

Edgar Filing: AMR CORP - Form 8-K

AMR CORP  
Form 8-K  
January 16, 2002  
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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: January 16, 2002

AMR CORPORATION  
(Exact name of registrant as specified in its charter)

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

|  |                   |                     |
|--|-------------------|---------------------|
| 4333 Amon Carter Blvd.<br>(Address of principal executive offices) | Fort Worth, Texas | 76155<br>(Zip Code) |
|--|-------------------|---------------------|

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

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Item 5. Other Events

AMR Corporation (the Company) is filing herewith a press release issued on January 16, 2002 by the Company as Exhibit 99.1 which is included herein. This press release was issued to report the Company's fourth quarter and full year 2001 earnings and an agreement with Boeing for the retirement of the Company's 717 fleet.

Item 7. Financial Statements and Exhibits

The following exhibits are included herein:

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99.1 Press Release

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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: January 16, 2002

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EXHIBIT INDEX

| Exhibit | Description   |
|---------|---------------|
| 99.1    | Press Release |

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Exhibit 99.1

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

FOR RELEASE: Wednesday, Jan. 16, 2002

Editor's Note: A live Webcast reporting fourth-quarter results will be broadcast on the Internet on Jan. 16 at 2 p.m. EST (Windows Media Player required for viewing.)

AMR REPORTS FOURTH-QUARTER LOSS OF \$734 MILLION BEFORE SPECIAL ITEMS

AMERICAN ALSO ANNOUNCES AGREEMENT WITH BOEING FOR THE RETIREMENT OF ITS 717 FLEET

FORT WORTH, Texas - AMR Corporation, the parent company of

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American Airlines, Inc., today reported a fourth-quarter net loss of \$734 million before special items, or a loss of \$4.75 per share. This compares with net earnings of \$56 million, or \$0.34 per share diluted, before special items in the fourth quarter of 2000.

"Influenced by the lingering effects of last September's attacks, the final three months of 2001 were incredibly difficult," said Don Carty, AMR's chairman and chief executive officer.

"Traffic, particularly business travel, was down significantly in the quarter, which -- when combined with lower average fares -- resulted in a record quarterly loss."

While disappointed with the results, the Company has taken many positive steps to bolster its financial position. "We strengthened our cash reserves, despite the huge losses," Carty said, "and further improved our position by cutting capacity, reducing capital spending, cutting operating costs, and further simplifying the fleet."

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AMR Fourth Quarter Results  
Jan. 16, 2002  
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In addition, Carty noted that "the commitment of our people to making American an industry leader was evident in December, when American registered an industry-leading completion factor of 99.7 percent and posted outstanding on-time performance."

After accounting for the special items noted below, AMR reported a net loss of \$798 million, or \$5.17 per share, for the fourth quarter of 2001. This compares to net earnings of \$47 million, or \$0.29 per share diluted, for the fourth quarter of 2000.

| Impact of Special Items<br>(in millions, except per<br>share amounts) | Fourth Quarter<br>Amount    Earnings<br>(net of    per<br>tax)      share |          |
|---|---|----------|
| Net loss before special items   | (\$734)   | (\$4.75) |
| Special charges:  |   |          |
| Aircraft charges  | (35)  |          |
| Facility exit costs   | (34)  |          |
| Employee charges  | (10)  |          |
| Other   | (14)  |          |
| Total special charges   | (93)  | (0.61)   |
| Special credit: U.S. Govn't grant                                     | 29  | 0.19     |
| Net loss after special items  | (\$798)   | (\$5.17) |

AMR's fourth-quarter results brought the Company's full-year 2001 net loss to \$1.4 billion, or \$9.13 per share, before special items. This compares with 2000 net earnings of \$752 million, or \$4.65 per share diluted, before special items and an extraordinary loss. Including the special items noted above and prior quarters'

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special items, AMR's full-year 2001 net loss was \$1.8 billion, or a loss of \$11.43 per share, as compared to 2000 net earnings of \$770 million, or \$4.76 per share diluted.

