



Department of Economic Planning

Comparison of
FINANCIAL AND OPERATING STATISTICS
of
American Airlines, Inc.
United Air Lines Transport Corp.
Transcontinental & Western Air, Inc.
Eastern Air Lines, Inc.
for the
NINE MONTHS ENDING SEPTEMBER 30TH, 1943

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Summary

Operating Revenues

United maintained its lead in total revenue per mile during the first nine months of 1943 as in 1942. American was in second place with Eastern and TWA placing consecutively thereafter. All four carriers increased their total cents per revenue mile by about 25 to 30 percent during the nine month period of 1943. American on a cents per mile basis was second in passenger revenue, last in mail revenue, and shared first place in express revenue.

Operating Expenses

The direct flight costs per mile of American for the first nine months of 1943 were lower than the other four carriers. Overhead costs for the three-quarter period of 1943 were higher for each of the lines than in 1942, but American achieved a significant decrease during the third quarter of 1943. All carriers, with the exception of American, increased greatly their costs per mile in connection with Equipment Maintenance -- Indirect over the nine months of 1942. American is now next to the lowest (Eastern) in the General and Administrative account.

Earnings

American increased its net income before taxes over the 1942 period by 70.6 percent, which was the greatest increase recorded by any of the four carriers. American is likewise the only carrier anticipating paying a tax on excess profits. This allows United and Eastern to show a greater net profit for the nine month period of 1943.

Operating Statistics

American, United and TWA are operating better than 90 percent of the revenue miles flown during the similar period of 1942 despite the reduction in numbers of planes. These same carriers also bettered their operating factor. All four lines showed an increase in the revenue passenger load factor and the mail pound miles of each increased tremendously.

The comparative statements which are made a part of this analysis were compiled from reports submitted by the airlines on report Form 2780 in accordance with the CAB Uniform System of Accounts. The statements cover operations of the four major carriers during the first nine months of the years 1942 and 1943, and the information is comparable, with few minor exceptions.

Operating Revenues

A comparison of the per mile revenue data (Comparative Statement of Profit and Loss) of American Airlines, Inc. with that of the three other large carriers, i.e., United, TWA, and Eastern, for the first nine months of 1943 and a like period in 1942, indicates that United continues to maintain the lead in 1943 as it did in 1942. American's revenue figure is in second place with Eastern and TWA placing consecutively thereafter, the same positions they held last year during the first nine months. All four of the large carriers increased their total cents per revenue mile by about 25 to 30 percent during the first nine months of this year, which is a large increase when the limited number of planes available is taken into consideration. We have listed below for comparison purposes the revenue statistics in terms of cents per revenue mile, of all four carriers for the nine months ended September 30, 1943 and 1942:

	American		United		TWA		Eastern	
	9 mos.		9 mos.		9 mos.		9 mos.	
	<u>1943</u>	<u>1942</u>	<u>1943</u>	<u>1942</u>	<u>1943</u>	<u>1942</u>	<u>1943</u>	<u>1942</u>
Passenger	90.5	74.2	86.4	65.4	79.9	60.0	91.4	70.2
Mail	17.7	11.0	27.5	23.0	25.1	19.6	19.1	13.8
Express & Freight	10.5	5.4	9.8	9.0	10.7	6.7	5.9	4.2
Other	<u>2.4</u>	<u>2.1</u>	<u>4.3</u>	<u>3.8</u>	<u>3.0</u>	<u>2.2</u>	<u>3.5</u>	<u>2.0</u>
TOTAL	121.1	92.7	128.0	101.2	118.7	88.5	119.9	90.2

Eastern takes the lead in passenger revenue with American running a close second. The full effect of the reduction in passenger fares which went into effect July 15th, 1943, is evidenced in the reduced passenger revenue of all carriers during the last three months of the nine month period. United's mail revenue far exceeds American's with 27.5 cents per revenue mile against 17.7 cents. Mail, as a source of revenue, furnished TWA with 25.1 cents per revenue mile.

American, United and TWA share about alike in income from express and freight. Eastern trails with only 5.9 cents per revenue mile. Attention is called to American's low mail revenue status relative to its comparatively high express revenue. American's express revenue increase over the first nine months of 1942 was the greatest of the four lines, being 5.1 cents per revenue mile or almost a 100 percent increase.

Operating Expenses

Shown below are the operating costs in cents per mile (indirect flying ton mile costs included) for the four major carriers covering the three quarter period of 1943 versus the same period of 1942. The first six months of 1943 have been included to more clearly present the operations of the third quarter and its bearing upon the nine months' totals.

