

Edgar Filing: AMR CORP - Form 8-K

AMR CORP
Form 8-K
July 18, 2002

1

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of earliest event
reported: July 17, 2002

AMR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 1-8400 75-1825172
(State of Incorporation) (Commission File Number) (IRS Employer
Identification No.)

4333 Amon Carter Blvd. Fort Worth, Texas 76155
(Address of principal executive offices) (Zip Code)

(817) 963-1234
(Registrant's telephone number)

2

Item 5. Other Events

AMR Corporation (the Company) is filing herewith a press release issued on July 17, 2002 by the Company as Exhibit 99.1 which is included herein. This press release was issued to report the Company's second quarter 2002 earnings.

Item 7. Financial Statements and Exhibits

The following exhibits are included herein:

99.1 Press Release

Edgar Filing: AMR CORP - Form 8-K

3

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: July 17, 2002

4

EXHIBIT INDEX

Exhibit	Description
99.1	Press Release

5

Exhibit 99.1

Edgar Filing: AMR CORP - Form 8-K

Contact: Corporate Communications
Fort Worth, Texas
817-967-1577

FOR RELEASE: Wednesday, July 17, 2002

Editor's Note: A Live Webcast reporting second quarter results will be broadcast on the Internet on July 17 at 2 p.m. EDT (Windows Media Player required for viewing).

AMR REPORTS SECOND QUARTER LOSS OF \$465 MILLION BEFORE A SPECIAL ITEM

FORT WORTH, Texas - AMR Corporation, the parent company of American Airlines, Inc., today reported a second quarter net loss of \$465 million before a special item, or \$3.00 per share. This compares with a net loss of \$105 million before special items, or \$0.68 per share, in the second quarter of 2001.

"We continued to see a very weak revenue environment in the second quarter," said Don Carty, AMR's chairman and chief executive officer, "and although traffic has rebounded nicely since last fall, average fares are at 15-year lows, sharply depressing yields."

In response, the Company has taken a number of steps, including trimming capacity, sharply reducing capital spending and lowering its operating costs. These actions resulted in AMR's unit cost rising less than one percent year over year, despite 10.4 percent less capacity.

"We've made good progress on the cost side," Carty said, "and we're not done. The Company is in the midst of an exhaustive, top-to-bottom review of its business, and despite our financial challenges, our employees are doing an outstanding job of focusing on our customers and providing great service."

- more -

6

One result of all this effort, Carty said, is that during the second quarter, American completed more than 99 percent of its scheduled flights, and more than 82 percent of American's flights arrived on time, as reported to the Department of Transportation.

AMR's second quarter results include a \$30 million after-tax special charge (\$0.19 per share) that stems from a provision of Congress' economic stimulus package that changes the period for carrybacks of net operating losses ("NOLs"). This change allows companies to carry back 2001 and 2002 NOLs for five years, rather than two under the previous law, allowing AMR to more quickly recover its NOLs and thereby achieve a significant cash benefit. The extended NOL carryback does, however, result in the displacement of foreign tax credits taken in prior years which are now expected to expire before they can be used. As a result, the Company recorded a charge to reflect the anticipated forfeiture of the foreign tax credits.

Including this special item, AMR reported a second quarter net loss of \$495 million, or \$3.19 per share.

Second Quarter Results
(in millions, except
per share amounts)

2002

2001

Edgar Filing: AMR CORP - Form 8-K

	Amount (net of tax)	Loss per share	Amount (net of tax)	Loss per share
Net loss before special items	(\$465)	(\$3.00)	(\$105)	(\$0.68)
Anticipated forfeiture of foreign tax credits	(30)	(0.19)	--	--
Legal settlement	--	--	29	0.19
Aircraft charge	--	--	(430)	(2.79)
Net loss	(\$495)	(\$3.19)	(\$507)	(\$3.29)

- more -

7

Looking forward, if the revenue environment remains depressed, the Company expects to post a sizeable operating loss in the third quarter. In addition, the Company has determined that its goodwill is likely impaired as defined by the Financial Accounting Standard Board's recent Statement of Financial Accounting Standards No. 142 on accounting for "Goodwill and Other Intangible Assets." If so, AMR will record an impairment charge in the third or fourth quarter. The amount of this non-cash charge has not yet been determined, but could be up to \$1.4 billion pre-tax, the full amount of AMR's goodwill.

