

CONFIDENTIAL

AMERICAN AIRLINES, INC.

CONSOLIDATED BALANCE SHEET  
AND  
COMPARATIVE STATEMENT OF PROFIT AND LOSS

MONTH OF OCTOBER 1940



CURRENT LIABILITIES:

Accounts payable and accrued expenses		\$ 1,413,403.19
Accrued interest		38,456.95
Accrued dividends - preferred stock		11,215.28
Accrued social security taxes		44,507.14
Accrued miscellaneous Federal, State and local taxes		58,630.73
Provision for Federal income taxes		674,069.84
Chattel mortgage notes, installments due within one year		450,000.00
Liability for deposits on air travel plans		1,342,918.05
Total current liabilities		<u>\$ 4,033,201.18</u>

DEBENTURES:

Five year 4½% convertible debentures, due July 1, 1941		2,498,825.00
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LONG TERM DEBT:

2½% Chattel mortgage notes due quarterly to July 27, 1945	\$2,137,500.00	
Less installments due within one year	<u>450,000.00</u>	1,687,500.00

CAPITAL STOCK:

Preferred stock - 50,000 shares \$4.25 cumulative convertible of no par value sold to underwriters under agreement dated October 28, 1940-issued November 4, 1940		5,100,000.00
Common stock -		
Authorized - 1,000,000 shares par value \$10 per share		
Issued - 368,434 shares		3,684,340.00
Reserved for conversion of five year 4½% debentures (conversion price \$12.50 per share)	shares 199,906	
Reserved for exercise of options by officers and supervisory personnel	shares 6,660	
	shares <u>206,566</u>	

SURPLUS:

Paid-in surplus		\$1,426,647.50
Earned surplus		
Balance as of December 31, 1939*	\$ 381,182.57	
Net profit for ten months ended October 31, 1940	<u>1,866,748.68</u>	<u>1,485,566.11</u>
		2,912,213.61
		<u>\$19,916,079.79</u>

\*Due to the requirements of the C.A.A., \$38,000 representing capital stock expense, incurred in connection with the sale of 50,000 shares of capital stock on December 14, 1939, was transferred from Paid-in Surplus to Earned Surplus.

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AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

OCTOBER 31, 1940

CURRENT ASSETS:

Cash		\$ 3,699,511.67
United States Treasury notes		59,974.25
Receivable from the underwriters of 50,000 shares \$4.25 cumulative con- vertible preferred stock of no par value - paid on November 4, 1940		5,111,215.28
Accounts receivable -		
United States Government Departments	\$ 727,271.16	
Other airline companies and agents - traffic and express balances, etc.	171,213.84	
Amount due from volume travel plan subscribers in excess of deposits	640,051.25	
Other trade	252,903.02	
	<u>\$1,791,439.27</u>	
Less: Reserve for doubtful accounts	<u>10,516.44</u>	1,780,922.83
Inventories - parts and supplies valued at the lower of cost or market		1,041,680.89
Indebtedness of employees		29,133.98
Total current assets		<u>\$11,722,438.90</u>

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	\$9,712,592.34	
Less: Reserve for obsolescence and depreciation	<u>4,285,037.01</u>	5,427,555.33

LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	\$3,874,797.15	
Less: Reserve for depreciation	<u>1,589,094.92</u>	2,285,702.23

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

Prepaid rents, insurance, etc.	\$ 43,344.70	
Other deferred charges	<u>91,538.63</u>	134,883.33
		<u>\$19,916,079.79</u>



Month of October 1940	Month of October 1939	Ten Months Ended October 31, 1940	Ten Months Ended October 31, 1939
\$1,791,523.20	\$1,133,576.89	\$13,447,201.20	\$ 8,585,786.33
345,784.75	317,941.84	3,241,240.52	3,022,315.06
60,908.97	42,743.06	444,079.93	352,521.53
13,884.91	10,372.32	124,594.47	83,379.54
2,483.65	1,767.00	17,701.35	13,272.05
24,310.30	7,363.58	116,241.28	93,587.22
<u>\$2,238,895.78</u>	<u>1,513,764.69</u>	<u>17,391,058.75</u>	<u>12,150,861.73</u>
180,454.01	129,199.19	1,222,341.34	905,748.82
60,028.14	42,944.30	472,981.29	465,095.95
252,384.62	169,440.23	2,194,306.39	1,537,599.31
214,833.38	145,552.06	1,781,064.21	1,226,758.47
44,185.69	32,564.65	268,630.26	265,645.02
904.55	185.73	32,805.66	8,288.21
83,024.97	44,913.61	689,552.24	345,562.63
<u>\$ 835,815.36</u>	<u>564,804.77</u>	<u>6,661,681.39</u>	<u>4,754,698.41</u>
314,395.54	191,185.11	2,629,062.36	1,666,687.99
2,119.02	1,617.23	16,278.29	16,451.63
107,169.88	88,960.73	1,090,087.91	728,285.24
<u>\$ 423,684.44</u>	<u>281,763.07</u>	<u>3,735,428.55</u>	<u>2,411,424.86</u>
141,253.77	99,790.09	1,247,698.03	840,022.30
91,510.41	78,352.93	776,072.81	599,700.11
7,435.48	7,408.89	71,422.09	71,772.62
60,116.29	43,492.64	567,422.92	381,569.86
<u>\$ 300,315.95</u>	<u>229,044.55</u>	<u>2,662,615.85</u>	<u>1,893,064.89</u>
<u>\$1,559,815.75</u>	<u>1,075,612.39</u>	<u>13,059,725.80</u>	<u>9,059,188.16</u>
679,080.03	438,152.30	4,331,332.95	3,091,673.57
5,452.10	4,006.15	165,396.14	26,583.16
<u>\$ 684,532.13</u>	<u>442,158.45</u>	<u>4,496,729.09</u>	<u>3,118,256.73</u>
14,057.02	13,363.75	111,315.13	134,476.37
23,090.84	18,502.37	226,753.48	166,790.31
-	20,000.00	-	140,000.00
45,557.44	28,941.45	140,093.49	232,377.33
<u>\$ 82,705.30</u>	<u>80,807.57</u>	<u>478,162.10</u>	<u>673,644.01</u>
601,826.83	361,350.88	4,018,566.99	2,444,612.72
194,127.87	113,321.57	1,562,118.31	1,027,800.07
407,698.96	248,029.31	2,456,448.68	1,416,812.65
97,800.00	40,900.00	539,700.00	245,400.00
<u>\$ 909,898.96</u>	<u>\$ 207,129.31</u>	<u>\$ 1,866,748.68</u>	<u>\$ 1,171,412.65</u>
2,738,516	1,822,135	22,058,934	15,409,267
104,158	59,128	735,858	435,634

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AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

Comparative Statement of Profit and Loss -  
Month of October, 1940, Month of October 1939, Ten Months  
Ended October 31, 1940 and Ten Months Ended October 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

NET PROFIT

REVENUE MILES FLOWN

REVENUE PASSENGERS CARRIED