DIRECT FLYING EXPENSE

	<u>American</u>	<u>United</u>	<u>TWA</u>	<u>Eastern</u>
1943 (9 mos.)	29.6	30.3	35.0	32.0
1942 (9 mos.)	29.0	31.7	33.4	30.7
1943 (6 mos.)	28.6	30.5	36.3	31.6
Inc. (1943 vs. 1942)	.6	1.4*	1.6	1.3

INDIRECT FLYING EXPENSE

		Per Ton <u>Mile</u>		Per Ton <u>Mile</u>		Per Ton <u>Mile</u>		Per Ton <u>Mile</u>
1943 (9 mos.)	53.6	25.0	60.0	26.3	58.6	27.9	44.9	22.0
1942 (9 mos.)	43.5	26.1	42.6	25.1	34.3	23.3	29.8	19.5
1943 (6 mos.)	53.8	25.9	56.4	25.7	58.0	28.8	45.6	22.5
Inc. (1943 vs. 1942)	10.1	1.1*	17.4	1.2	24.3	4.6	15.1	2.5

TOTAL OPERATING EXPENSE

1943 (9 mos.)	83.2	90.3	93.6	76.9
1942 (9 mos.)	72.5	74.3	67.7	60.5
1943 (6 mos.)	82.4	86.9	94.3	77.2
Inc. (1943 vs. 1942)	10.7	16.0	25.9	16.4

* Decrease

As disclosed above, the direct flight costs of American this year are lower than the other lines, and to an extensive degree in comparison with TWA and Eastern. The increase of TWA is chargeable chiefly to flight equipment maintenance, whereas, Eastern's is due in almost equal parts to maintenance of flight equipment and to depreciation. United continued to maintain its decrease in direct flight costs, but American's increased costs for the third-quarter raised its average to above the 1942 level.

The indirect flying expenses of the four carriers show increases of a marked degree over the like period of 1942. However, any comparison of indirect flying costs must be tempered by the fact that unequal portions may be absorbed by war contract obligations. But upon actual charges made it is revealed that United has expended the largest amount per mile for indirect flying expense of any of the four lines. TWA follows closely and it is interesting to note that this line is also experiencing the greatest increase in indirect flying costs per mile over the nine months of 1942. During the third quarter of 1943 American and Eastern succeeded in cutting their indirect flying expenses enough to reduce the cost per mile for the nine months of 1943 below that of the half year period of 1943.

The indirect flying cost per ton-mile should be considered also, since it portrays the effect upon indirect costs occasioned by an increase in the pay load. Such an increase will perhaps necessitate enlarging certain overhead services to care for the pay load rise, but the net effect may be to reduce the cost per ton-mile. Thus, even though the indirect flying cost per revenue mile increases, the cost per ton-mile may decrease and a net gain be realized. Such a condition appears to be realized in the case of American (the only carrier with such a decrease) for the first nine months of 1943 where its indirect flying ton-mile costs decreased over a like period of 1942.

Ground Operations Expense (Stations or Ground Handling Expense plus Operations Overhead) for United and TWA continues to be much higher than American and Eastern, as was true in the six months of 1943. Also, American's increase over the like period of 1942 was the lowest of all four lines, being 3.1 cents. Following in order of increases were United with 5.3 cents, Eastern with 5.9 cents, and TWA with 8.9 cents. No single item or group of items could be localized to account for American's increase, since the individual accounts vacillated too much from month to month.

A tremendous increase was established by all of the carriers, with the exception of American, in connection with Equipment Maintenance - Indirect. The percentage increase based on revenue miles flown for Eastern was 62.1 percent, United was 114.8 percent, and TWA was 176.0 percent. The decrease of American's was only 2 percent, but nevertheless, distinctive in the light of the increases chargeable to the other lines.

The four carriers were alike in having increased costs in the General and Administrative account, but the degree of increase varied. American and United raised their per revenue mile cost approximately 50 percent each on this item. Eastern and TWA exceeded their 1942 (9 mos.) amount by over 100 percent each. Eastern remains the same as last year with the lowest General and Administrative cost per mile, but American is now next to the lowest, with TWA and United following in that order.

Earnings

American's net income before reserve for taxes far exceeded the like figures of the other four carriers. The percentage increase for American was 70.6 percent and in descending order of earnings were United with 26.6 percent, TWA with 15.8 percent, and Eastern with 8.4 percent. Based upon the amount reserved for taxes in relation to the net from operations, it appears that American is the only one of the four lines anticipating the payment of a tax on excess profits. Eastern established reserves for payment of a tax on excess profits for the year 1942, but did not do likewise during 1943. However, the reserve for 1942 was not established until the month of December, and therefore the net income at the end of the nine month period is comparable for both years.

United continued its policy of building a reserve for postwar readjustment. In September 1943 \$750,000 was transferred from earned surplus to the reserve of \$1,000,000 set up in December 1942.

Net earnings for the four carriers upon completion of the third-quarter of 1942 and 1943 are listed in the following summary for purposes of comparison. Also included are the reported net earnings as published in various newspapers and financial publications for the nine months of 1943.

