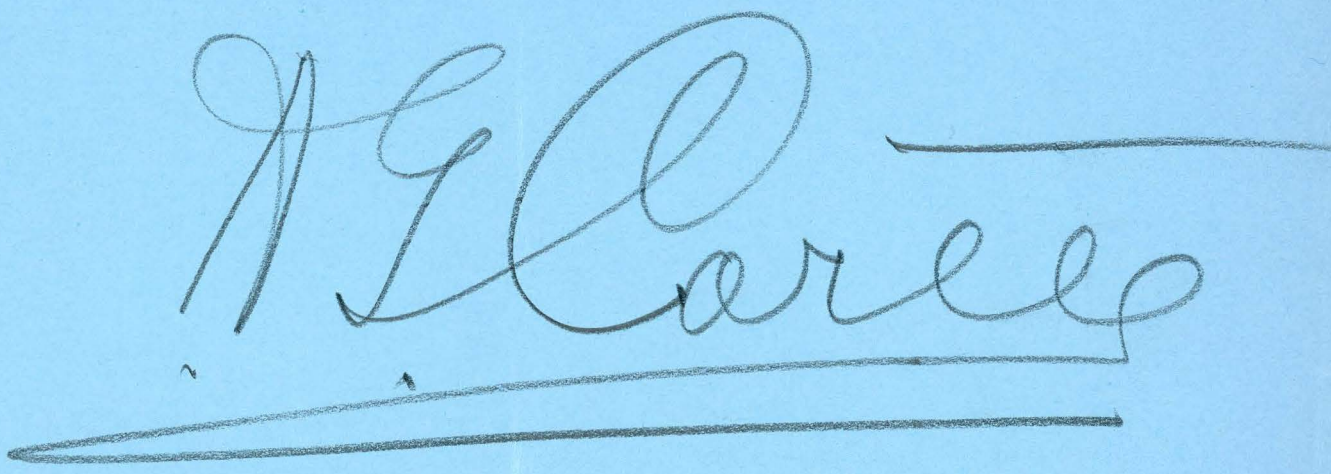

AMERICAN AIRLINES, INC.

FINANCIAL STATEMENTS
FOR
DIRECTORS' MEETING OF OCTOBER 28, 1940

AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

DIRECTORS' MEETING OCTOBER 28, 1940

INDEX

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" 39 - 204,500
287,400

AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1940

CURRENT ASSETS:		
Cash		$ 2,622,411.70
United States Treasury notes		59,974.25
Accounts receivable -		
United States Government Departments	$1,059,224.54	
Other airline companies and agents - traffic and express balances, etc.	152,902.69	
Amount due from volume travel plan subscribers in excess of deposits	532,852.95	
Other trade	900,708.91	
	$2,655,689.49	
Less: Reserve for doubtful accounts	10,516.44	2,645,173.05
Inventories - parts and supplies valued at the lower of cost or market		1,065,859.24
Indebtedness of employees		29,396.66
Total current assets		$ 6,822,813.00
SPECIAL FUNDS:		
Cash -		
Deposited in connection with lease agreement		28,000.00
Deposited to apply against purchase price of airplanes		200,000.00
Deposited in escrow - Chase National Bank, New York		87,500.00
FLYING EQUIPMENT, AT COST	$9,718,631.89	
Less: Reserve for obsolescence and depreciation	4,143,032.46	5,572,599.43
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	$2,843,860.98	
Less: Reserve for depreciation	1,556,684.96	2,287,176.62
MISCELLANEOUS PHYSICAL PROPERTY NOT IN USE, AT ESTIMATED REALIZABLE VALUE		30,000.00
DEFERRED CHARGES:		
Prepaid rents, insurance, etc.	$ 38,952.10	
Other deferred charges	111,370.91	150,323.01
		[illegible]

CURRENT LIABILITIES:			
Accounts payable and accrued expenses			$ 2,199,156.97
Accrued interest			40,343.17
Accrued social security taxes			95,096.41
Accrued miscellaneous Federal, State and local taxes			45,663.47
Provision for Federal income taxes			576,269.84
Chattel mortgage notes, installments due within one year			450,000.00
Liability for deposits on air travel plans			1,933,099.61
Total current liabilities			$ 4,673,634.47
DEBENTURES:			
Five year 4½% convertible debentures, due July 1, 1941			2,499,600.00
LONG TERM DEBT:			
2¾% Chattel mortgage notes due quarterly to July 27, 1945		$2,250,000.00	
Less installments due within one year		450,000.00	1,800,000.00
CAPITAL STOCK:			
Authorized - 1,000,000 shares par value $10 per share			
Issued - 361,836 shares			3,618,360.00
Reserved for conversion of five year 4½% debentures (conversion price $12.50 per share)	shares 199,968		
Reserved for exercise of options by officers and supervisory personnel	shares 13,196		
	shares 213,164		
SURPLUS:			
Paid-in surplus		$1,410,152.50	
Earned surplus:			
Balance as of December 31, 1939*	$ 981,182.57		
Net profit for nine months ended September 30, 1940	1,556,809.72	1,176,667.15	2,585,819.65
			$12,177,411.12

