

AMR Corporation
Board of Directors
Governance Policies

The basic responsibilities of a Director of AMR Corporation (the “Company”) are to exercise the Director’s business judgment to act in what the Director reasonably believes to be the best interests of the Company and its shareholders and to endeavor to provide effective governance over the Company’s affairs for the benefit of the Company and its shareholders.

In addition to the foregoing, the Board of Directors of the Company (the “Board”) has, among others, the following responsibilities:

- to select a well qualified and ethical chief executive officer (the “CEO”);
- to review, in conjunction with the Audit Committee, the Company’s Business Ethics and Compliance program;
- to oversee the CEO and the other executive officers in the operation of the Company;
- to review, in conjunction with the Compensation Committee, the compensation of the CEO and the other executive officers;
- to review, in conjunction with the Nominating/ Corporate Governance Committee, succession planning for the CEO and an evaluation of the CEO’s performance;
- to review the Company’s operating plan;
- to review the Company’s strategic plan and ensure that it has the resources needed for implementation;
- to review and approve material acquisitions and dispositions;
- to review significant regulatory issues that affect the Company;
- to review significant items of litigation affecting the Company;
- to review, in conjunction with the Audit Committee, the financial statements of the Company and its operating results; and
- to review, in conjunction with the Nominating/ Corporate Governance Committee, candidates for vacancies on the Board.

In fulfilling his/her responsibility, each Director is entitled to rely on and to assume the honesty and integrity of the Company’s senior management, its independent auditors and its other outside advisors.

To assist the Directors in the discharge of their duties to the Company, the Board’s Nominating/ Corporate Governance Committee developed these Governance Policies (sometimes referenced as the “Policies”), which have been reviewed and approved by the Board. These Policies will be made available to any stockholder who requests them and will be published on the Company’s website (on the Investor Relations page).

1. Role of Chairman, Chief Executive Officer and Lead Director

The Board believes that it is important to maintain the flexibility to allocate the responsibilities of the offices of the Chairman and the CEO in any manner it determines to be in the Company's best interests. The Board will determine on a case by case basis whether the roles of the Chairman and CEO should be separate and, if they are to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee.

If the Chairman of the Board is also the CEO or is not an independent Director (as determined pursuant to these Policies), the independent Directors may elect a Lead Director. The responsibilities of the Lead Director shall be determined by the independent Directors from time to time but include:

- presiding at meetings of the Board when the Chairman is not present, including executive sessions of the independent Directors;
- serving as a liaison between the Chairman and the independent Directors (although the independent Directors are encouraged to communicate with the Chairman);
- in collaboration with the Chairman and with input from the other Directors, approving Board meeting agendas and schedules; and
- the ability to call meetings of the independent Directors.

2. Number of Committees/Attendance/Charters/Number of Meetings

The Board currently has the following committees: Audit, Compensation, Diversity and Nominating/ Corporate Governance. The Board has the flexibility to form a new committee or to disband a current committee. It is the policy of the Board that only independent (as defined in these Policies) Directors may serve on the Audit, Compensation and Nominating/ Corporate Governance Committees. Committee members are expected to attend all the meetings of their Committees. A Director may attend any Committee meeting, regardless of his/her membership on that Committee.

Each Committee will have its own charter. The charter will be reviewed by the Nominating/ Corporate Governance Committee and will be approved by the Board. The charters will set forth the purposes, goals and responsibilities of each Committee. The charters will also provide for an annual evaluation by each Committee of its performance.

The Committees will meet as needed; however, it is anticipated that each Committee will meet, at a minimum, three times per year. The Chairman of the Committee, in conjunction with the appropriate executive officers of the Company, will determine the agenda for each Committee meeting. Following a Committee meeting, the Chairman of the Committee will make a report to the Board at the next scheduled meeting of the Board.

3. Assignment to Committees

The Nominating/ Corporate Governance Committee recommends the members of the Committees, taking into account the desires of individual Board members, the need for independence on certain Committees under applicable independence guidelines set forth by the New York Stock Exchange and/or the Securities Exchange Commission, and the suggestions of the Chairman and/or Lead Director.

4. Selection of Agenda Items for Board Meetings

The Chairman will establish the agenda for each Board meeting. Each Director is free to suggest the inclusion of items on the agenda and each Director is free to raise, at any Board meeting, subjects that are not on the agenda for that meeting.

5. Board Materials Distributed in Advance

Materials for the regular Board meetings (for example, minutes from the prior meetings and items for future approval) will generally be distributed five days in advance of the meeting. In some cases, however, due either to the sensitive nature of an item under consideration or the press of time, information may not be provided in advance of the meeting or may be provided less than five days in advance of the meeting. Each Board member is expected to review any materials provided in advance of a Board meeting.