Editor's Note: AMR's Chief Financial Officer, Jeff Campbell, will make a presentation to analysts during a teleconference on Wednesday, July 17, from 2 p.m. to 2:45 p.m. EDT. Following the analyst call, he will hold a question and answer conference call for media from 3 p.m. to 3:45 p.m. EDT. Reporters interested in listening to Mr. Campbell's presentation or participating in the media Q&A conference call should call 817-967-1577 for details.

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 and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "believes," and similar expressions are intended to identify forward-looking statements. 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 upon 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. Forward-looking statements are subject to a number of factors that could cause actual results to differ materially from our expectations. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the Form 10-K for the year ended December 31, 2001.

Edgar Filing: AMR CORP - Form 8-K

Detailed financial information follows:

###

Current AMR Corp. News Releases can be accessed via the Internet:
Our address is <http://www.amrcorp.com>

8

AMR CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30,	2001	Percent Change
Revenues			
Passenger - American Airlines	\$3,747	\$ 4,645	(19.3)
- AMR Eagle	344	409	(15.9)
Cargo	142	190	(25.3)
Other revenues	246	339	(27.4)
Total operating revenues	4,479	5,583	(19.8)
Expenses			
Wages, salaries and benefits	2,126	2,126	-
Aircraft fuel	656	842	(22.1)
Depreciation and amortization	338	352	(4.0)
Other rentals and landing fees	306	320	(4.4)
Maintenance, materials and repairs	285	298	(4.4)
Aircraft rentals	214	226	(5.3)
Food service	180	218	(17.4)
Commissions to agents	155	260	(40.4)
Special charges	-	685	-
Other operating expenses	820	1,016	(19.3)
Total operating expenses	5,080	6,343	(19.9)
Operating Loss	(601)	(760)	(20.9)
Other Income (Expense)			
Interest income	18	24	(25.0)
Interest expense	(164)	(132)	24.2
Interest capitalized	22	38	(42.1)
Miscellaneous - net	5	37	(86.5)
	(119)	(33)	*
Loss Before Income Taxes	(720)	(793)	(9.2)
Income tax benefit	(225)	(286)	(21.3)
Net Loss	\$ (495)	\$ (507)	(2.4)
Loss Per Share			
Basic and Diluted	\$ (3.19)	\$ (3.29)	
Number of Shares Used in Computation			
Basic and Diluted	155	154	

* Greater than 100%

Note 1: 2002 results include TWA whereas the 2001 amounts include TWA for the period April 10 through June 30, 2001.

Edgar Filing: AMR CORP - Form 8-K

9

AMR CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(Unaudited)

	Six Months Ended June 30,	2001	Percent Change
Revenues			
Passenger - American Airlines	\$7,231	\$8,580	(15.7)
- AMR Eagle	649	763	(14.9)
Cargo	276	366	(24.6)
Other revenues	459	634	(27.6)
Total operating revenues	8,615	10,343	(16.7)
Expenses			
Wages, salaries and benefits	4,206	3,872	8.6
Aircraft fuel	1,183	1,549	(23.6)
Depreciation and amortization	679	665	2.1
Other rentals and landing fees	595	577	3.1
Maintenance, materials and repairs	551	578	(4.7)
Aircraft rentals	440	374	17.6
Food service	350	402	(12.9)
Commissions to agents	316	484	(34.7)
Special charges	-	685	-
Other operating expenses	1,625	1,921	(15.4)
Total operating expenses	9,945	11,107	(10.5)
Operating Loss	(1,330)	(764)	74.1
Other Income (Expense)			
Interest income	36	64	(43.8)
Interest expense	(330)	(251)	31.5
Interest capitalized	44	79	(44.3)
Miscellaneous - net	(3)	22	*
	(253)	(86)	*
Loss Before Income Taxes	(1,583)	(850)	86.2
Income tax benefit	(513)	(300)	71.0
Net Loss	\$(1,070)	\$ (550)	94.5
Loss Per Share			
Basic and Diluted	\$ (6.90)	\$ (3.58)	
Number of Shares Used in Computation			
Basic and Diluted	155	154	

* Greater than 100%

Note 1: 2002 results include TWA whereas the 2001 amounts include TWA for the period April 10 through June 30, 2001.

