

CONFIDENTIAL

AMERICAN AIRLINES, INC.

CONSOLIDATED BALANCE SHEET
AND
COMPARATIVE STATEMENT OF PROFIT AND LOSS

MONTH OF AUGUST 1940

CONFIDENTIAL

AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

AUGUST 31, 1940

CURRENT ASSETS:

Cash		\$ 4,181,081.27
United States Treasury notes		59,974.25
Accounts receivable -		
United States Government		
Departments	\$1,160,922.85	
Other airline companies and		
agents - traffic and express		
balances, etc.	112,793.54	
Amount due from volume travel		
plan subscribers in excess		
of deposits	514,062.21	
Other trade	235,105.62	
	<u>\$2,022,884.22</u>	
Less: Reserve for doubtful		
accounts	<u>10,516.44</u>	2,012,367.78

Inventories - parts and supplies		
valued at the lower of cost		
or market		1,051,547.69
Indebtedness of employees		30,263.20
Total current assets		<u>\$ 7,335,234.19</u>

SPECIAL FUNDS:

Cash -		
Deposited in connection with		
lease agreement		28,000.00
Deposited to apply against		
purchase price of airplanes		100,000.00
Deposited in escrow - Chase		
National Bank, New York		87,500.00

FLYING EQUIPMENT, AT COST	\$9,742,352.38	
Less: Reserve for obsolescence		
and depreciation	<u>4,050,684.79</u>	5,691,667.59

LAND, BUILDINGS AND OTHER		
EQUIPMENT, AT COST	\$3,771,792.87	
Less: Reserve for depreciation	<u>1,517,360.68</u>	2,254,432.19

MISCELLANEOUS PHYSICAL PROPERTY NOT		
IN USE, AT ESTIMATED REALIZABLE VALUE		30,000.00

DEFERRED CHARGES:

Prepaid rents, insurance, etc.	\$ 46,591.15	
Other deferred charges	<u>73,243.43</u>	119,834.58

\$15,646,668.55

STATEMENT OF FINANCIAL POSITION

AMERICAN AIRLINES, INC. (INCORPORATED IN DELAWARE)

CONDENSED BALANCE SHEET

AS OF DECEMBER 31, 1939

CURRENT LIABILITIES:

Accounts payable and accrued expenses		\$ 1,606,375.37
Liability for airplanes delivered		1,165,776.28
Accrued interest		26,677.89
Accrued social security taxes		70,030.11
Accrued miscellaneous Federal, State and local taxes		77,725.49
Provision for Federal income taxes		525,446.56
Chattel mortgage notes, installments due within one year		450,000.00
Liability for deposits on air travel plans		1,316,193.65
Total current liabilities		<u>\$ 5,238,225.35</u>

DEBENTURES:

Five year 4½% convertible debentures, due July 1, 1941		2,500,325.00
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LONG TERM DEBT:

2½% Chattel mortgage notes due quarterly to July 27, 1945	\$2,250,000.00	
Less installments due within one year	<u>450,000.00</u>	1,800,000.00

RESERVE FOR CONTINGENCIES

102,500.00

CAPITAL STOCK:

Authorized - 1,000,000 shares par value \$10 per share

Issued - 361,778 shares 3,617,780.00

Reserved for conversion of five year 4½% debentures (conversion price \$12.50 per share) shares 200,026

Reserved for exercise of options by officers and supervisory personnel shares 13,196 shares 213,222

SURPLUS:

Paid-in surplus \$1,372,007.50

Earned surplus Balance December 31, 1939 \$ 349,182.57

Net profit for eight months ended August 31, 1940 1,359,013.27 1,015,830.70 2,387,838.20 \$15,646,668.55

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AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

Comparative Statement of Profit and Loss -
Month of August, 1940, Month of August, 1939, Eight Months
Ended August 31, 1940 and Eight Months Ended August 31, 1939

OPERATING REVENUE

Passenger
Mail
Express
Excess baggage
Ground transportation
Other

Total operating revenue

OPERATING EXPENSES (Exclusive of depreciation)

Flying - Maintenance
Overhaul
Flying personnel
Fuel and oil
Insurance
Damage to aircraft
Other

