

March 15, 2007

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Mr. James Weel
Managing Director E.R.
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Dear Sirs:

The Transport Workers Union requests that the AMR Board of Directors, through the appropriate Committee, conduct a review of the 2003 Employee Stock Incentive Plan (ESIP) based on the facts set forth below. The TWU recognizes the importance of its stake in AMR both as employees and shareholders, and has demonstrated its commitment through actively and cooperatively working with American management to solidify and enhance the position of the Company in the airline industry. Significant productivity improvements and the attraction of mail and third party maintenance contracts are examples of this commitment, and the value created through these efforts has gone far beyond the value of concessions agreed to in 2003. These efforts have enhanced corporate revenue by tens of millions of dollars and were possible only through the commitment and cooperation of the TWU Membership.

The TWU believes that the Committee has the authority to make changes to the ESIP and understands that any change to the plan is at the discretion of the Committee:

"In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting the Stock, such substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option price of shares subject to outstanding Options granted under the Plan, and in the number of shares subject to other outstanding awards granted under the Plan as may be determined to be appropriate by the Committee, in its sole discretion, provided that the number of shares subject to any award shall always be a whole number."

ESIP Prospectus (E), Page 4

Recent Share Offerings Have Diluted the Interests of Employees Still Holding Options

Since the implementation of the ESIP in April of 2003, the Company has offered shares of common stock through public offerings on three occasions. These offerings occurred within the past 16 months and during a time when many employees were exercising their options. These additional shares were dilutive and therefore had a negative impact on the stock price and on employee option yields and yield potential for the exercise of future options. For example, the price of AMR stock opened at \$40.43 on January 22, 2007 when the Company announced the offering, and closed at \$36.70 on January 23rd, the day the offering was priced. The offerings in total increased the outstanding common stock of AMR by 41 million shares:

	Shares (MM#)	Proceeds (MM\$)
Nov-05	13	\$223
May-06	15	\$400
Jan-07	13	\$497

The 2003 ESIP is subject to a 10-year option term, and the TWU believes that this defined period represents a reasonable time span during which the original option grant should be proportionately adjusted when dilutions occur. The AMR Board of Directors originally authorized the issue of options equivalent to 30% of shares outstanding in connection with wage, work rule and benefits reductions during the 2003 restructuring:

"In connection with the changes in wages, benefits and work rules, the Labor Agreements provide for the issuance of approximately 38 million shares of AMR stock in the form of stock options which will generally vest over a three year

period. The maximum number of shares authorized for issuance was 30 percent of the number of shares of the Company's common stock outstanding on March 24, 2003 (156,359,955) or approximately 46.9 million shares. The total number of shares authorized for distribution under the 2003 Plan is 42,680,000 shares."

AMR 2006 10k Report, p. 27

The 2003 allocation of 38 million options to AMR's employees represented 24.2% of the common stock outstanding on March 24, 2003. If the three public offerings noted above are added to the 2003 outstanding share figure, the additional 41 million shares reduce this percentage to 19.2%. An additional 9,881,110 options would need to be granted to employees to return the employee interest to 24.2%. If shares issued to senior management and other allocations were to be included in the calculation, the variance would be somewhat greater. An approximation of this value can be made by subtracting the 38 million shares allocated under the 2003 ESIP from the 239.9 million outstanding shares as of 2/16 2007, resulting in a base of 202 million shares outstanding and excluding all possible ESIP shares. Using this result, the employee share of AMR has been reduced to 18.8%.

The TWU's allocated share was approximately 8.4% of shares outstanding in April of 2003. If the recently offered 41 million shares are added to the 156,359,955 that the 2003 award was based, the TWU's interest in AMR has been reduced to 6.6%. In order to return the TWU stake to the original 8.4%, an additional 3,440,092 options would need to be allocated.

Existing Shares are Available to the Committee

The TWU believes that the number of unallocated shares of the plan is sufficient to return the TWU stake in the Company to the original 8.8%. Of the original 42,680,000 shares authorized under the ESIP, only 37,879,999 were issued, leaving 4,800,001 options available for distribution at the discretion of the Committee.

	Number of Options
Transport Workers Union	13,138,144
Allied Pilots Association	12,321,964
Association of Professional Flight Attendants	6,799,197
Agents and Clerical	2,700,539
Management and Support Staff	2,920,155
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Total Options Distributed	37,879,999
Options Authorized Under the Plan	42,680,000
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Options Unallocated	4,800,001

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In addition, there may be sufficient shares available to the Committee that would return the percentage of options allocated to all employees to the original 24.2% of shares outstanding, if forfeited or cancelled shares are considered:

"If any shares of Stock that have been optioned cease to be subject to a Stock Option, or if any such shares of Stock that are subject to any Restricted Stock or Deferred Stock award granted hereunder are forfeited or any such award otherwise terminates without a payment being made to the participant in the form of Stock, such shares shall again be available for distribution in connection with future awards under the Plan."

ESIP Prospectus (E), Page 4

A review of the AMR 10k Reports for 2005 and 2006 indicates that approximately 6.6 million stock options have been cancelled since 2003. A large number of stock options were forfeited both under the ESIP and LTIP Plans.

Stock option activity under the LTIP Plans, the Pilot Plan and the 2003 Plan was:

	2006	2005	2004	2003	4 Year Totals
Options Outstanding at January 1	59,053,029	67,885,713	68,883,709	30,842,767	NA
Granted	815,080	1,067,900	1,679,625	40,751,272	44,295,047
Exercised	(22,114,966)	(8,426,823)	(1,173,541)	(112,432)	(13,766,347)
Canceled	(591,381)	(1,473,761)	(1,504,080)	(2,597,898)	(6,586,683)

Additionally, 437,559 deferred share awards and 520,342 performance share awards were cancelled during this time period. Other common stock, including treasury stock, may also be available to the Committee as source of existing authorized shares.

Conclusion

The facts presented here support the case for a minimum option award adjustment based on the dilution of ESIP option values due to the stock offerings in November 2005, May 2006, and January 2007. Sufficient shares are available to the Committee to offset this dilution.

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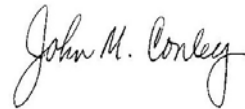
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Beyond this adjustment, the TWU believes that the tangible contributions by its members since April 2003 have greatly exceeded the value of concessions agreed to during the restructuring. In addition to measurable operational revenue improvements that are a direct result of groundbreaking TWU participation and innovation, share value has been created as a result of a publicly lauded partnership between the TWU and Company management. The Board and AMR Shareholders should consider this value created by TWU members that is well above and beyond the \$620 million in annual concessions that was agreed to in 2003.

Sincerely,



Gary Yingst
Director Air Transport Division
Intl. Vice President



John M. Conley
International Representative
AA System Coordinator

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