Table of Contents

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

FORM 10-Q

☑ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended March 31, 2011.

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From __________ to __________.

Commission file number 1-8400.

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12-b-2 of the Exchange Act. (Check one):
☑ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer (Do not check if a smaller reporting company) ☐ Smaller reporting company

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☑ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $1 par value – 333,461,642 shares as of April 14, 2011.

On January 23, 2011, American and Sabre entered into a Stand Down Agreement that suspended the litigation until June 1, 2011 and vacated the February 14 hearing date. During this period, Sabre agreed (1) not to take any actions to bias the display of American's services; (2) to return to the pricing in effect on January 4, 2011; and (3) withdraw its notice of termination of certain parts of the agreement. We can give no assurances that we will resolve our disputes with Sabre or prevail in a temporary injunction hearing should such a hearing become necessary after the Stand Down Agreement with Sabre expires on June 1, 2011. The failure to resolve these issues or prevail in a subsequent hearing could have a material adverse impact on our level of bookings, business and results of operations.

On December 31, 2010, American's agreement with Expedia expired, and Expedia discontinued selling American tickets on its website. Prior to expiration of that agreement, approximately 5.4% of American's passenger revenue, on an annualized basis, was booked through Expedia. On April 4, 2011, American and Expedia entered into a memorandum of understanding (MOU) allowing the companies to resume doing business together. Access to fares and schedule information of American was restored on Expedia. Pursuant to the MOU, Expedia said it plans to access American's fares, schedules, and customized travel products and services via American's direct connect link by using aggregation technology provided by a GDS. The parties agreed to negotiate in good faith towards a definitive agreement, but there can be no assurance as to a final agreement being reached.

On April 12, 2011, the Company filed an antitrust lawsuit against Travelport and Orbitz in Federal District Court for the Northern District of Texas. The lawsuit alleges that Travelport has engaged in anticompetitive practices to preserve its monopoly power over American's ability to distribute its products through Travelport subscribers. The lawsuit further alleges that these actions have prevented American from employing new competing technologies and has allowed Travelport to continue to charge American supracompetitive fees. The lawsuit seeks both injunctive relief and money damages. American intends to vigorously pursue these claims, but there can be no assurance of the outcome.

While the Company believes that some of the bookings through Orbitz, Travelport, Expedia and Sabre have transitioned or will transition to other distribution channels, such as other travel agencies, metasearch sites and American's AA.com web site, it is not possible at this time to estimate what the ultimate impact would be to the Company's business if the Company is unsuccessful in resolving one or more of these matters. If as a result of these matters it becomes more difficult for the Company's customers to find and book flights on American, the Company could be put at a competitive disadvantage and this may result in fewer bookings. If the Company is unable to sell American inventory through any or all of these channels, the Company's level of bookings, business and results of operations could be materially adversely affected. The Company also believes the actions taken by Travelport and Sabre described above are not permitted by the applicable contracts. The Company intends to vigorously pursue the Company's claims and defenses in the lawsuits described above, but there can be no assurance of the outcome of any such lawsuit.

Financial Highlights

The Company recorded a consolidated net loss of $436 million in the first quarter of 2011 compared to a net loss of $505 million in the same period last year. The Company's consolidated net loss reflects an improvement in a global economy; which led to higher operating revenues, largely offset by significant year-over-year increases in fuel prices as well as extreme weather events in the first 45 days of 2011. Consolidated passenger revenue increased by $382 million to $4.7 billion for the first quarter of 2011 compared to the same period last year. Cargo and other revenues increased by $83 million to $822 million for the first quarter of 2011 compared to the same period last year. Mainline passenger unit revenues increased 5.0 percent in the first quarter of 2011 due to a 6.2 percent increase in passenger yield compared to the first quarter of 2010. This also reflects a decrease in load factor of approximately 0.8 points compared to the first quarter of 2010. Since deregulation in 1978, the Company's passenger yield has increased 89 percent, while the Consumer Price Index (CPI), as measured by the U.S. Department of Labor Bureau of Labor Statistics, has grown by over 225 percent. The Company believes this is the result of a fragmented industry with numerous competitors and excess capacity, increased low cost carrier competition, increased price competition due to the internet, and other factors. The Company believes increases in passenger yield will continue to significantly lag CPI indefinitely.

The increase in total operating revenue was largely offset by significantly higher year-over-year fuel prices. Fuel prices increased dramatically during the first quarter of 2011 and remain high and extremely volatile. The Company paid an average of $2.76 per gallon in the first quarter of 2011 compared to an average of $2.23 per gallon in the first quarter of 2010, including the effects of hedging. As a result, fuel expense, taking into account the impact of fuel hedging, increased $366 million to $1.8 billion for the first quarter of 2011 compared to the same period last year. Hedging gains reduced fuel expense by approximately $101 million.