10

AMR CORPORATION
OPERATING STATISTICS
(Unaudited)

Edgar Filing: AMR CORP - Form 8-K

	Three Months Ended June 30,		Percent
	2002	2001	Change
American Airlines (*)			
Revenue passenger miles (millions)	31,379	35,188	(10.8)
Available seat miles (millions)	43,958	49,044	(10.4)
Cargo ton miles (millions)	518	610	(15.1)
Passenger load factor	71.4%	71.7%	(0.3) pts.
Breakeven load factor (**)	86.4%	74.0%	12.4 pts.
Passenger revenue yield per passenger mile (cents)	11.94	13.20	(9.5)
Passenger revenue per available seat mile (cents)	8.52	9.47	(10.0)
Cargo revenue yield per ton mile (cents)	27.21	30.89	(11.9)
Operating expenses per available seat mile (cents) (**)	10.78	10.73	0.5
Fuel consumption (gallons, in millions)	808	922	(12.4)
Fuel price per gallon (cents)	75.5	83.3	(9.4)
Fuel price per gallon, excluding fuel taxes (cents)	70.0	78.0	(10.3)
Operating aircraft at period-end	828	904	(8.4)
AMR Eagle			
Revenue passenger miles (millions)	1,059	1,030	2.8
Available seat miles (millions)	1,596	1,680	(5.0)
Passenger load factor	66.4%	61.3%	5.1 pts.
Operating aircraft at period-end	281	271	3.7
AMR Corporation			
Average Equivalent Number of Employees			
American Airlines	100,100	115,200	
Other	11,800	13,100	
Total	111,900	128,300	

(*)2002 results include TWA whereas the 2001 amounts include TWA for the period April 10 through June 30, 2001.

(**) Excludes the impact of the second quarter 2001 asset impairment charge.

11

AMR CORPORATION
OPERATING STATISTICS
(Unaudited)

	Six Months Ended June 30,		Percent
	2002	2001	Change
American Airlines (*)			
Revenue passenger miles (millions)	59,197	61,640	(4.0)
Available seat miles (millions)	84,047	88,021	(4.5)
Cargo ton miles (millions)	981	1,159	(15.4)
Passenger load factor	70.4%	70.0%	0.4 pts.
Breakeven load factor (**)	86.9%	71.3%	15.6 pts.
Passenger revenue yield per passenger mile (cents)	12.22	13.92	(12.2)
Passenger revenue per available seat mile (cents)	8.60	9.75	(11.8)

Edgar Filing: AMR CORP - Form 8-K

Cargo revenue yield per ton mile (cents)	27.93	31.27	(10.7)
Operating expenses per available seat mile (cents) (**)	11.03	10.97	0.5
Fuel consumption (gallons, in millions)	1,553	1,664	(6.7)
Fuel price per gallon (cents)	71.5	85.2	(16.1)
Fuel price per gallon, excluding fuel taxes (cents)	66.0	79.8	(17.3)
Operating aircraft at period-end	828	904	(8.4)
AMR Eagle			
Revenue passenger miles (millions)	1,978	1,890	4.7
Available seat miles (millions)	3,163	3,268	(3.2)
Passenger load factor	62.5%	57.8%	4.7 pts.
Operating aircraft at period-end	281	271	3.7

(*) 2002 results include TWA whereas the 2001 amounts include TWA for the period April 10 through June 30, 2001.

(**) Excludes the impact of the second quarter 2001 asset impairment charge.