



## Edgar Filing: AMR CORP - Form 8-K

### Item 8.01 Other Events

AMR Corporation is filing herewith its Eagle Eye communication to investors. This document includes (a) actual unit cost, fuel price, capacity and traffic information for July and August and (b) forecasts of unit cost, revenue performance and fuel prices and fuel hedging, capacity and traffic estimates, liquidity expectations and other income/expense estimates.

### 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: September 22, 2005

AMR EAGLE EYE

September 22, 2005

Statements in this report contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document, the words "expects", "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, the Company's expectations concerning operations and

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financial conditions, including changes in capacity, revenues and costs, future financing plans and needs, overall economic conditions, plans and objectives for future operations, and the impact on the Company of its results of operations in recent years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based on information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. This document includes forecasts of unit cost and revenue performance, fuel prices and fuel hedging, capacity and traffic estimates, other income/expense estimates, and statements regarding the Company's liquidity, each of which is a forward-looking statement. Forward-looking statements are subject to a number of factors that could cause the Company's actual results to differ materially from the Company's expectations. The following factors, in addition to other possible factors not listed, could cause the Company's actual results to differ materially from those expressed in forward-looking statements: changes in economic, business and financial conditions; the Company's substantial indebtedness; continued high fuel prices and the availability of fuel; further increases in the price of fuel; the impact of events in Iraq; conflicts in the Middle East or elsewhere; the highly competitive business environment faced by the Company, characterized by increasing pricing transparency and competition from low cost carriers and financially distressed carriers; historically low fare levels and fare simplification initiatives (both of which could result in a further deterioration of the revenue environment); the ability of the Company to reduce its costs further without adversely affecting operational performance and service levels; uncertainties with respect to the Company's international operations; changes in the Company's business strategy; actions by U.S. or foreign government agencies; the possible occurrence of additional terrorist attacks; another outbreak of a disease (such as SARS) that affects travel behavior; uncertainties with respect to the Company's relationships with unionized and other employee work groups; the inability of the Company to satisfy existing financial or other covenants in certain of its credit agreements; the availability and terms of future financing; the ability of the Company to reach acceptable agreements with third parties; and increased insurance costs and potential reductions of available insurance coverage. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

This Eagle Eye provides updated guidance for the third quarter and the full year 2005.

### Performance Update

Costs: Unit cost forecasts are attached. Changes in unit costs from prior guidance are primarily attributed to higher fuel prices and less capacity.

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**Special Items:** In the third quarter, AMR expects to incur a one-time charge of \$80.4 million dollars for a contract termination. This is expected to be somewhat offset by a one-time credit of \$22.1 million related to the reversal of an insurance reserve, following a favorable legal decision.

**Revenue:** Third quarter mainline unit revenue is expected to increase between 11.5% and 12.5% year over year. Consolidated third quarter unit revenue is expected to increase between 10.5% and 11.5% year over year.

**Liquidity:** We expect to end the third quarter with a cash and short-term investment balance well over \$3.5 billion, including approximately \$500 million in restricted cash and short-term investments.

Kathy Bonanno  
Director Investor Relations

AMR EAGLE EYE

Fuel Forecast

Fuel Hedge Position:

3Q05: Hedged on 1.0% of consumption at approximately \$27/bbl  
WTI Crude

AMR Fuel Price (Including Hedges and Taxes) and Consumption

	Actual		Forecast		
	Jul	Aug	Sep	3Q05	2005
Fuel Price (dollars/gal) 1/	1.75	1.86	2.05	1.88	1.77
Fuel Consumption (MM gals)	294.3	286.2	255.4	835.9	3,249.1

Unit Cost Forecast (cents)

AMR Consolidated Cost per ASM

	Actual		Forecast		
	Jul	Aug	Sep	3Q05	2005
AMR Cost per ASM 1/	10.60	10.85	11.88	11.08	10.90
AMR Cost per ASM (ex-special items) 2/	10.60	10.85	11.50	10.96	10.90
AMR Cost per ASM (ex-fuel and special items) 2/	7.59	7.65	8.07	7.76	7.85

American Mainline Cost per ASM

	Actual		Forecast		
	Jul	Aug	Sep	3Q05	2005
AA Cost per ASM 1/	10.11	10.34	11.39	10.59	10.39
AA Cost per ASM (ex-special items) 2/	10.11	10.34	10.98	10.46	10.39

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AMR Cost per ASM (ex-fuel and special items) 2/	7.18	7.24	7.66	7.35	7.43
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### Capacity and Traffic Forecast (millions)

#### AA Mainline Operations

	Actual		Forecast		
	Jul	Aug	Sep	3Q05	2005
ASMs	16,005	15,508	14,160	45,673	177,239
Domestic	10,418	10,129	9,150	29,697	115,311
International	5,587	5,379	5,010	15,976	61,928
Traffic	13,624	12,653	10,754	37,031	138,606

#### Regional Affiliate Operations

	Actual		Forecast		
	Jul	Aug	Sep	3Q05	2005
ASMs	1,113	1,136	1,084	3,333	12,756
Traffic	835	803	731	2,369	8,856

#### AMR EAGLE EYE

#### Below the Line Income/Expenses

Total Other Income/(Expense) is estimated at (\$205) million in the third quarter of 2005

1/ Data is as reported and includes a net charge of \$58 million in September and 3Q05, reflecting a contract termination and the reversal of an insurance reserve, following a favorable legal decision.  
2005 data also includes a \$55 million special fuel tax credit received in 1Q05.

2/ The company believes that unit costs excluding fuel and special items are useful to investors in monitoring the performance of the company's costs excluding the volatility of fuel and one-time items. Reconciliation to GAAP follows:

	Actual		Forecast		
	Jul	Aug	Sep	3Q05	2005
AMR CASM (cents)	10.60	10.85	11.88	11.08	10.90
Less Special Items CASM (cents)	-	-	0.38	0.12	-
AMR CASM Excluding Special Items (cents)	10.60	10.85	11.50	10.96	10.90
Less Fuel CASM (cents)	3.01	3.20	3.43	3.20	3.05
AMR CASM Excluding Special Items & Fuel (cents)	7.59	7.65	8.07	7.76	7.85

	Actual		Forecast		
	Jul	Aug	Sep	3Q05	2005

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AA CASM (cents)	10.11	10.34	11.39	10.59	10.39
Less Special Items CASM (cents)	-	-	0.41	0.13	-
AA CASM Excluding Special Items (cents)	10.11	10.34	10.98	10.46	10.39
Less Fuel CASM (cents)	2.93	3.10	3.32	3.11	2.96
AA CASM Excluding Special Items and Fuel (cents)	7.18	7.24	7.66	7.35	7.43