Management will make every attempt to see that the materials distributed prior to the meeting are as brief as is consistent with completeness.

6. Regular Attendance of Non-Directors at Board Meetings

The Chairman may invite the Company's senior officers to regularly attend Board meetings.

7. Executive Sessions of Outside Directors and Communication with the Board

The outside Directors will meet in executive session following the regular Board meetings scheduled for January and July of each year and, in addition, whenever the Chairman, the Lead Director, and/or a majority of the outside Directors determine that such a meeting is warranted. If the Chairman is not an independent Director, the Lead Director will chair any such executive session.

The Company will publish on its website (on the Investor Relations page) and in its proxy statement a mailing address for interested parties to communicate directly and confidentially with the Board, any individual Director, or any standing committee of the Board.

8. Board Access to Senior Management and Outside Advisors

Directors have complete access to the Company's management. It is assumed that the Directors will use judgment to ensure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, is copied to the CEO.

Furthermore, the Board encourages management to, from time to time, bring managers and officers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) senior management believes should be given exposure to the Board.

The Board and its Committees (consistent with the provisions of their respective charters) have the authority to retain outside experts, counsel and other advisors, as they deem necessary and appropriate to assist them in the performance of their duties. When such outside advisors are retained, the Company will provide the funds to ensure prompt payment. In retaining such outside advisors, the Directors will not be required to obtain prior approval from the Company's senior management but recognize that senior management should be consulted to ensure, among other things, that conflicts of interest are avoided.

9. Board Compensation Review

The Nominating/ Corporate Governance Committee is responsible for determining and recommending to the Board the form and amount of compensation to be paid to the outside Directors. The Board believes that a significant portion of Director compensation should be in the form of stock-based awards. In determining the amount of Director compensation, the Nominating/ Corporate Governance Committee will take into account the compensation paid to outside directors at other companies that are comparable in size to the Company and may hire independent compensation consultants to assist in making its determination.

10. Size of the Board

It is the sense of the Board that a Board composed of 10 to 14 Directors is appropriate; however, the Board may increase its size modestly to accommodate the availability of an outstanding candidate or its changing needs or circumstances

11. Mix of Inside and Outside Directors

The Board believes that, with the exception of the Chairman and/or CEO, all Directors should meet the criteria for independence as established by the Board in accordance with the guidelines set forth by the New York Stock Exchange and/or the Securities and Exchange Commission.

12. Board Membership on Other Organizations

- A. Outside Directors must notify the Chairman of the Nominating/ Corporate Governance Committee before accepting a seat on the board of another for-profit organization. This prior notice will allow the Committee to determine, in its judgment, whether such service will interfere with the outside Director's service on the Company's Board or otherwise impact the Director's status as an independent Director. Unless otherwise approved by the Board, Audit Committee members may not serve on the audit committees of more than three public companies (inclusive of the Company's Audit Committee).
- B. The CEO must have the approval of the Board of Directors before accepting a seat on the board of another company. Moreover, unless extraordinary circumstances are present, the CEO may not serve on more than two other for-profit Boards.

13. Independence Standards

The Nominating/ Corporate Governance Committee will annually make a determination as to the independence of each outside Director. An "independent" outside Director is one who is determined to have no material relationship with the Company, either directly or through an organization that has a material relationship with Company. A relationship is "material" if, in the judgment of the Nominating/ Corporate Governance Committee, it would interfere with the outside Director's independent judgment. To assist the Committee in determining whether an outside director is independent, the following guidelines will be used:

- A. A Director will not be considered independent if, within the last three years, the Director was an employee of the Company, or an immediate family member of the Director was employed by the Company as an executive officer;
- B. A Director will not be considered independent if: a) the Director is a current partner or employee of a firm that is the Company's internal or external auditor; b) the Director has an immediate family member who is a current partner of such a firm; c) the Director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or d) the Director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time;
- C. A Director will not be considered independent if the Director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than those retainers, fees and benefits for service as a Director of the Company;
- D. A Director will not be considered independent if the Director or a member of the Director's immediate family is, or has been within the last three years, employed as an executive officer

of another company where any of the Company's present executive officers at the same time serves or served on that other company's compensation committee; and

- E. A Director will not be considered independent if the Director is a current employee, or a member of the Director's immediate family is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

Where the foregoing standards do not address a particular relationship, the determination of whether the relationship is material, and whether a Director is independent, will be made by a majority of those Directors who satisfy the independence guidelines set forth above, based upon the recommendation of the Nominating/ Corporate Governance Committee.