*Due to the requirements of the S.E.C., $58,000 representing capital stock expense, incurred in connection with the sale of 30,000 shares of capital stock on December 14, 1939, was transferred from Paid-in Surplus to Earned Surplus.

AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

COMPARATIVE STATEMENT OF PROFIT AND LOSS

MONTH OF SEPTEMBER 1940 AND SEPTEMBER 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

NET PROFIT

REVENUE MILES FLOWN

REVENUE PASSENGERS CARRIED

Month of September 1940	Month of September 1939
$1,598,600.23	$1,061,886.22
320,352.32	309,629.09
52,361.61	45,652.95
13,526.62	9,357.87
2,065.00	1,518.00
17,396.21	9,399.51
$2,004,301.99	1,437,443.64
162,149.95	103,268.43
66,268.47	37,873.61
241,670.35	166,848.02
195,403.38	143,641.95
36,979.38	34,168.14
2,446.37	427.86
82,649.55	41,882.66
$ 787,561.45	528,110.67
290,543.67	154,231.69
1,459.53	1,846.14
106,591.91	107,876.75
$ 398,595.11	259,954.58
133,103.87	91,456.72
62,460.38	84,097.49
7,302.80	7,369.65
52,496.87	43,227.35
$ 255,363.92	226,151.21
$1,441,520.48	1,018,216.40
562,781.51	419,227.24
9,905.01	2,991.89
$ 572,086.52	422,219.13
13,986.95	12,560.22
21,589.59	17,371.56
-	20,000.00
14,475.95	20,499.95
$ 50,046.49	70,431.73
$ 522,040.03	351,787.40
191,409.58	114,227.18
$ 330,636.45	237,560.22
79,400.00	39,200.00
$ 251,236.45	$ 198,360.22
2,529,041	1,751,421
93,376	57,244

AMERICAN AIRLINES, INC.

Statement of capital expenditures and extraordinary projects chargeable to expense which have been authorized by the management since the last meeting of the Board of Directors on August 20, 1940 and which are herewith submitted for approval of the Directors.

Executive Authorization Number	Description	Amount Authorized
C-1304-4	Interior decorating ticket counter shell and miscellaneous equipment for New York Air Terminal	$ 25,326.86
C-1304-5	Furniture and equipment for New York Air Terminal	9,573.42
C-1654	Air condition - Washington Sales Office	1,525.00
C-1655	Air condition - St. Louis Sales Office	1,672.00
C-1656	Furniture for Tucson Sales Office	106.00
C-1657	1 Automatic time stamp and dictaphone transcribing unit - New York Sales Office	225.00
C-1658	1 Noiseless typewriter - Los Angeles Sales	110.00
C-1659	Waiting room furniture - Detroit City Ticket Office	433.00
C-1660	Chairs and tables for Ticket Office - Chicago	357.00
C-1661	Install linoleum in St. Louis Sales Office	191.42
C-1662	Dictaphone equipment - Buffalo Sales Office	250.00
C-1663	Waiting room furniture - Washington Sales Office	295.00
C-1664	1 Noiseless typewriter - New York Sales Office	109.75
C-1665	Furniture and equipment for Cincinnati Sales Office	243.50
C-1666	1 Ford Deluxe coupe	686.00
C-1667	1 Portable disc recorder - Reservations Department	810.00
C-1668	1 Triner scale - Detroit City Ticket Office	120.00
C-1669	Furniture for Chicago Sales Office	184.75
C-1670	1 Water cooler - Washington Sales Office	227.50
C-1671	Furniture for Detroit City Sales Office	154.00
C-1672	1 Noiseless typewriter - Washington Sales Office	110.00
C-1673	Carpet for Detroit Sales Office	117.62
X-31	Telephone equipment for new addition on Hangar #9 - N.Y.M.A.	11,876.50
C-1098-1	Install radio at new Philadelphia Airport	332.48
C-1675	Install radio receiving equipment - Erie, Pa.	433.25
C-1676	Install partition in Radio Room - Detroit	178.00
C-1677	Buidlings power installation control cable installation and antenna system - Washington	5,000.00
C-1678	1 Electric time stamp - Cincinnati	108.00
C-1679	1 Electric time stamp and tube tester - St. Louis	161.50
C-1680	Miscellaneous radio equipment taken from stock - July, 1940	2,265.08
C-1681	Rework Radio Room - Ft. Worth	2,439.12
C-1682	1 Ground station communication receiver - Douglas	140.00
C-1683	Install direction finders on 5 DC-2 airplanes	500.00
C-1684	2 Range monitoring receivers - N.Y.M.A.	125.00