	<u>American</u>	<u>United</u>	<u>TWA</u>	<u>Eastern</u>
9 Months 1943	\$2,046,894	\$3,305,672	\$1,288,937	\$2,509,693
9 Months 1942	2,407,478	2,877,245	1,531,667	2,307,286
Newspaper reports				
9 Months 1943	2,046,898	3,409,046	1,288,935	2,153,361

The discrepancies between reported earnings and those listed in this analysis for the nine months of 1943 are due, in the case of American and TWA, to disregarding amounts not listed as whole dollars. United's variance is apparently due to a difference in the listing of the accounts which distorts the deductions from gross income as reported to the CAB. Eastern does not publish a breakdown of its reported earnings and the difference is therefore unknown.

Operating Statistics

The second statement attached lists various operating statistics of interest. The performance of the four lines is reflected in the percentage of completed scheduled miles flown (operating factor). All show a rise in the percent of scheduled miles completed with the exception of Eastern. However, Eastern's lowered percentage was negligible, and especially so, since it previously led the group.

American, United and TWA are operating better than 90 percent of the revenue miles flown during the similar period of 1942 despite the reduction in numbers of planes as required by the Air Service Pattern of May 18, 1942. An excerpt showing the increase in the revenue passenger load factors discloses the relative achievements of each of the four carriers.

	<u>American</u>	<u>United</u>	<u>TWA</u>	<u>Eastern</u>
9 months 1943	87.86%	91.50%	89.06%	86.56%
9 months 1942	73.45%	80.83%	67.91%	68.03%

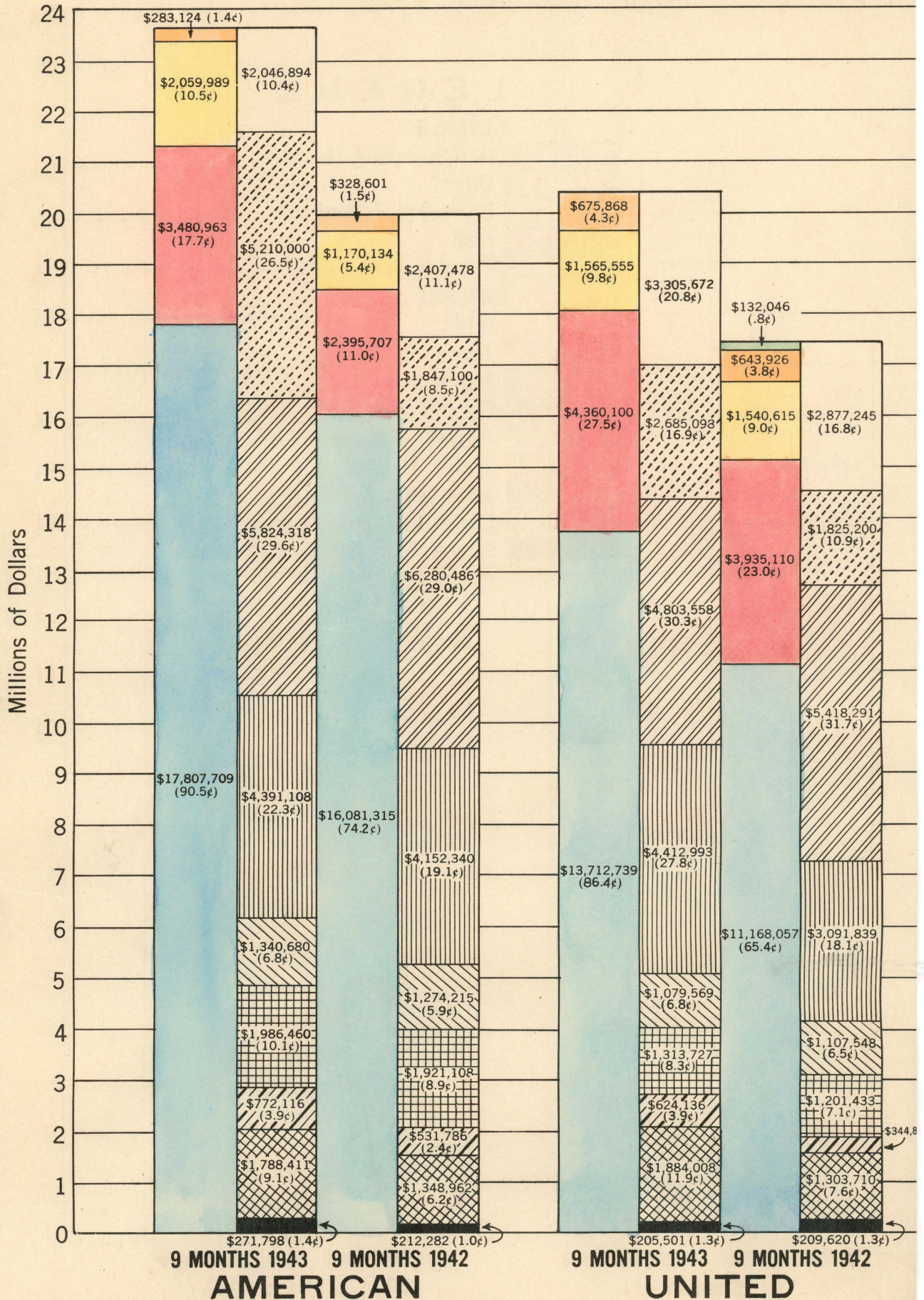
United and TWA have a higher load factor as disclosed above. In the case of TWA the chief reason is the heavy mail load carried, but the high load factor of United is a combination of heavy mail load and an average passenger load within .2 of American which has the greatest number of passengers per revenue plane mile.