The foregoing standards of independence are subject to definitional rules and regulations as may be adopted by the New York Stock Exchange and/or the Securities and Exchange Commission. In the event of a conflict between these standards and the independence standards promulgated by the foregoing institutions, the latter standards will control in all respects, and these standards of independence will be deemed amended to incorporate such definitional rules and regulations.

14. Review of Financial Information

Preliminary quarterly financial information will be provided to the members of the Audit Committee and the other outside Directors at the same time. Likewise, the Company's annual report on Form 10-K, its quarterly reports on Form 10-Q, and its press releases concerning quarterly financial results will be distributed to members of the Audit Committee and the other outside Directors at the same time. It is anticipated that during the course of the fiscal year, members of the Audit Committee will meet with various departments and committees of the Company to review issues related to internal control and disclosure. To the extent such meetings occur outside the time frames of the regular meetings of the Audit Committee, the Chairman of the Audit Committee will notify all outside Directors of such meetings so that any of the outside Directors may attend the meetings.

15. Former Chief Executive Officer's Board Membership

When the CEO resigns or retires from that position, he/she will tender his/her resignation from the Board to the Chair of the Nominating / Corporate Governance Committee; provided, however, that such resignation will not be necessary if the CEO remains as Chairman of the Company. The Board may determine to not accept his/her offer to resign from the Board if it determines that it is not in the best interests of the stockholders to do so.

16. Board Membership Criteria

The Nominating/ Corporate Governance Committee, in collaboration with the Chairman and/or the Lead Director, is responsible for reviewing with the Board, on an annual basis, the skills and characteristics appropriate to outside Board members. This assessment should include issues of diversity, age, skills and geographic representation, all in the context of an assessment of the perceived needs of the Board at that point in time.

17. Selection of New Director Candidates/Invitation to Join

The Nominating/ Corporate Governance Committee is responsible for recommending to the Board new candidates for membership on the Board. The Nominating/Corporate Governance Committee encourages the direct input and participation of the Chairman and/or Lead Director in the screening process. In selecting candidates, the Nominating/ Corporate Governance Committee will consider the independence criteria (see paragraph 13) as well as the ability of the candidate to fully assume the responsibilities attendant to Board membership. The invitation to join the Board will generally be extended by the Chairman of the Nominating/ Corporate Governance Committee, the Chairman and/or the Lead Director.

18. Election of Directors

- A. Any nominee for Director in an uncontested election (*i.e.*, an election where the only nominees are those recommended by the Board) who receives a greater number of votes “WITHHELD” from his or her election than votes “FOR” such election (a “Majority Withheld Vote”) will promptly tender his or her resignation for consideration by the Nominating/ Corporate Governance Committee.
- B. The Nominating/ Corporate Governance Committee will promptly consider the best interests of the Company and its shareholders and recommend to a committee of independent Directors of the Board whether to accept the tendered resignation or to take some other action, such as rejecting the resignation and addressing the apparent underlying causes of the withheld votes.
- C. The Board will create a committee of all the independent Directors who did not receive a Majority Withheld Vote to consider the Nominating/ Corporate Governance Committee’s recommendation and take action within 90 days following the uncontested election. Thereafter, the committee of independent Directors will promptly disclose its decision and an explanation of how the decision was reached in a Current Report on Form 8-K filed with the Securities and Exchange Commission.
- D. Except as provided below, a Director receiving a Majority Withheld Vote shall remain active and engaged in Board activities during this Nominating/ Corporate Governance Committee and Board process.

- E. If one or more members of the Nominating/ Corporate Governance Committee receive a Majority Withheld Vote, then the Board will create a special committee of independent Directors who did not receive a Majority Withheld Vote to consider the resignation offers of all Directors receiving a Majority Withheld Vote and determine whether to accept the tendered resignation(s) or to take some other action and promptly disclose their decision as described in paragraph 18.C. above.
- F. Any Director who receives a Majority Withheld Vote and tenders his or her resignation pursuant to this paragraph 18 will not participate in the committee action regarding whether to accept the tendered resignation offer or take some other action. However, if the only Directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer independent Directors, then all independent Directors may participate in the committee action regarding whether to accept the resignation offer(s) or to take some other action.
- G. This corporate governance guideline will be summarized in each proxy statement relating to an election of Directors of the Company.