Executive Authorization Number	Description	Amount Authorized
C-1685	1 Stromberg electric time stamp - Detroit	$ 108.00
C-1686	Miscellaneous radio equipment taken from stock-August	2,293.52
C-1687	1 Kardex file - N.Y.M.A.	105.00
C-1688	Additional remote receiver and associated equipment at Washington	237.50
C-1689	1 Ground station receiver - Abilene	155.00
C-1691	1 Power sweeper - N.Y.M.A.	495.00
C-1692	1 Rotary Grinder - N.Y.M.A.	105.00
C-1693	1 Hobart motor generator set - N.Y.M.A.	572.00
C-1694	1 Hobart motor generator set - Boston	572.00
C-1695	Sensitive drilling machine - N.Y.M.A.	140.00
C-1696	1 Portable air compressor - Washington	224.50
C-1697	1 Counter and bin for Commissary - Nashville	302.86
C-1698	21 Lockers for clothing - Burbank	150.36
C-1699	1 18" typewriter - Maintenance Office - N.Y.M.A.	103.00
C-1082-1	Carburetor preheater muffs and intake screens required for new type collector rings for 64 Flagships	13,100.00
C-1082-2	Carburetor alcohol deicer installation on all Flagships	17,796.00
C-1700	Professional services in connection with DC-4 interior	1,650.00
C-1701	Windshield wipers for all Flagships	27,510.00
C-1702	Office furniture for Treasury Department	203.50
C-1703	1 Postage meter machine - N.Y.M.A.	555.00
C-1704	1 Noiseless typewriter - Los Angeles	135.50
C-1705	5 Noiseless typewriters - Miscellaneous locations	548.80
C-1706	Miscellaneous furniture for Administration Building - N.Y.M.A.	169.25
C-1707	3 File cabinets for Treasury Department	109.50
C-1147-1	Conduit for public address system - Hartford	267.00
C-1708	Furniture for Boston Airport	205.25
C-1709	Improvements to Airport Building - Hartford	136.65
C-1710	Bins, counter and pilots desk - Cincinnati	100.00
C-1711	1 Baggage scale - Springfield, Massachusetts Station	110.00
C-1712	Furniture for Dallas Terminal	301.77
C-1713	18 Double compartment lockers - N.Y.M.A.	286.20
C-1714	1 Baggage cart - Nashville	100.00
C-1715	Floor covering for new terminal - Dallas	188.00
C-1716	1 Passenger load ramp and 1 baggage cart - Tucson	350.00
C-1717	1 Passenger load ramp - El Paso	210.00
C-1718	Reservations equipment for Tucson Station	315.40
C-1719	1 Electric time stamp - Cincinnati	103.00
C-1720	2 Baggage scales - Cincinnati	220.00
C-1721	1 Steel safe - Dayton	126.00
C-1722	1 Steel safe - Cincinnati	126.00
C-1723	Flood lights for gasoline bulk storage - N.Y.M.A.	590.00
C-1724	Exhaust duct in paint Storage Room - N.Y.M.A.	150.00
C-1725	Erect loading ramp extensions - N.Y.M.A.	9,800.00
C-1653-1	Extras for gasoline storage equipment - N.Y.M.A.	2,317.08
C-1726	1 Cash register - Employees Cafeteria - N.Y.M.A.	249.90
C-1690	1 Auto speed time stamp - Boston	111.70

Executive Authorization Number	Description	Amount Authorized
C-149-1	Additional for engine test stands - N.Y.M.A.	$ 3,000.00
C-1727	Equipment for General Stock Room - N.Y.M.A.	313.14
C-1836	1 Model F20 Vari-typer for Bulletin Room	500.00
C-1837	4 Portable hydraulic and automatic test stands for Chicago, Burbank, Ft. Worth and N.Y.M.A.	2,800.00
C-1838	Equipment and remodel - Operations Office- Ft. Worth	1,948.59
C-344-1	Additional for installation of Collins rectifier modulator assembly - Burbank	5,089.84
	111 Authorizations each for an amount of less than $100 for the purchase of tools, miscellaneous equipment, furniture, etc.	5,262.08
		$169,005.64

AMERICAN AIRLINES, INC.

