AMR Corporation Reports a Third Quarter Profit of $45 Million

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Third Quarter 2008 Mainline Unit Revenue Increased 10.9 Percent Year Over Year

EXCLUDING SPECIAL ITEMS, COMPANY RECORDED A THIRD QUARTER NET LOSS OF $360 MILLION AS HIGHER FUEL PRICES DROVE $1.1 BILLION IN INCREASED FUEL EXPENSE COMPARED TO A YEAR AGO

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AMR Responds to Ongoing Fuel and Economic Concerns While Continuing Its Efforts to Position the Company for Long-Term Success:

- Consolidated capacity expected to be more than 9 percent lower in 2009 than 2007, mainline domestic capacity in 2009 expected to be about 14 percent lower than 2007

- Announces intent to acquire an initial 42 Boeing 787-9 aircraft scheduled for delivery from 2012 to 2018, with right to purchase up to 58 additional 787s that may be scheduled for delivery from 2015 to 2020

* 787 agreement would support wide-body replacement and future growth expected after American, British Airways and Iberia achieve antitrust immunity and implement joint business agreement

- Obtains financing for 20 previously ordered Boeing 737-800s scheduled to be delivered in 2009

AMR Corporation (NYSE:AMR) , the parent company of American Airlines, Inc., today reported a net profit of $45 million for the third quarter of 2008, or $0.17 per diluted share.

The results for the third quarter of 2008 include the impact of several special items. The Company recorded a $432 million gain from the sale of American Beacon Advisors. The Company also recorded $27 million in one-time severance and aircraft charges related to its fall 2008 capacity reduction. Going forward, the Company expects remaining special charges of approximately $121 million for this event, primarily representing the present value of remaining lease payments on A300 aircraft at the time these aircraft are permanently retired, as previously announced by the Company.

Excluding the special items, the Company reported a loss of $360 million, or $1.39 per diluted share, in the third quarter.

The current quarter results compare to a net profit of $175 million for the third quarter of 2007, or $0.61 per diluted share, which included the impact of a $40 million charge for additional salary and benefit expense accruals as previously disclosed.

Historically high and volatile jet fuel prices contributed significantly to the Company’s loss in the third quarter of 2008. AMR paid $3.57 per gallon for jet fuel in the third quarter compared to $2.17 a gallon in the third quarter of 2007, a 64 percent increase. As a result, the Company paid $1.1

billion more for fuel in the third quarter of 2008 than it would have paid at prevailing prices from the prior-year period.

"While fuel prices have fallen from record high levels a few months ago, the economic uncertainty, and what that might mean for travel demand, is a serious concern," said AMR Chairman and CEO Gerard Arpey. "It would also be shortsighted to conclude that fuel prices, which remain volatile, are no longer a challenge. The good news is that, in response to fuel and economic concerns, we took action earlier this year to reduce seat supply, retire inefficient aircraft, and drive revenue, and those efforts have gained traction. Our progress in bolstering our liquidity also has been critical given the turmoil in the credit markets. Still, the uncertainty ahead requires additional steps, including several that we have outlined today, as we work to overcome our near-term challenges while staying focused on securing our long-term future for the benefit of shareholders, customers and employees."

Arpey highlighted several actions that illustrate the Company’s efforts to address its short-term and long-term needs:

The Company plans to continue to exercise capacity discipline in 2009.

Consolidated system capacity is expected to decline more than 9 percent compared to 2007 levels and is expected to decline by approximately 6 percent compared to 2008 levels, largely achieved through the carry-forward impact of capacity reductions taken in late 2008.

Mainline capacity is expected to decline approximately 9 percent compared to 2007 levels and decline approximately 5.5 percent compared to 2008 levels. Domestic capacity is expected to decline approximately 14 percent compared to 2007 and approximately 8.5 percent compared to 2008. International capacity is expected to be about flat with 2007 levels and nearly 1 percent less than in 2008.

Regional affiliate capacity is expected to decline by about 14.5 percent compared to 2007 levels and decline approximately 9.5 percent compared to 2008.

American also announced today that it has entered into a purchase agreement with Boeing under which American intends to acquire an initial 42 Boeing 787-9 aircraft scheduled for delivery beginning in 2012 and ending in 2018, with the right to purchase up to 58 additional 787 aircraft that may be scheduled for delivery beginning in 2015 and ending in 2020. The purchase of the initial 42 787-9 aircraft is subject to certain contingency provisions. (The Company provided more details about the 787 purchase agreement in a separate press release that is available on the Company's Web site at http://www.aa.com/.)

Arpey said the agreement would support American's wide-body replacement as well as the international growth that is expected after American, British Airways and Iberia achieve antitrust immunity, which is subject to regulatory approval, and implement a joint business agreement for flights between North America and Europe. In August, the three airlines -- along with fellow oneworld alliance members Finnair and Royal Jordanian -- applied for antitrust immunity with the U.S. Department of Transportation.

In addition, American said today that it has obtained new financing for 20 previously-ordered Boeing 737-800 aircraft that are scheduled for delivery in 2009. The financing, which is subject to certain terms and conditions, is structured as a sale-leaseback transaction. In the third quarter, American also announced that it had obtained a backstop financing commitment that allows American to finance a significant portion of its 76 737 deliveries in 2009 and 2010. With the new sale-leaseback financing, and should American choose to utilize the backstop facility, American would have financing commitments covering its 737 deliveries into the second half of 2010.

Financial and Operational Performance

American's mainline passenger revenue per available seat mile (unit revenue) increased by 10.9 percent in the third quarter compared to the year-ago quarter.

Mainline capacity, or total available seat miles, in the third quarter decreased 3.0 percent compared to the same period in 2007, as the Company continued to remove unprofitable flying from its schedule.

