

AMERICAN AIRLINES, INT. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1938

<u>ASSETS</u>		<u>LIABILITIES</u>	
<b>CURRENT ASSETS:</b>		<b>CURRENT LIABILITIES:</b>	
Cash in banks and on hand	\$ 959,987.25	Notes payable, due November 30, 1939	\$ 60,375.00
Accounts receivable -		Accounts payable and accrued expenses	575,715.66
United States Government Departments	\$ 451,663.71	Accrued interest	1,869.78
Other airline companies and agents - traffic and	93,067.26	Accrued social security taxes	60,723.44
express balances, etc.	271,740.80	Accrued miscellaneous federal, state and local taxes	18,520.90
Other trade	\$ 225,471.86	Provision for federal income taxes	<u>42,800.00</u>
<u>Less: Reserve for doubtful accounts</u>	<u>12,652.30</u>		\$ 760,004.78
	\$ 312,838.56	DEBITS ON 230 TRAVEL PLANS AND UNREDEEMED TRAVEL SCRIP	648,370.97
Inventories - Physical inventories of parts and supplies	564,083.46		
valued at the lower of cost or market	2,125.00	<b>LONG TERM DEBT:</b>	
Indebtedness of officers and employees	22,308,183.28	\$3,496,287.50 4-1/2% debentures, Reconstruction Finance Corporation,	\$ 93,035.50
		Secured by chattel mortgage on aircraft and equipment of a	
		cost of approximately \$3,691,000	
<b>SPECIAL FUNDS:</b>		Five year 4-1/2% debentures, due July 1, 1941 -	
United States Treasury notes -		Convertible	\$2,624,100.00
Deposited in connection with insurance indemnity	\$ 28,974.25	Non-convertible	<u>872,187.50</u>
agreement - quoted value \$61,568.34			\$3,496,287.50
Cash -			3,589,323.00
Deposited in connection with lease agreement \$ 28,000.00		<b>CAPITAL STOCK:</b>	
Deposited to apply against purchase price	\$ 28,000.00	Authorized - 1,000,000 shares, par value \$10 per share	
of airplanes on order	<u>100,000.00</u>	Reserved for conversion of five year 4-1/2% debentures -	
	128,000.00	299,928 shares (conversion price \$12.50 per share)	
<b>FLYING EQUIPMENT, AT COST</b>	\$5,069,425.80	Issued - 290,072 shares	2,900,720.00
<u>Less: Reserve for obsolescence and depreciation</u>	<u>3,156,120.10</u>		
	1,913,305.70	<b>SURPLUS:</b>	
<b>LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST</b>	\$2,406,373.30	Paid-in surplus -	
<u>Less: Reserve for depreciation</u>	<u>1,075,127.68</u>	arising from the conversion of \$153,712.50 principal amount of five	
	1,330,775.62	year 4-1/2% convertible debentures into 12,297 shares of common	
<b>MISCELLANEOUS PHYSICAL PROPERTY NOT IN USE,</b>		stock, par value \$10 per share at the conversion price of \$12.50	
<b>AT ESTIMATED REALIZABLE VALUE</b>	137,239.61	per share	\$ 30,742.50
		Marked surplus (deficit) -	
<b>DEFERRED CHARGES:</b>		Balance, December 31, 1937	\$2,095,650.35
Prepaid rents and insurance	\$ 44,682.75	Net profit for year ended December 31, 1938	<u>213,261.88</u>
Other deferred charges	<u>34,530.35</u>		1,882,388.47
	79,213.10		1,851,645.97
	<u>\$6,046,772.78</u>		<u>\$6,046,772.78</u>

Notes: 1. Contingent liability: Under pending litigation - claims, not covered by insurance, do not exceed \$5,000.

2. Officers and executives have options expiring July 1, 1941 for the purchase of 25,000 shares of capital stock, \$10 par value, at the price of \$12.50 per share, when and if the optioned stock is registered under the Securities Act of 1933 and the Securities and Exchange Act of 1934 and listed on the New York Curb Exchange. Such options are exercisable to the extent of one-third of above amount on or before July 1, 1939; additional one third on or before July 1, 1940 and balance on or before July 1, 1941. Option may be exercised in full at end of option period, providing officer or executive is still in employ of company.

3. There are commitments for the purchase of aircraft for delivery in 1939 amounting to approximately \$1,140,000.