The mail pound-miles of the four lines increased tremendously over the like period of 1942. TWA marked up the greatest increase with 96.8 percent. Following in order where American with 88.2 percent, United with 67.0 percent, and Eastern with 60.0 percent. However, American carried the least amount of mail on the basis of average load per mile. The mail rate of .3 mill per pound-mile applied to all four carriers as of January 1, 1943, and therefore the mail pound-miles are now a comparable index of revenue received. The pound-miles of express carried by American, United and TWA were within a remarkably close range of one another. Eastern carried only approximately 56 percent of the average amount carried by the other lines.

As of September 30, 1943 American was scheduling its fleet of 44 planes 10 hours 40 minutes per day for an average mileage of 1,751 per plane per day (lowest utilization among the four carriers). The highest plane utilization was made by Eastern with 12 hours 28 minutes per day for an average mileage of 1,818 per plane per day. It is interesting to compare this plane utilization with the number of planes in commercial service by each of the carriers. The number of average miles scheduled per plane is in indirect proportion to the number of planes available. Although Eastern schedules its planes approximately 17 percent more hours per day than American, it shows no proportionate differential in scheduled miles flown, i.e., Eastern obtains 17 percent more daily hours per plane but gains only an 11 percent differential in scheduled miles.

No additional service was made available by the return of several airplanes on September 22, 1943 (one to American, three to United, and one to TWA). This condition continued throughout the remainder of 1943 with the exception of an additional cargo flight operated by United and the changing of American's cargo flight in December from an every-other-day service to a daily-except-Monday service.

COMPARISON OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER



American Airlines, Inc.
 Comparative Statement of Operating Statistics - American, United, TWA & Eastern
 For The Nine Months Ended September 30, 1943
 And September 30, 1942

	AMERICAN			UNITED			TWA			EASTERN		
	9 mos. 1943	9 mos. 1942	Increase or Decrease	9 mos. 1943	9 mos. 1942	Increase or Decrease	9 mos. 1943	9 mos. 1942	Increase or Decrease	9 mos. 1943	9 mos. 1942	Increase or Decrease
OPERATING STATISTICS												
Performance												
Miles Scheduled to be Flown	20,345,382	21,925,094	(7.2%)	15,817,681	16,805,943	(5.9%)	12,314,151	13,537,180	(9.0%)	10,166,147	12,842,144	(20.8%)
Scheduled Miles Flown	19,452,380	20,727,900	(6.2%)	15,454,627	16,212,841	(4.7%)	11,835,260	12,768,931	(7.3%)	9,831,052	12,450,896	(21.0%)
% Completed (Operating Factor)	95.61	94.54	-	97.70	96.47	-	96.11	94.32	-	96.70	96.95	-
Revenue Plane Miles Flown	19,661,006	21,665,771	(9.3%)	15,866,971	17,082,195	(7.1%)	11,870,891	13,062,681	(9.1%)	9,851,650	13,084,390	(24.7%)
Non-Revenue Plane Miles	416,764	553,609	(24.7%)	314,711	706,597	(55.5%)	471,618	751,117	(37.2%)	142,038	258,913	(45.1%)
Total Plane Miles Flown	20,077,770	22,219,380	(9.6%)	16,181,682	17,788,792	(9.0%)	12,342,509	13,813,798	(10.7%)	9,993,688	13,343,303	(25.1%)
Revenue Load												
Passengers												
Revenue Passenger Miles	327,309,307	309,745,343	5.7%	259,882,279	218,348,816	19.0%	176,740,173	151,303,549	16.8%	159,711,461	171,128,479	(6.7%)
Total Passenger Miles	334,544,344	326,509,568	2.4%	266,401,570	232,448,343	14.6%	181,916,831	167,094,914	8.9%	162,198,617	178,351,600	(9.1%)
Available Seat Miles Operated	372,511,689	421,727,490	(11.7%)	284,011,884	270,144,482	5.1%	198,449,650	222,791,908	(10.9%)	184,500,508	251,548,551	(26.3%)
Average Passrs. Per Rev. Plane Mile	16.6	14.3	2.3	16.4	12.8	3.6	14.9	11.6	3.3	16.2	13.1	3.1
Passr. Load Factor (Rev.)	87.86	73.45	-	91.50	80.83	-	89.06	67.91	-	86.56	68.03	-
Cargo												
Mail Pound Miles	11,621,025,676	6,175,258,303	88.2%	14,598,483,881	8,740,042,387	67.0%	10,077,027,655	5,120,975,966	96.8%	6,280,046,048	3,924,334,245	60.0%
Air Express Pound Miles	7,212,695,308	4,103,610,999	75.8%	5,812,848,179	5,428,307,746	7.1%	4,403,708,320	3,163,983,080	39.2%	2,020,006,748	1,823,326,177	10.8%
Average Payload Per Mile (lbs.)												
Passengers (@ 200 lbs. per psgr.)	3,330	2,859	471	3,276	2,556	720	2,978	2,317	661	3,242	2,616	626
Mail	591	285	306	920	512	408	849	392	457	637	300	337
Express	367	189	178	366	318	48	371	242	129	205	139	66
Total	4,288	3,333	955	4,562	3,386	1,176	4,198	2,951	1,247	4,084	3,055	1,029
Equipment Utilization												
No. DC-3 Planes in Comm. Service	44(*)	43(@)	1	33(*)	33(@)	-0-	26(*)	25(@)	1	20(*)	20(@)	-0-
Aver. Hrs. Per Plane Per Day (Rev.)	10:40	(x)	-	11:09	(x)	-	11:17	(x)	-	12:28	(x)	-
Aver. Miles Sched. Per Plane Per Day	1,751	1,628	123	1,804	1,648	156	1,819	1,688	131	1,818	1,813	5