American's mainline load factor -- or the percentage of total seats filled -- was 82.2 percent during the third quarter, compared to 83.9 percent in the third quarter of 2007.

Third-quarter yield for the company, which represents average fares paid, increased 13.2 percent compared to the third quarter of 2007, its 14th consecutive quarter of year-over-year yield increases.

AMR reported third quarter consolidated revenues of approximately $6.4 billion, an increase of 8.0 percent year over year. Other revenues, including sales from such sources as confirmed flight changes, purchased upgrades, Buy-on-Board food services, and bag fees, increased 14.3 percent year over year to $577 million in the third quarter, compared to the third quarter of 2007.

American's mainline cost per available seat mile (unit cost), excluding special items, in the third quarter of 2008 increased 22.6 percent year over year. Excluding fuel and special items, mainline unit costs in the third quarter of 2008 increased by 4.3 percent year over year, due to costs associated with the Company's capacity reductions, higher material and repair costs, facility expenses, and foreign exchange rates.

Balance Sheet Update

AMR took numerous steps to bolster its liquidity in the third quarter. It raised approximately $300 million through the sale of equity, raised approximately $500 million from aircraft mortgage transactions, closed the sale of American Beacon Advisors for total consideration of $480 million, and drew its $255 million revolving credit facility.

AMR ended the third quarter of 2008 with $5.1 billion in cash and short-term investments, including a restricted balance of $456 million. At the end of the third quarter of 2007 AMR had $5.8 billion in cash and short-term investments, including a restricted balance of $447 million.

AMR's Total Debt, which it defines as the aggregate of its long-term debt, capital lease obligations, the principal amount of airport facility tax-exempt bonds, and the present value of aircraft operating lease obligations, was $15.4 billion at the end of the third quarter of 2008, compared to $16.6 billion at the end of the third quarter of 2007. AMR's Net Debt, which it defines as Total Debt less unrestricted cash and short-term investments, was $10.7 billion at the end of the third quarter of 2008, compared to $11.2 billion at the end of the third quarter of 2007.

As of July 15, AMR had contributed $78 million to its employees' defined benefit pension plans in 2008. Since the beginning of 2002 AMR has contributed more than $2 billion to its employee defined benefit pension plans.

Third Quarter and Recent Highlights

American was ranked as one of the Top 60 Companies for Hispanics, according to Hispanic Business magazine, for its diversity initiatives and its dedication to the Hispanic community. Hispanic Business uses several variables that measure U.S. companies' commitment to Hispanic hiring, promotion, marketing, philanthropy, and supplier diversity.

American was named "North America's Leading Airline" at the 2008 World Travel Awards. Nearly 170,000 travel professionals around the world were solicited for their input, with their votes determining the winner.

American and Susan G. Komen for the Cure(R), the world’s largest breast cancer organization, announced an expanded partnership. American became Komen’s official airline, first-ever Lifetime Promise Partner, and premier contributor of Komen’s new category of grants - Promise Grants. As part of the partnership, six of American’s aircraft and two American Eagle jets now display the special co-branded pink-ribbon motif.

Guidance

Capacity

AMR expects its full-year mainline capacity to decrease by 3.7 percent in 2008 compared to 2007, with a 6.2 percent reduction in domestic capacity and a 0.6 percent increase in international capacity compared to 2007 levels. On a consolidated basis, AMR expects full-year capacity to decrease by 3.9 percent in 2008 compared to 2007.

AMR expects mainline capacity in the fourth quarter of 2008 to decrease by 8.3 percent year over year, with domestic capacity expected to decline by 12.5 percent and international capacity expected to decline by 0.6 percent compared to fourth quarter 2007 levels. It expects consolidated system capacity to decrease by 8.4 percent in the fourth quarter of 2008 compared to the prior-year period.

AMR expects regional affiliate capacity to decline by 10.8 percent in the fourth quarter of 2008 compared to the prior-year period and expects 2008 regional affiliate capacity to decline by 5.7 percent compared to 2007 levels.

Fuel Expense and Hedging

While the cost of jet fuel remains very volatile, AMR is planning for an average system price of $2.76 per gallon in the fourth quarter of 2008 and $3.07 per gallon for all of 2008. AMR has 38 percent of its anticipated fourth quarter 2008 fuel consumption capped at an average crude equivalent of $116 per barrel (jet fuel equivalent of $3.33 per gallon), with 37 percent of its anticipated full-year consumption capped at an average crude equivalent of $91 per barrel (jet fuel equivalent of $2.78 per gallon). Consolidated consumption for the fourth quarter is expected to be 707 million gallons of jet fuel.

Mainline and Consolidated Unit Costs (excluding special items)

For the fourth quarter of 2008, mainline unit costs are expected to increase 9.9 percent compared to the fourth quarter of 2007, while fourth quarter consolidated unit costs are expected to increase 9.8 percent compared to the fourth quarter of 2007.

In the fourth quarter of 2008, mainline unit costs excluding fuel are expected to increase 7.7 percent year over year while consolidated unit costs excluding fuel are expected to increase 7.8 percent from the fourth quarter of 2007. The fourth quarter 2008 unit cost expectations reflect cost pressures associated with the Company’s previously announced capacity reductions.

Full-year mainline unit costs are expected to increase 16.8 percent in 2008 compared to 2007, while full-year consolidated unit costs are expected to increase 16.6 percent in 2008 compared to 2007.

AMR expects mainline unit costs excluding fuel to be 4.9 percent higher in 2008 versus 2007, while 2008 consolidated unit costs excluding fuel are expected to increase 5.2 percent year over year.