

TEXAS AIR TRANSPORT, INC.

OPERATING CONTRACT AIR MAIL ROUTES 21 and 22



A. P. BARRETT
PRESIDENT

FORT WORTH NATIONAL BANK BLDG.
FORT WORTH, TEXAS.

CONFIDENTIAL.

Dear Mr. Carter:

Here's the picture as well as the printed word, and graphic illustration, can make it. The Southern Air Transport and its companies operate from the Rio Grande at El Paso to Atlanta, via New Orleans, Birmingham and Mobile. It operates air mail routes over this entire system, and is inaugurating air passenger lines as rapidly as it can obtain the equipment. One passenger line which is not shown on the appended map is from Fort Worth to Birmingham and Atlanta.

Several groups have made efforts to purchase the system, but have so far been unsuccessful. The companies own extremely valuable air mail contracts and the financial statement of the operation of these four mail routes is extremely interesting. Each have three more years to run and then will undoubtedly be renewable but at a lower contract rate. You know the possibilities of the passenger service in Texas, with our fair and equable climate and ideal land conditions, and undoubtedly the right kind of system would prove extremely valuable. I did not stress it in the memorandum accompanying, but you should point out, in discussing the matter, that the great distances in Texas, especially between the larger population centers, make aviation transportation particularly desirable. We are now carrying much comparatively heavy express, for instance, between Fort Worth supply houses and West Texas oil fields.

The present officers of the company and the operating personnel are bullish on the situation in Texas, believing that Southern Air Transport is on the verge of even a better financial picture than it, at present, shows. However, it is not unlikely that Mr. Barrett, who owns 153,000 of the 300,000 shares of stock, would be willing to sell, although I do not believe that the men who have so far undertaken to swing the deal will be able to do so. He will not sell, at any rate, however, I believe, until the group represented on the board of directors herewith inclosed have, by that time, made a satisfactory return. They

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aided him materially in the re-financing of his properties. The re-financing plan was not necessary unless he expanded his aviation companies. With his Texas Air Transport, Inc., of which he owned 99 per cent. of the stock he had a fortune made in the mail contracts, and his holdings of 12 $\frac{1}{4}$ per cent. of the Texas-Louisiana and General Waterworks Corp. stock put him on velvet besides other valuable holdings. He desired, however, to go into a period of expansion in aviation and therefore took over the Gulf Air Lines in a so-called merger, retaining 153 per cent. of the total common stock. He figured correctly that increase in air mail poundage, and the added income from the various airplane and aircraft accessories agencies he held, would take care of the increased expense of the air passenger lines. The Canal National bank group at New Orleans had controlled Gulf Air Lines but they were willing to part with control because of the fact they believed the bullishness of the market on aviation would give them a nice profit in the 47,000 shares of S. A. T. which they received. It proved out accordingly. There is a heavy bid for S. A. T. at 19 and 20-- it is of no par value, but went on the New Orleans curb at 14.

Mr. L. C. Piper of the Universal has been in Fort Worth recently in an effort to induce Mr. Barrett to sell, and today Mr. Goldsborough of Universal is here on a tour of inspection. It is my judgment, however, that no one at present working on the deal can consummate it. I am of the opinion that you, owning the biggest newspaper in Texas and with the high esteem in which you are held locally and with the officials of the company, will be in a splendid situation in the unification of the whole south aerially.

Sincerely yours,