Looking to the future, Carty said AMR still has a long way to go to return to profitability, but is encouraged by a number of signs.

"Traffic is improving, and we're in much better shape than we might have been otherwise, thanks to a strong product, great people and strategies like fleet flexibility and simplification," Carty said. "Our intent is to move forward aggressively in 2002 with marketing strategies to attract and retain customers, operating strategies that emphasize safety, security and on-time performance, and financing strategies that keep this Company's financial foundations strong."

### Retirement of Aircraft

In connection with its strategy of reducing costs by simplifying its fleet, AMR announced today that it has reached an agreement with Boeing that, among other things, will result in the retirement of its 717 fleet by June of this year. The 717 is a short-haul, 100-seat airplane similar in size to the Fokker F100s already in American's fleet. American does not need two airplanes of this fleet size and had always intended to retire the 717s. The agreement with Boeing allows American to do this earlier than planned.

"The 717 is a fine aircraft," Carty said, "but we are committed to simplifying the fleet, and it just doesn't make sense to hold on to the 717s when we already have a fleet of 74 F100s in the 100-seat category. All we're doing now is accelerating a retirement that had been in our fleet plan from the beginning of our TWA acquisition."

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AMR Fourth Quarter Results

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The 717 retirement is part of a broad fleet-simplification strategy that will see American reduce its total number of basic fleet types from 14 two years ago to seven types by the end of 2002. In 2001, American retired five fleet types " the MD11, MD90, DC10, MD87 and DC9. This year, it will take two more types out of the fleet " the 717 and the 727. As the numbers of fleet types shrink, the overall fleet becomes more reliable and easier and less costly to maintain.

Editor's note: AMR's Chief Financial Officer, Thomas W. Horton, will be available to answer questions during a telephone news conference on Wednesday, Jan. 16, from 3 p.m. to 3:45 p.m. EST. Reporters interested in joining the conference should call 817-967-1577 for details.

Statements in this news release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, which represent the Company's expectations or beliefs concerning

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future events. When used in this release, the words "expects," "anticipates," and similar expressions are intended to identify forward-looking statements. All forward-looking statements in this release are based upon information available to the Company on the date of this release. The Company undertakes no obligation to publicly update or revise any forward-looking statements, 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 Dec. 31, 2000.

Detailed financial information follows:

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Current AMR Corp. news releases can be accessed via the Internet.  
The address is <http://www.amrcorp.com>

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

|                                    | Three Months Ended<br>2001 | December 31,<br>2000 | Percent<br>Change |
|------------------------------------|----------------------------|----------------------|-------------------|
| <b>Revenues</b>                    |                            |                      |                   |
| Passenger - American Airlines      | \$2,755                    | \$ 4,039             | (31.8)            |
| - TWA LLC                          | 414                        | -                    | -                 |
| - AMR Eagle                        | 277                        | 356                  | (22.2)            |
| Cargo                              | 138                        | 191                  | (27.7)            |
| Other revenues                     | 220                        | 273                  | (19.4)            |
| Total operating revenues           | 3,804                      | 4,859                | (21.7)            |
| <b>Expenses</b>                    |                            |                      |                   |
| Wages, salaries and benefits       | 2,027                      | 1,771                | 14.5              |
| Aircraft fuel                      | 563                        | 727                  | (22.6)            |
| Depreciation and amortization      | 371                        | 313                  | 18.5              |
| Other rentals and landing fees     | 297                        | 256                  | 16.0              |
| Maintenance, materials and repairs | 255                        | 274                  | (6.9)             |
| Commissions to agents              | 144                        | 241                  | (40.2)            |
| Aircraft rentals                   | 225                        | 152                  | 48.0              |
| Food service                       | 167                        | 190                  | (12.1)            |
| Other operating expenses           | 801                        | 855                  | (6.3)             |
| Special charges, net               | 102                        | -                    | -                 |
| Total operating expenses           | 4,952                      | 4,779                | 3.6               |
| Operating Income (Loss)            | (1,148)                    | 80                   | *                 |
| <b>Other Income (Expense)</b>      |                            |                      |                   |
| Interest income                    | 30                         | 46                   | (34.8)            |
| Interest expense                   | (165)                      | (114)                | 44.7              |
| Interest capitalized               | 28                         | 41                   | (31.7)            |
| Miscellaneous - net                | (15)                       | 30                   | *                 |

