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AMR CORP
Form 8-K
March 29, 2005

UNITED STATES
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: March 29, 2005

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)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is
intended to simultaneously satisfy the filing obligation of the
registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the
Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the
Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b)
under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c)
under the Exchange Act (17 CFR 240.13e-4(c))

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Item 8.01 Other Events

AMR Corporation is filing herewith its Eagle Eye communication to investors. This document includes (a) actual fuel price, unit cost and capacity and traffic information for January and February and (b) forecasts of unit cost, revenue performance and fuel prices, 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: March 29, 2005

AMR EAGLE EYE

March 29, 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 financial conditions, including changes in capacity, revenues, and costs, future financing plans and needs, overall economic

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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, 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, with increasing 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 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 first quarter and the full year 2005.

Performance Update

Costs: For the first quarter, AA Mainline and consolidated AMR unit cost guidance is in-line with prior guidance at 10.0 cents and 10.5 cents respectively.

Revenue: First quarter mainline unit revenue is expected to increase between 3.5% to 4.5% year over year. Consolidated first

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quarter unit revenue is expected to increase between 2.9% to 3.9% year over year.

Liquidity: We expect to end the first quarter with a cash and short-term investment balance well over \$3 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:

1Q05: Hedged on 15% of consumption at approximately \$40/bbl
WTI Crude

AMR Fuel Price (Including Hedges and Taxes) and Consumption

| | Actual | | Forecast | | |
|----------------------------|--------|-------|----------|-------|---------|
| | Jan | Feb | Mar | 1Q05 | 2005 |
| Fuel Price (dollars/gal) | 1.36 | 1.42 | 1.57 | 1.45 | 1.62 |
| Fuel Consumption (MM gals) | 268.9 | 249.0 | 274.2 | 792.1 | 3,251.1 |

Unit Cost Forecast (cents)

AMR Consolidated Cost per ASM

| | Actual | | Forecast | | |
|------------------|--------|-------|----------|-------|-------|
| | Jan | Feb | Mar | 1Q05 | 2005 |
| AMR Cost per ASM | 10.31 | 10.73 | 10.40 | 10.47 | 10.55 |

American Mainline Operations Cost per ASM

| | Actual | | Forecast | | |
|-----------------|--------|-------|----------|------|-------|
| | Jan | Feb | Mar | 1Q05 | 2005 |
| AA Cost per ASM | 9.81 | 10.19 | 9.91 | 9.96 | 10.06 |

Capacity and Traffic Forecast (millions)

AA Mainline Operations

| | Actual | | Forecast | | |
|---------------|--------|--------|----------|--------|---------|
| | Jan | Feb | Mar | 1Q05 | 2005 |
| ASMs | 14,449 | 13,330 | 15,021 | 42,801 | 178,440 |
| Domestic | 9,497 | 8,804 | 9,921 | 28,222 | 116,379 |
| International | 4,952 | 4,526 | 5,100 | 14,579 | 62,061 |
| Traffic | 10,599 | 9,628 | 12,088 | 32,314 | 136,211 |

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Regional Affiliate Operations

| | Actual | | Forecast | | |
|---------|--------|-----|----------|-------|--------|
| | Jan | Feb | Mar | 1Q05 | 2005 |
| ASMs | 959 | 920 | 1,033 | 2,912 | 12,606 |
| Traffic | 581 | 584 | 725 | 1,890 | 8,646 |

Below the Line Income/Expenses

Total Other Income/(Expense) is estimated at (\$200) million in the first quarter of 2005