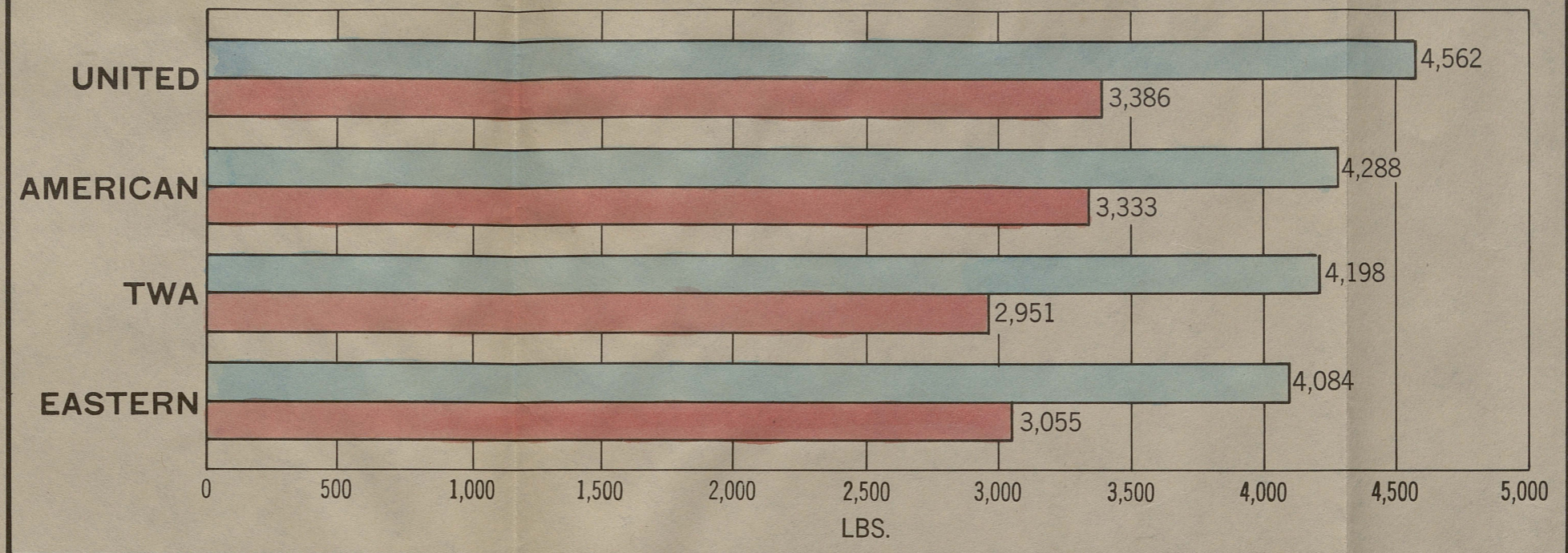
() Denotes Deficit
 (*) As of September 1, 1943
 (@) As of October 23, 1942
 (x) Information not available

American Airlines, Inc.

