American was founded in 1930 from the combination of more than 80 smaller airlines. Its hubs are New York, Los Angeles, Dallas-Fort Worth, Chicago and Miami. Its major international partners are British Airways and Japan Airlines.

DALLAS (AP) -- The parent company of American Airlines filed for bankruptcy protection Tuesday, seeking relief from crushing debt caused by high fuel prices and expensive labor contracts that its competitors shed years ago.

The company also replaced its CEO, and the incoming leader said American would probably cut its flight schedule "modestly" while it reorganizes. He did not give specifics. American said its frequent-flier program would be unaffected.

AMR Corp., which owns American, was one of the last major U.S. airline companies that had avoided bankruptcy. Competitors used bankruptcy to shed costly labor contracts, unburden themselves of debt, and start making money again. Delta was the last major airline to file for bankruptcy protection, in 2005.

American - the nation's third-largest airline - was stuck with higher costs and had to match its competitors' lower fares or lose passengers.

Other airlines also grew by pursuing acquisitions and expanding overseas. American was the biggest airline in the world in 2008, but has been surpassed by United, which combined with Continental, and Delta, which bought Northwest.

In announcing the bankruptcy filing, AMR said that Gerard Arpey, a veteran of the company for almost three decades and CEO since 2003, had stepped down and was replaced by Thomas W. Horton, the company president.

Horton said the board of directors unanimously decided to file for bankruptcy after meeting Monday in New York and again by conference call on Monday night.

In a filing with federal bankruptcy court in New York, AMR said it had $29.6 billion in debt and $24.7 billion in assets.

With reductions to the flight schedule, Horton said there would probably be corresponding job cuts. American has about 78,000 employees and serves 240,000 passengers per day.

For travelers, American said it would continue to operate flights, honor tickets and take reservations.

AMR's move could also trigger more consolidation in the airline industry - some analysts believe American is likely to merge with US Airways.

The company will delay the spinoff of its regional airline, American Eagle, which was expected early next year.

AMR, however, wants to push ahead with plans to order 460 new jets from Boeing and Airbus, plus more than 50 previous jet orders. New planes would save American money on fuel and

maintenance, but the orders will be subject to approval by the bankruptcy court.

AMR stockholders will be wiped out. The stock had already lost 79 percent of its value this year on fears of bankruptcy. The stock fell to 35 cents Tuesday afternoon, down $1.26 from the day before.

AMR has lost more than $12 billion since 2001, and analysts expect it will post more losses through 2012. Speculation about an AMR bankruptcy grew in recent weeks as the company was unable to win union approval for contracts that would reduce labor costs. The company said it was spending $600 million more a year than other airlines because of labor-contract rules.

On Tuesday, Horton said no single factor led to the bankruptcy filing. He said the company needed to cut costs because of the weak global economy and high, volatile fuel prices. The price of jet fuel has risen more than 60 percent in the past five years.

Ray Neidl, an analyst with Maxim Group LLC, an investment banking company, said AMR was wise to file for bankruptcy while it still had about $4 billion in cash. That way, the company will have a cushion to keep operating without worrying immediately about lining up new financing, he said.

Neidl said the company has strong assets but needs to find labor peace and more revenue. He said American might be pushed into a merger with US Airways.

The president of the pilots' union, Dave Bates, said his members were concerned about what the bankruptcy will mean for them. Other airlines used bankruptcy to terminate pension plans.

"While today's news was not entirely unexpected, it is nevertheless disappointing that we find ourselves working for an airline that has lost its way," Bates said in a message to pilots.

Darryl Jenkins, a consultant who has worked for the major airlines, said that AMR will be able to cut costs in bankruptcy, and that employees and stockholders would be the big losers.

"Labor is going to take a major hit," Jenkins said. "Their pensions are in danger."

James C. Little, president of the Transport Workers Union, which represents mechanics, baggage handlers and other ground workers at American, was harsh in his assessment of the impact on labor.

"This (bankruptcy) is likely to be a long and ugly process and our union will fight like hell to make sure that front line workers don't pay an unfair price for management's failings," Little said.

AMR, which has headquarters in Fort Worth, Texas, lost $162 million in the third quarter and has posted losses in 14 of the past 16 quarters.

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News of the bankruptcy swept through Fort Worth-based AMR's hometown.

"American Airlines is an institution in Dallas-Fort Worth, and when institutions start to crumble, you look at everything around you," said Elaine Vale, a jewelry store owner who flew back from a Thanksgiving holiday on American. "After American, then who?"