004 results. -27- Signature Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. AMR CORPORATION Date: October 21, 2004 BY: /s/ James A. Beer James A. Beer Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) -28-