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|                                   |          |       |   |
|-----------------------------------|----------|-------|---|
|                                   | (122)    | 3     | * |
| Income (Loss) Before Income Taxes | (1,270)  | 83    | * |
| Income tax provision (benefit)    | (472)    | 36    | * |
| Net Earnings (Loss)               | \$ (798) | \$ 47 | * |

Continued on next page.

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

|                                      | Three Months Ended December 31, |         |
|--------------------------------------|---------------------------------|---------|
|                                      | 2001                            | 2000    |
| Earnings (Loss) Per Share            |                                 |         |
| Basic                                |                                 |         |
| Net Earnings (Loss)                  | \$ (5.17)                       | \$ 0.31 |
| Diluted                              |                                 |         |
| Net Earnings (Loss)                  | \$ (5.17)                       | \$ 0.29 |
| Number of Shares Used in Computation |                                 |         |
| Basic                                |                                 |         |
|                                      | 154                             | 151     |
| Diluted                              |                                 |         |
|                                      | 154                             | 165     |

\* Greater than 100%

Note: Certain amounts have been reclassified to conform with 2001 presentation.

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AMR CORPORATION  
OPERATING STATISTICS  
(Unaudited)

|  | Three Months Ended December 31, |        | Percent    |
|--|---------------------------------|--------|------------|
|  | 2001                            | 2000   | Change     |
| American Airlines                                      |                                 |        |            |
| Revenue passenger miles (millions)                     | 22,109                          | 27,539 | (19.7)     |
| Available seat miles (millions)                        | 34,115                          | 39,497 | (13.6)     |
| Cargo ton miles (millions)                             | 434                             | 587    | (26.1)     |
| Passenger load factor                                  | 64.8%                           | 69.7%  | (4.9) pts. |
| Breakeven load factor (*)                              | 86.2%                           | 67.1%  | 19.1 pts.  |
| Passenger revenue yield per passenger mile (cents)     | 12.46                           | 14.67  | (15.1)     |
| Passenger revenue per available seat mile (cents)      | 8.07                            | 10.23  | (21.1)     |
| Cargo revenue yield per ton mile (cents)               | 30.34                           | 32.21  | (5.8)      |
| Operating expenses per available seat mile (cents) (*) | 11.10                           | 11.02  | 0.7        |

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|  |         |         |            |
|--|---------|---------|------------|
| Fuel consumption (gallons, in millions)                | 633     | 760     | (16.7)     |
| Fuel price per gallon (cents)                          | 70.4    | 90.8    | (22.5)     |
| Fuel price per gallon, excluding fuel taxes (cents)    | 65.3    | 84.8    | (23.0)     |
| Operating aircraft at period-end                       | 712     | 717     | (0.7)      |
| TWA LLC  |         |         |            |
| Revenue passenger miles (millions)                     | 3,314   | -       |            |
| Available seat miles (millions)                        | 5,642   | -       |            |
| Passenger load factor                                  | 58.7%   | -       |            |
| Passenger revenue yield per passenger mile (cents)     | 12.50   | -       |            |
| Passenger revenue per available seat mile (cents)      | 7.34    | -       |            |
| Operating expenses per available seat mile (cents) (*) | 12.81   | -       |            |
| Operating aircraft at period-end                       | 169     | -       |            |
| AMR Eagle  |         |         |            |
| Revenue passenger miles (millions)                     | 873     | 909     | (4.0)      |
| Available seat miles (millions)                        | 1,539   | 1,565   | (1.7)      |
| Passenger load factor                                  | 56.7%   | 58.1%   | (1.4) pts. |
| Operating aircraft at period-end                       | 290     | 261     | 11.1       |
| AMR Corporation  |         |         |            |
| Average Equivalent Number of Employees                 |         |         |            |
| American Airlines                                      | 83,800  | 94,400  |            |
| TWA LLC  | 14,100  | -       |            |
| Other  | 11,400  | 13,000  |            |
| Total  | 109,300 | 107,400 |            |