19. Directors Who Change Their Present Employment Responsibilities

If an individual Director (a) changes his/her employment responsibilities, (b) changes his/her primary outside function or (c) becomes affiliated with a third party whereby such affiliation creates a potential conflict of interest with the Company, such Director will tender a written resignation to the Chairman of the Nominating/ Corporate Governance Committee. This action by the affected Director will allow the Nominating/ Corporate Governance Committee an opportunity to evaluate the situation and determine the appropriate action to be taken with respect to such resignation.

20. Retirement Age

A Director will retire from service at the annual meeting following his/her 70th birthday. However, with the approval of the Board, in certain circumstances a Director who has reached age 70 may be asked to remain on the Board.

21. Formal Evaluation of the Chief Executive Officer and other Executive Officers

The Chairman of the Nominating/ Corporate Governance Committee, independent Chairman and/or Lead Director will coordinate with all other outside Directors to ensure that an annual evaluation is conducted with respect to the performance of the CEO. The independent Chairman or the Lead Director will review the CEO's evaluation with the CEO as soon as feasible after the evaluation has been completed and will report the results of the evaluation to the Board. Among other uses, the Compensation Committee, in the course of its deliberations regarding the compensation of the CEO, will consider the results of the CEO evaluation. At least annually, the

CEO will evaluate the performance of the Company's other senior officers and will share those evaluations with the other members of the Board.

22. Succession Planning

In collaboration with the Chairman of the Nominating/ Corporate Governance Committee, the Chairman and/or the Lead Director, the CEO will make an annual report to the Board on succession planning. All Directors will work with them in identifying and evaluating potential successors to the CEO. The CEO will work with the Chairman, the Lead Director and/or the Chairman of the Nominating/ Corporate Governance Committee to undertake any development plans for a potential successor.

There should also be available, on a continuing basis, the CEO's recommendation as to a successor should he/she die or become unexpectedly disabled.

23. Board Evaluation

Annually the Nominating/ Corporate Governance Committee will conduct, in concert with the other independent Directors, an evaluation of the Board and its Committees. The Board evaluation will elicit opinions as to the overall functioning of the Board, areas that could be improved and other matters as determined by the Nominating/ Corporate Governance Committee. The Chairman of the Nominating/ Corporate Governance Committee will review the results of the Board evaluation with the entire Board to determine what, if any, actions could improve the Board's performance. Likewise, each of the Committees will conduct an annual evaluation of that Committee's effectiveness.

24. Board Interaction with Institutional Investors, the Press and Customers

The Board has authorized the senior management to speak for the Company. At the request of the Chairman or the CEO, individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company.

25. Meeting Attendance

It is important that the each Director make every reasonable effort to attend or participate in, as applicable: (a) the regularly scheduled meetings of the Board; (b) the regularly scheduled conference calls; and (c) the Committee meetings of which he/she is a member. Directors will be given as much advance notice of meeting dates and times as reasonably possible.

26. Director Orientation and Continuing Education

All new Directors will participate in the Company's orientation program for new Directors. This orientation will be conducted as soon as reasonably feasible after the new Director's election to

the Board. The orientation will include presentations by the senior management of the Company and will focus on strategic plans, employee issues, operational challenges, its significant financial, accounting and risk management issues, its independent auditors, its compliance programs, its internal audit function and its Code of Conduct. The orientation program will be conducted at the Company's headquarters and, if practical, will include visits to facilities in the immediate area of the headquarters.

The Nominating/ Corporate Governance Committee supports attendance by the Board members at seminars or programs regarding director education. The Company will pay the expenses associated with a Director's attendance at such seminars or programs.

27. Code of Conduct

The Company has adopted Standards of Business Conduct (the "Standards") that apply to all of its employees. The Standards are posted on its website (on the Investor Relations page) and is otherwise made available to employees through the employee website. Each management employee must certify annually that he/she knows of no violation of the Standards. The results of this annual certification process are reviewed annually with the Audit Committee.

The Board has adopted a Code of Ethics and Conflicts of Interest Policy (the "Code of Ethics") applicable to outside members of the Board. This Code of Ethics can be found at the Company's website (on the Investor Relations page). Each Director must certify annually that he/she knows of no violation of this Code of Ethics. The Nominating/ Corporate Governance Committee will oversee the Code of Ethics for the outside Directors. Any waiver of, or change to, the Code of Ethics for an outside Director or for an executive officer of the Company must be approved by the Nominating/ Corporate Governance Committee and will be reported on the Company's website.

28. Review of the Policies

The Board recognizes that these Policies must continue to evolve to meet the changing needs of the Company, its shareholders and regulatory requirements. At least annually, the Nominating/ Corporate Governance Committee will review these Policies with the Board to ensure that they are serving their purpose and will, as necessary, recommend appropriate changes to the Policies.