Comparative Statement Of Profit & Loss - American, United, TWA & Eastern
For The Nine Months Ended September 30, 1943 & September 30, 1942

	AMERICAN				UNITED				TWA				EASTERN			
	TOTAL		CENTS PER REVENUE MILE		TOTAL		CENTS PER REVENUE MILE		TOTAL		CENTS PER REVENUE MILE		TOTAL		CENTS PER REVENUE MILE	
	9 mos. 1943	9 mos. 1942	9 mos. 1943	9 mos. 1942	9 mos. 1943	9 mos. 1942	9 mos. 1943	9 mos. 1942	9 mos. 1943	9 mos. 1942	9 mos. 1943	9 mos. 1942	9 mos. 1943	9 mos. 1942	9 mos. 1943	9 mos. 1942
OPERATING REVENUES																
Passenger	\$17,807,709	\$16,081,315	90.5	74.2	\$13,712,739	\$11,168,057	86.4	65.4	\$ 9,487,118	\$ 7,842,803	79.9	60.0	\$ 9,007,471	\$ 9,182,247	91.4	70.2
Mail	3,480,963	2,395,707	17.7	11.0	4,360,100	3,935,110	27.5	23.0	2,982,346	2,562,277	25.1	19.6	1,881,083	1,802,567	19.1	13.8
Express & Freight	2,059,989	1,170,134	10.5	5.4	1,565,555	1,540,615	9.8	9.0	1,270,818	874,272	10.7	6.7	582,144	555,771	5.9	4.2
Other	474,307	446,018	2.4	2.1	679,524	643,926	4.3	3.8	361,398	290,167	3.0	2.2	349,736	263,149	3.5	2.0
Total	\$23,822,968	\$20,093,174	121.1	92.7	\$20,317,918	\$17,287,708	128.0	101.2	\$14,101,680	\$11,569,519	118.7	88.5	\$11,820,434	\$11,803,734	119.9	90.2
OPERATING EXPENSES																
Flying Operations	\$ 3,661,090	\$ 3,885,490	18.6	17.9	\$ 3,280,259	\$ 3,555,732	20.7	20.8	\$ 2,358,090	\$ 2,553,229	19.8	19.6	\$ 1,900,874	\$ 2,535,100	19.3	19.3
Flight Equip. Maint. - Direct	1,394,993	1,430,376	7.1	6.6	990,666	1,030,177	6.2	6.0	1,124,221	1,044,728	9.5	8.0	673,728	783,130	6.8	6.0
Depreciation - Flight Equip.	768,235	964,620	3.9	4.5	532,633	832,382	3.4	4.9	676,578	761,746	5.7	5.8	578,222	704,049	5.9	5.4
Total Flying Expenses	\$ 5,824,318	\$ 6,280,486	29.6	29.0	\$ 4,803,558	\$ 5,418,291	30.3	31.7	\$ 4,158,889	\$ 4,359,703	35.0	33.4	\$ 3,152,824	\$ 4,022,279	32.0	30.7
Ground Operations	3,293,665	2,952,629	16.7	13.6	3,130,633	2,460,497	19.7	14.4	2,294,946	1,357,883	19.3	10.4	1,580,629	1,314,102	16.0	10.1
Ground Equip. Maint. - Direct	151,255	139,730	.8	.6	357,170	174,826	2.3	1.0	124,685	63,898	1.0	.5	120,504	104,057	1.2	.8
Equip. Maint. - Indirect	946,188	1,059,981	4.8	4.9	925,190	456,516	5.8	2.7	816,327	332,373	6.9	2.5	460,600	377,107	4.7	2.9
Passenger Service	1,340,680	1,274,215	6.8	5.9	1,079,569	1,107,548	6.8	6.5	917,437	732,693	7.7	5.6	573,784	665,364	5.8	5.1
Traffic & Sales	1,986,460	1,921,108	10.1	8.9	1,313,727	1,201,433	8.3	7.1	1,196,643	1,029,037	10.1	7.9	625,329	681,631	6.3	5.2
Advertising & Publicity	772,116	531,786	3.9	2.4	624,135	344,868	3.9	2.0	389,801	288,937	3.3	2.2	334,144	250,416	3.4	1.9
General & Administrative	1,788,411	1,348,962	9.1	6.2	1,884,008	1,303,710	11.9	7.6	1,127,473	596,306	9.5	4.6	626,619	401,667	6.4	3.1
Depreciation - Property & Ground Equip.	271,798	212,282	1.4	1.0	205,501	219,620	1.3	1.3	91,329	84,577	.8	.6	105,065	96,125	1.1	.7
Total Operating Expenses	\$16,374,891	\$15,721,179	83.2	72.5	\$14,323,492	\$12,687,309	90.3	74.3	\$11,117,520	\$ 8,845,407	93.6	67.7	\$ 7,579,498	\$ 7,912,748	76.9	60.5
NET OPERATING INCOME	\$ 7,448,077	\$ 4,371,995	37.9	20.2	\$ 5,994,426	\$ 4,600,399	37.7	26.9	\$ 2,984,160	\$ 2,724,112	25.1	20.8	\$ 4,240,936	\$ 3,890,986	43.0	29.7
Non-Operating Income	121,139	53,089	.6	.2	510,873	281,107	3.2	1.6	357,563	199,591	3.0	1.5	186,252	183,191	1.9	1.4
Deductions from Gross Income	312,322	170,506	1.6	.8	514,529	149,061	3.2	.8	60,817	89,935	.5	.6	60,875	46,626	.6	.4
Net Income before Federal Income Taxes	\$ 7,256,894	\$ 4,254,578	36.9	19.6	\$ 5,990,770	\$ 4,732,445	37.7	27.7	\$ 3,280,906	\$ 2,833,768	27.6	21.7	\$ 4,366,313	\$ 4,027,551	44.3	30.7
Provision for Federal Income Taxes	5,210,000	1,847,100	26.5	8.5	2,685,098	1,855,200	16.9	10.9	1,991,969	1,302,101	16.8	10.0	1,856,620	1,720,265	18.8	13.1
NET PROFIT	\$ 2,046,894	\$ 2,407,478	10.4	11.1	\$ 3,305,672	\$ 2,877,245	20.8	16.8	\$ 1,288,937	\$ 1,531,667	10.8	11.7	\$ 2,509,693	\$ 2,307,286	25.5	17.6
Revenue Plane Miles Flown	19,661,006	21,665,771			15,866,971	17,082,195			11,870,891	13,062,681			9,851,650	13,084,390		

