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is determined to be less than its net book value, the second step of the impairment analysis must be performed to measure the amount of the impairment charge, if any. Step two of the analysis compares the implied fair value of goodwill to its carrying amount. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss is recognized equal to that excess. This step must be completed by December 31, 2002. However, SFAS 142 requires that any resulting impairment charge be recorded as of January 1, 2002.

AMR Corporation (AMR or the Company) first disclosed this new accounting pronouncement in its second quarter 2001 Form 10-Q, and noted that it was evaluating its impact on the Company. Most recently, the Company disclosed in its second quarter 2002 Form 10-Q that it had completed the first step of its goodwill impairment analysis and determined AMR's net book value was in excess of its fair value at January 1, 2002. Furthermore, the Company disclosed it was in the process of completing the second step of the impairment analysis, which would likely result in AMR recording a pre-tax charge of up to \$1.4 billion to write-off the Company's goodwill. AMR's goodwill balance of approximately \$1.4 billion included amounts related to the acquisitions of Reno Air, Inc., ACI Holdings, Inc. (AirCal), AMR Eagle acquisitions and certain assets from Trans World Airlines, Inc.

The Company has now completed the second step of the impairment analysis and concluded that AMR's entire goodwill balance is impaired as defined by SFAS 142. As a result, the Company will record a one-time cumulative effect of a change in accounting of approximately \$990 million after taxes. This charge will be recorded as of January 1, 2002, is nonoperational in nature and has no impact on cash flows. This charge does not affect AMR's or American Airlines, Inc.'s financial covenants in any of its credit agreements.

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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 hereunto duly authorized.

AMR CORPORATION

/s/ Charles D. MarLett
Charles D. MarLett
Corporate Secretary

Dated: October 4, 2002