Statement showing status as of September 30, 1940
of uncompleted capital and extraordinary projects
chargeable to expense (exclusive of DC-4)

Authorization Number	
C-1089	Air conditioning plant - N.Y.M.A.
C-1090	Build addition on lean-to hangar #3 - N.Y.M.A.
C-149	3 Engine test stands - N.Y.M.A.
C-146X15	Automatic interphone system - N.Y.M.A.
C-422	Tools and equipment for radio shop - N.Y.M.A.
C-820	Equipment for kitchen - N.Y.M.A.
X-21	Overhaul 9 DST airplanes
C-936	Overhaul 9 DC-2 airplanes
C-1526	1 American Pacemaker lathe - N.Y.M.A.
C-1124	Reservations equipment in 14 airport offices
C-1125	Ticket office equipment and alterations to 19 airport office
C-1304	Improvements to Airlines Terminal Building - New York City
C-1650	1 DC-4 Mock-up
C-1503	10 DC-4 Model airplanes
X-31	Telephone equipment for new addition on hangar #3 - N.Y.M.A.
C-70	20 Sperry directional finders
C-344	1 Collins modulator rectifier assembly - Burbank
C-560-C-981	
C-1107	2 Way radio equipment for 32 Flagships
C-1101	1 Multi frequency 3000 watt radio station - Burbank
C-1106	33 Sperry directional finders
C-1108	10 Ultra high frequency receivers for use on airplanes operating on the New York - Chicago route
C-1109	1-10 Frequency trunsmitter - Boston
C-1114	10 Ultra high frequency two way radio units 6 for use on Flagships and 4 for use in ground stations on New York-Boston route
C-1345	44 Sets parts to modify radio installations in Flagships
C-1677	Buildings power installation control cable installation and Antenna system - Washington
C-16X3	Overhaul and make engineering changes on 21 DC-3 airplanes
C-201X11	Convert 20 DC-3 G2 to 20 DC-3 G102 type airplanes and 53 G2 engines to G102 type
C-232	Install fuel dump equipment on Flagships
C-488	Oxygen equipment 11 DST Flagships
C-805	Oxygen equipment 20 new Flagships
C-806	Oxygen equipment 33 DC-3 Flagships
C-985	Convert 8 DC-2 F3A to DC-2 F2B airplanes and 23 F9A engines to F2B type
C-986	Rework 9 DC-2 cabins
C-987	Install hydromatic propellers in 8 DC-2 airplanes
C-1725	Loading ramp extensions - N.Y.M.A.

Amount Authorized	Amount Expended: Prior to January 1, 1940	Amount Expended: Current Year	Amount Expended: Total	Unexpended Balance
$ 85,000.00	$ -	$ 80,283.85	$ 80,283.85	$ 4,716.15
106,500.00	-	5,056.62	5,056.62	101,443.38
16,600.00	836.12	15,952.62	16,788.74	188.74
26,068.25	9,975.08	17,518.07	27,493.15	1,424.90
5,047.04	1,836.00	2,107.48	3,943.48	1,103.56
27,500.00	2,692.14	20,773.58	23,465.72	4,034.28
85,500.00	51,377.01	34,644.60	86,021.61	521.61
72,000.00	-	56,852.98	56,852.98	15,147.02
5,140.00	-	-	-	5,140.00
5,574.79	-	4,036.48	4,036.48	1,538.31
14,065.49	-	10,425.38	10,425.38	3,640.11
63,032.30	-	16,144.00	16,144.00	46,888.30
10,000.00	-	-	-	10,000.00
8,000.00	-	-	-	8,000.00
11,876.50	-	-	-	11,876.50
29,500.00	22,517.30	7,663.64	30,180.94	680.94
14,450.34	814.73	12,583.65	13,398.38	1,051.96
210,932.24	55,980.88	127,961.98	183,942.86	26,989.38
10,385.00	-	8,185.41	8,185.41	2,199.59
47,190.00	-	1,591.18	1,591.18	45,598.82
5,995.00	-	1,112.50	1,112.50	4,882.50
5,086.00	-	312.44	312.44	4,773.56
8,200.00	-	-	-	8,200.00
15,180.00	-	5,552.00	5,552.00	9,628.00
5,000.00	-	-	-	5,000.00
210,000.00	140,991.67	65,866.62	206,858.29	3,141.71
280,831.87	124,329.41	126,975.24	251,304.65	29,527.22
15,235.00	4,980.89	8,613.51	13,594.40	1,640.60
6,502.00	4,004.79	1,442.80	5,447.59	1,054.41
7,298.60	-	3,146.40	3,146.40	4,152.20
20,301.00	-	-	-	20,301.00
27,133.00	-	15,087.71	15,087.71	12,045.29
18,000.00	-	5,926.75	5,926.75	12,073.25
65,000.00	7,438.50	20,246.55	27,685.05	37,314.95
9,800.00	-	-	-	9,800.00