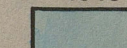
TOTAL AVERAGE PAYLOAD PER MILE



9 MONTHS
1942

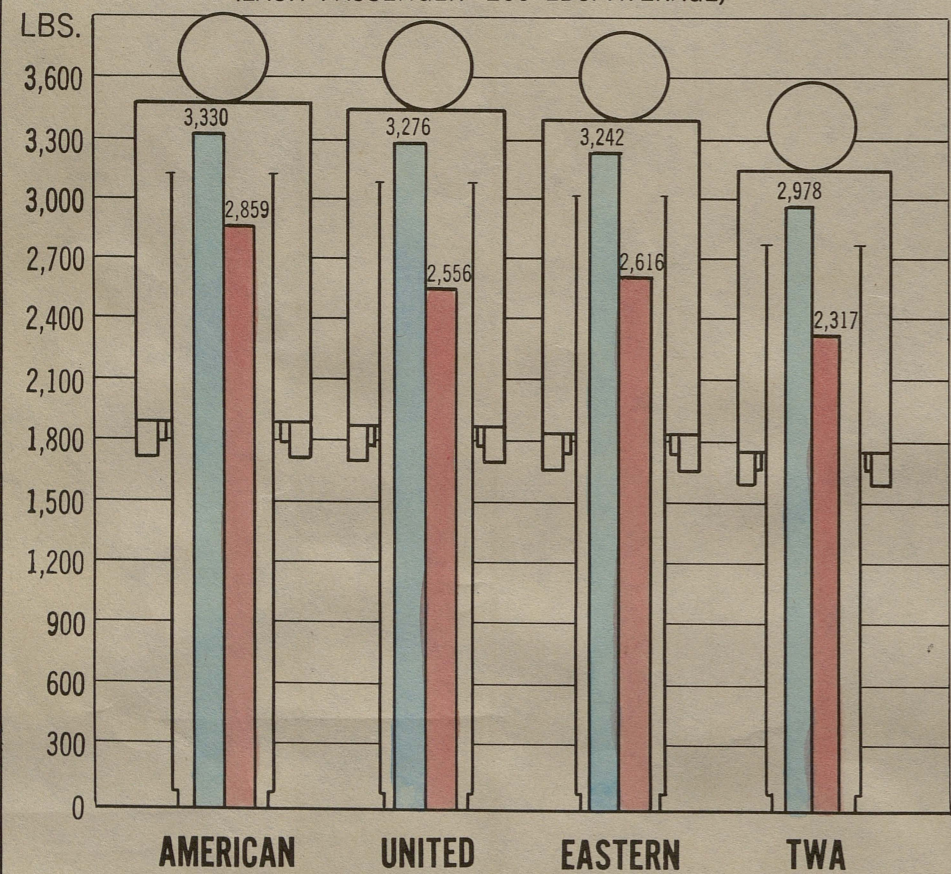


9 MONTHS
1943

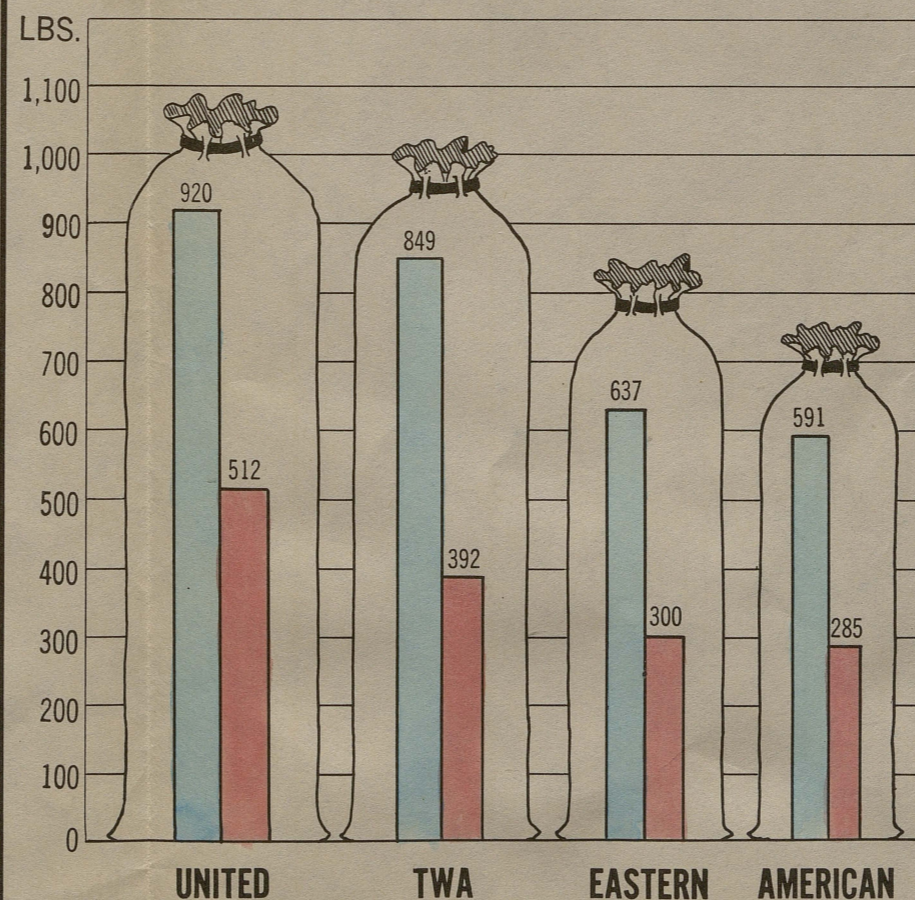


PASSENGER PAYLOAD PER MILE