Total flying expenses

Ground - Salaries
Ground transportation
Other ground expenses

Total ground expenses

Sales
Advertising
Publicity
General and administrative

Total other expenses

TOTAL OPERATING EXPENSES (Exclusive of depreciation)

TOTAL INCOME (Before depreciation)

OTHER INCOME

OTHER DEDUCTIONS

Interest
Social security taxes
Provision for expense of move to New York Municipal Airport
Miscellaneous

PROVISION FOR OBSOLESCENCE AND DEPRECIATION
NET PROFIT BEFORE PROVISION FOR FEDERAL INCOME TAXES
PROVISION FOR FEDERAL INCOME TAXES

REVENUE MILES FLOWN
REVENUE PASSENGERS CARRIED

Month of August 1940	Month of August 1939	Eight Months Ended August 31, 1940	Eight Months Ended August 31, 1939
\$1,598,183.13	\$1,045,661.71	\$10,057,077.77	\$6,390,323.22
326,076.66	320,529.32	2,575,103.45	2,394,744.13
49,898.64	43,659.97	330,809.35	264,125.52
14,354.92	9,900.47	97,182.94	63,649.35
1,981.40	1,599.70	13,152.70	9,987.05
19,902.19	13,560.43	74,534.77	76,824.13
<u>\$2,004,396.94</u>	<u>1,434,911.60</u>	<u>13,147,860.98</u>	<u>9,199,653.40</u>
119,350.90	92,520.44	879,737.38	673,281.20
47,668.51	50,906.68	346,684.68	384,278.04
244,064.95	171,400.37	1,700,251.42	1,201,311.06
201,698.82	143,892.22	1,370,827.45	937,564.46
44,345.96	33,495.30	187,471.19	198,912.23
2,036.75	582.58	29,454.74	7,674.62
118,984.38	41,742.62	523,877.72	258,761.36
<u>\$ 774,076.77</u>	<u>534,540.21</u>	<u>5,038,304.58</u>	<u>3,661,782.97</u>
289,867.41	156,342.99	2,024,123.15	1,297,326.06
1,674.71	1,508.58	12,699.74	12,988.26
114,911.14	112,504.68	876,326.12	555,392.95
<u>\$ 406,453.26</u>	<u>270,356.25</u>	<u>2,913,149.01</u>	<u>1,865,707.27</u>
146,785.69	91,555.08	973,340.39	648,775.49
79,604.35	54,980.71	622,102.02	437,249.69
7,644.40	7,873.62	56,683.81	56,994.08
53,241.46	43,002.25	454,809.76	294,849.87
<u>\$ 287,275.90</u>	<u>197,411.66</u>	<u>2,106,935.98</u>	<u>1,437,869.13</u>
<u>\$1,467,805.93</u>	<u>1,002,308.12</u>	<u>10,058,989.57</u>	<u>6,965,959.37</u>
536,591.01	432,603.48	3,089,471.41	2,234,294.03
4,775.98	2,931.39	150,639.03	19,585.12
<u>\$ 541,366.99</u>	<u>435,534.87</u>	<u>3,240,110.44</u>	<u>2,253,879.15</u>
14,502.82	13,433.18	83,271.16	108,552.40
22,440.35	17,832.20	182,079.05	130,916.38
-	20,000.00	-	100,000.00
10,131.82	42,963.21	60,060.10	182,935.93
<u>\$ 47,074.99</u>	<u>94,228.59</u>	<u>345,410.31</u>	<u>522,404.71</u>
494,292.00	341,306.28	2,694,700.13	1,731,474.44
186,945.88	109,947.14	1,176,586.86	800,251.32
<u>\$ 307,346.12</u>	<u>231,359.14</u>	<u>1,718,113.27</u>	<u>931,223.12</u>
64,200.00	38,200.00	359,100.00	166,000.00
<u>\$ 243,146.12</u>	<u>\$ 193,159.14</u>	<u>\$ 1,359,013.27</u>	<u>\$ 765,223.12</u>
2,480,179	1,782,306	16,791,377	11,835,711
90,279	54,122	538,324	319,262