(\*) Excludes special charges, net  
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AMR CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(in millions, except per share amounts)  
(Unaudited)

|                               | Year Ended December 31,<br>2001 | 2000     | Percent<br>Change |
|-------------------------------|---------------------------------|----------|-------------------|
| Revenues                      |                                 |          |                   |
| Passenger - American Airlines | \$14,104                        | \$16,394 | (14.0)            |
| - TWA LLC                     | 1,676                           | -        | -                 |
| - AMR Eagle                   | 1,378                           | 1,452    | (5.1)             |
| Cargo                         | 662                             | 721      | (8.2)             |
| Other revenues                | 1,143                           | 1,136    | 0.6               |
| Total operating revenues      | 18,963                          | 19,703   | (3.8)             |
| Expenses                      |                                 |          |                   |
| Wages, salaries and benefits  | 8,032                           | 6,783    | 18.4              |

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|  |           |        |        |
|--|-----------|--------|--------|
| Aircraft fuel  | 2,888     | 2,495  | 15.8   |
| Depreciation and amortization  | 1,404     | 1,202  | 16.8   |
| Other rentals and landing fees   | 1,197     | 999    | 19.8   |
| Maintenance, materials and repairs   | 1,165     | 1,095  | 6.4    |
| Commissions to agents  | 835       | 1,037  | (19.5) |
| Aircraft rentals   | 829       | 607    | 36.6   |
| Food service   | 778       | 777    | 0.1    |
| Other operating expenses   | 3,695     | 3,327  | 11.1   |
| Special charges, net   | 610       | -      | -      |
| Total operating expenses   | 21,433    | 18,322 | 17.0   |
| Operating Income (Loss)  | (2,470)   | 1,381  | *      |
| Other Income (Expense)   |           |        |        |
| Interest income  | 110       | 154    | (28.6) |
| Interest expense   | (538)     | (467)  | 15.2   |
| Interest capitalized   | 144       | 151    | (4.6)  |
| Miscellaneous - net  | (2)       | 68     | *      |
|  | (286)     | (94)   | *      |
| Income (Loss) From Continuing Operations Before Income Taxes and Extraordinary Loss        | (2,756)   | 1,287  | *      |
| Income tax provision (benefit)   | (994)     | 508    | *      |
| Income (Loss) From Continuing Operations Before Extraordinary Loss                         | (1,762)   | 779    | *      |
| Income From Discontinued Operations (net of applicable income taxes and minority interest) | -         | 43     | -      |
| Income (Loss) Before Extraordinary Loss  | (1,762)   | 822    | *      |
| Extraordinary Loss (net of applicable income taxes)  | -         | (9)    | -      |
| Net Earnings (Loss)  | \$(1,762) | \$ 813 | *      |

Continued on next page.