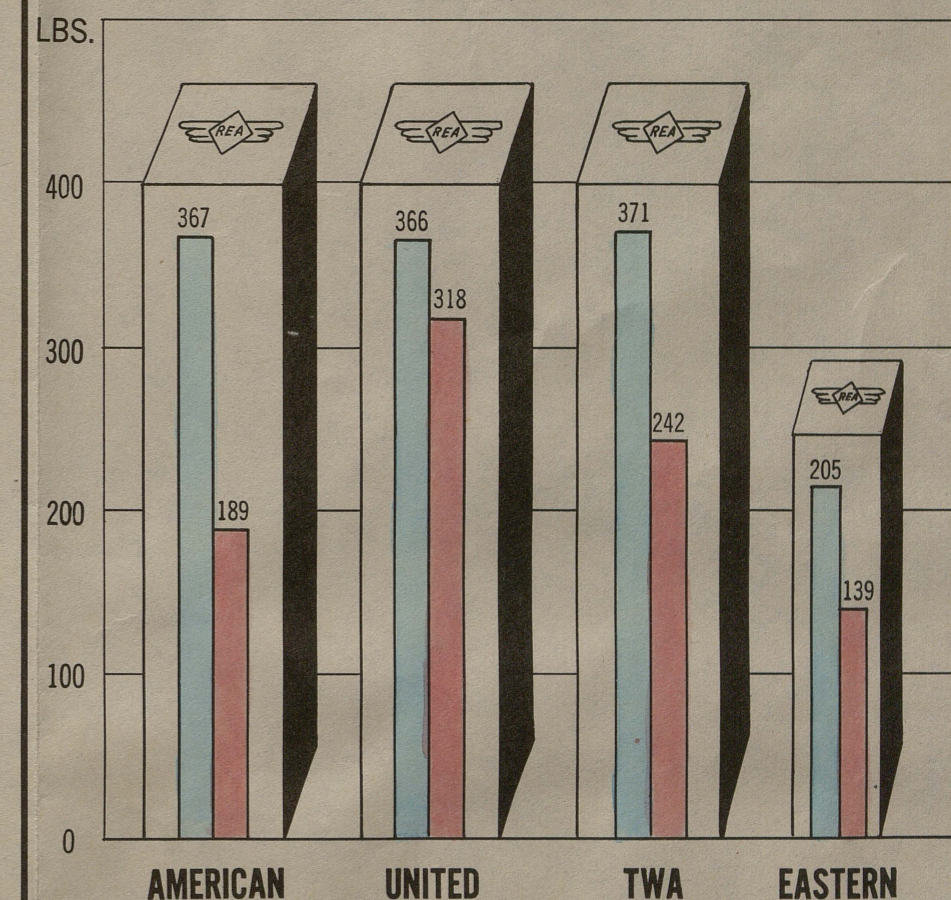
(EACH PASSENGER 200 LBS. AVERAGE)



MAIL PAYLOAD PER MILE



EXPRESS PAYLOAD PER MILE



COMPARISON OF OPERATING REVENUES AND EXPENSES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1943 AND SEPTEMBER 30, 1942