AMERICAN AIRLINES, INC.

Statement showing status as of September 30, 1940
of uncompleted capital and extraordinary projects
chargeable to expense (exclusive of DC-4)

Authorization Number	
C-1082	New type collector rings air intakes and automatic carburetors for 64 Flagships
C-1083	Install oil quantity gauges and low level indicators on 44 Flagships
C-1530	Install oil quantity gauges on 9 DC-2 airplanes
C-1701	Windshield wipers for all Flagships
	297 Authorizations each less than $5,000.00

Amount Authorized	Amount Expended: Prior to January 1, 1940	Amount Expended: Current Year	Amount Expended: Total	Unexpended Balance
$ 120,036.00	$ -	$ 1,095.69	$ 1,095.69	$118,940.31
26,429.00	-	4,235.31	4,235.31	22,193.69
5,805.00	-	29.26	29.26	5,775.74
27,510.00	-	4.20	4.20	27,505.80
151,892.03	3,513.49	48,058.09	51,571.58	100,320.45
$1,885,596.45	$431,288.01	$729,186.59	$1,160,774.60	$724,821.85

AMERICAN AIRLINES, INC.

Statement of expenditures in connection with capital projects and extraordinary projects chargeable to expense which were completed during the period January 1, 1940 to September 30, 1940

Authorization Number	Description	Prior to January 1, 1940	Current Year	Total
C711 & C715	Construct terminal building at Burbank	$ 10,022.32	-	10,022.32
C583	Steel bins for main stock room at N.Y.M.A.	5,259.60	10,763.00	16,022.60
X26	Overhaul 4DC2 airplanes	-	30,000.00	30,000.00
C644	6 Model 1940 air conditioning trucks	4,768.56	31,067.53	35,836.09
C905	Private wood enclosure on loading sheds - N.Y.M.A.	690.49	7,535.75	8,226.24
C748	Plumbing equipment for kitchen - N.Y.M.A.	4,500.00	4,114.85	8,614.85
X23	16 Sets de-icer boots for Flagships	-	9,856.28	9,856.28
C655	19 Propeller hubs and 129 blades	-	64,681.11	64,681.11
C84	5 Sets 2 way radio equipment for Flagships	13,141.05	7,492.80	20,633.85
C378	3 Sets 2 way radio equipment for Flagships	15,700.76	1,556.05	17,256.81
C445	1 Set 2 way radio equipment for Flagships	3,976.16	1,512.42	5,488.58
C498	Furniture and equipment for 6 private offices and outer secretarial offices at N.Y.M.A.	8,265.35	6,027.88	14,293.23
C417 & C423	Install receiving and transmitting equipment at N.Y.M.A.	40,172.45	4,264.84	44,437.29
C585	Improvements to Directors Room and Receiption Hall - N.Y.M.A.	6,938.05	3,665.09	10,603.14
C699	Equipment for manufacturing section of overhaul shop - N.Y.M.A.	4,408.32	2,795.90	7,204.22
C343	1 Collins rectifier and modulator assembly - Ft. Worth	2,381.78	8,604.83	10,986.61
C1518	Miscellaneous radio equipment taken directly from stock - June 1940	-	6,798.95	6,798.95
X25	Convert gear ratio on G102 engines	-	58,910.00	58,910.00
C712	Alterations to and install air conditioning in 4848 Hangar - Chicago	10,265.00	3,777.11	14,042.11
C1653	Gasoline storage and dispensing equipment - N.Y.M.A.	-	17,482.77	17,482.77
C713-C1035 C1084	32 Flagships	5,695.75	3,675,179.54	3,680,875.29