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

|  | Year Ended December 31, |         |
|--|-------------------------|---------|
|  | 2001                    | 2000    |
| Earnings (Loss) Per Share                |                         |         |
| Basic                                    |                         |         |
| Income (Loss) from Continuing Operations | \$ (11.43)              | \$ 5.20 |
| Discontinued Operations                  | -                       | 0.30    |
| Extraordinary Loss                       | -                       | (0.07)  |
| Net Earnings (Loss)                      | \$ (11.43)              | \$ 5.43 |
| Diluted                                  |                         |         |
| Income (Loss) from Continuing Operations | \$ (11.43)              | \$ 4.81 |



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|                                      |            |         |
|--------------------------------------|------------|---------|
| Discontinued Operations              | -          | 0.27    |
| Extraordinary Loss                   | -          | (0.05)  |
| Net Earnings (Loss)                  | \$ (11.43) | \$ 5.03 |
|                                      |            |         |
| Number of Shares Used in Computation |            |         |
| Basic                                | 154        | 150     |
| Diluted                              | 154        | 162     |

\* Greater than 100%

Note: Certain amounts have been reclassified to conform with 2001 presentation.

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### AMR CORPORATION OPERATING STATISTICS (Unaudited)

|   | Year Ended December 31,<br>2001 | 2000    | Percent<br>Change |
|---|---------------------------------|---------|-------------------|
| <b>American Airlines</b>                                  |                                 |         |                   |
| Revenue passenger miles (millions)                        | 106,224                         | 116,594 | (8.9)             |
| Available seat miles (millions)                           | 153,035                         | 161,030 | (5.0)             |
| Cargo ton miles (millions)                                | 2,058                           | 2,280   | (9.7)             |
| Passenger load factor                                     | 69.4%                           | 72.4%   | (3.0) pts.        |
| Breakeven load factor (*)                                 | 78.1%                           | 65.3%   | 12.8 pts.         |
| Passenger revenue yield per<br>passenger mile (cents)     | 13.28                           | 14.06   | (5.5)             |
| Passenger revenue per available<br>seat mile (cents)      | 9.22                            | 10.18   | (9.4)             |
| Cargo revenue yield per<br>ton mile (cents)               | 30.24                           | 31.31   | (3.4)             |
| Operating expenses per available<br>seat mile (cents) (*) | 11.14                           | 10.45   | 6.6               |
| Fuel consumption (gallons, in millions)                   | 2,913                           | 3,045   | (4.3)             |
| Fuel price per gallon (cents)                             | 80.9                            | 77.9    | 3.9               |
| Fuel price per gallon, excluding<br>fuel taxes (cents)    | 75.4                            | 72.3    | 4.3               |
| Operating aircraft at period-end                          | 712                             | 717     | (0.7)             |
| <b>TWA LLC (**)</b>                                       |                                 |         |                   |
| Revenue passenger miles (millions)                        | 14,381                          | -       |                   |
| Available seat miles (millions)                           | 21,653                          | -       |                   |
| Passenger load factor                                     | 66.4%                           | -       |                   |
| Passenger revenue yield per<br>passenger mile (cents)     | 11.66                           | -       |                   |
| Passenger revenue per available<br>seat mile (cents)      | 7.74                            | -       |                   |
| Operating expenses per available<br>seat mile (cents) (*) | 10.58                           | -       |                   |
| Operating aircraft at period-end                          | 169                             | -       |                   |

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|                                    |       |       |            |
|------------------------------------|-------|-------|------------|
| AMR Eagle                          |       |       |            |
| Revenue passenger miles (millions) | 3,725 | 3,731 | (0.2)      |
| Available seat miles (millions)    | 6,471 | 6,256 | 3.4        |
| Passenger load factor              | 57.6% | 59.6% | (2.0) pts. |
| Operating aircraft at period-end   | 290   | 261   | 11.1       |

|  |         |         |  |
|--|---------|---------|--|
| AMR Corporation                        |         |         |  |
| Average Equivalent Number of Employees |         |         |  |
| American Airlines                      | 92,900  | 93,400  |  |
| TWA LLC                                | 12,900  | -       |  |
| Other                                  | 12,600  | 13,000  |  |
| Total                                  | 118,400 | 106,400 |  |

(\*) Excludes special charges, net

(\*\*) For the period April 10, 2001 through December 31, 2001.