

A. L. Carver

CONFIDENTIAL

AMERICAN AIRLINES, INC.

FINANCIAL STATEMENTS
FOR
DIRECTORS' MEETING OF APRIL 20, 1944

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

DIRECTORS' MEETING APRIL 20, 1944

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*Carried with
Exp. report
20th March
1944*

CONSOLIDATED BALANCE SHEET

AS AT FEBRUARY 29, 1944

ASSETS

CURRENT ASSETS:

Cash on hand and demand deposits		\$ 8,983,029.71	
Marketable Securities, at cost (approximately market)-			
U.S. Treasury bonds and certificates	\$4,109,527.50		
U.S. Treasury tax notes	6,226,000.00		
Canadian Government bonds	90,900.00	10,426,427.50	
Accounts receivable -			
U.S. Government -			
For the transportation of air mail	\$1,477,398.10		
For services performed at cost under war contracts	\$5,351,205.95		
Less: Advance payments received	2,585,222.78		
	\$2,765,983.17		
For air travel, etc.	1,388,237.64		
Air travel plan subscribers	733,343.60		
Other airline companies and agents - traffic and express balances	1,620,762.31		
Other trade accounts	590,205.62		
Indebtedness of employees	60,808.36		
	\$8,636,738.80		
Less: Reserve for doubtful accounts receivable	143,693.64	8,493,045.16	
Inventories - parts and supplies (at the lower of cost or market)		849,089.78	
Total Current Assets		\$28,751,592.15	

ADVANCE IN SPECIAL CONTRACT ADVANCE PAYMENT ACCOUNT

1,415.74

INVESTMENTS AND SPECIAL FUNDS:

Investment in wholly-owned subsidiary not consolidated at cost (less reserve of \$14,096.51 at Dec. 31, 1943)	\$ 485,903.49		
Miscellaneous investments in connection with operations, at cost	31,609.96		
Special cash deposits	65,540.00	583,053.45	

FLIGHT EQUIPMENT, AT COST

Less: Reserve for obsolescence and depreciation	\$7,456,096.63		
	6,212,790.78	1,243,305.85	

LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST

Less: Reserve for depreciation	\$5,063,701.16		
	2,159,060.24	2,904,640.92	

NON-OPERATING PROPERTY AND EQUIPMENT, AT ESTIMATED REALIZABLE VALUE

26,320.00

LONG TERM OPERATING PROPERTY PREPAYMENTS, LESS AMORTIZATION

521,835.72

DEFERRED CHARGES:

Prepaid rents and insurance	\$ 67,114.59		
Other deferred charges	122,944.20	190,058.79	

\$34,222,222.62

COMPARATIVE STATEMENT OF PROFIT AND LOSS, LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:

Accounts payable	\$ 1,762,241.29
Other airline companies - traffic balances payable	1,879,665.12
Air travel plan subscribers' deposits	2,732,281.50
Dividends declared on preferred stock	53,126.74
Accrued salaries and wages	868,118.95
Provision for Federal income taxes	3,785,442.16
Other accrued taxes	346,733.98
Other accrued liabilities	446,024.30
Total Current Liabilities	<u>\$11,873,634.04</u>

LIABILITY FOR ADVANCE PAYMENTS ON GOVERNMENT CONTRACT OPERATIONS

1,415.74

UNEARNED TRANSPORTATION REVENUE

107,351.27

RESERVE FOR TRANSITION TO PEACETIME OPERATIONS

1,750,000.00

CAPITAL STOCK:

Preferred stock-	
Authorized - 100,000 shares without par value	
Issued and outstanding - 50,000 shares of \$4.25	
Cumulative Convertible Preferred Stock (preference on liquidation - \$100 per share plus accrued dividends)	5,100,000.00
Common stock -	
Authorized - 1,000,000 shares par value \$10 per share	
Issued and outstanding - 574,848 shares	5,748,480.00

Reserved for conversion of \$4.25 Cumulative Convertible Preferred Stock (basic conversion ratio - 1 3/7 shares of common stock for each share of preferred stock) - 71,429 shares

SURPLUS:

Paid-in surplus		\$1,942,682.50	
Earned surplus			
Balance at December 31, 1943	\$7,411,970.86		
Net profit for the two months ended February 29, 1944	339,814.95		
	\$7,751,785.81		
Less: dividends declared on preferred stock	53,126.74	7,698,659.07	9,641,341.57

\$34,222,222.62

COMPARATIVE STATEMENT OF PROFIT AND LOSS

FOR THE MONTHS OF FEBRUARY 1944, JANUARY 1944 AND FEBRUARY 1943

AND THE TWO MONTHS ENDED FEBRUARY 29, 1944 AND FEBRUARY 28, 1943

	February 1944	Cents Per Rev. Mile	January 1944	Cents Per Rev. Mile	February 1943	Cents Per Rev. Mile	Two Months Ended Feb. 29, 1944	Cents Per Rev. Mile	Two Months Ended Feb. 28, 1943	Cents Per Rev. Mile
OPERATING REVENUES										
Passenger	\$1,621,096.82	78.7	\$1,824,656.70	81.5	\$1,691,522.33	84.8	\$3,445,753.52	80.1	\$3,346,522.48	83.6
Mail	442,428.53	21.5	463,654.48	20.7	331,342.27	16.6	906,083.01	21.1	645,773.24	16.1
Express and freight	156,712.22	7.6	202,442.28	9.0	195,649.08	9.8	359,154.50	8.4	376,848.70	9.4
Excess baggage	51,658.55	2.5	46,335.88	2.1	45,766.87	2.3	97,994.43	2.3	90,839.63	2.3
Charter and special	-	-	-	-	-	-	-	-	-	-
Incidental revenue	1,759.51	.1	13,105.81	.6	8,663.01	.4	14,865.32	.3	18,503.28	.6
Total Operating Revenue	\$2,273,655.63	110.4	\$2,550,195.15	113.9	\$2,272,943.56	113.9	\$4,823,850.78	112.2	\$4,478,487.33	112.0
OPERATING EXPENSES										
Flying operations	\$ 412,748.48	20.0	\$ 421,955.44	18.9	\$ 369,828.00	18.5	\$ 834,703.92	19.4	\$ 740,440.71	18.5
Flight equipment maintenance-direct	200,880.31	9.7	211,048.71	9.4	144,654.78	7.3	411,929.02	9.6	251,345.15	6.3
Depreciation-flight equipment	67,394.07	3.3	73,083.21	3.3	79,279.95	4.0	140,477.28	3.3	160,312.91	4.0
Total Flying Expenses	\$ 681,022.86	33.0	\$ 706,087.36	31.6	\$ 593,762.73	29.8	\$1,387,110.22	32.3	\$1,152,098.77	28.8
Ground operations	443,938.54	21.6	437,214.27	19.5	333,363.15	16.7	881,152.81	20.5	691,995.17	17.3
Ground equipment maintenance-direct	24,821.55	1.2	22,423.81	1.0	12,935.16	.7	47,245.36	1.1	26,719.11	.7
Equipment maintenance-indirect	134,576.40	6.5	159,548.00	7.1	86,707.94	4.3	294,124.40	6.8	189,062.67	4.7
Passenger service	167,177.84	8.1	177,317.82	7.9	127,687.38	6.4	344,495.66	8.0	249,224.60	6.2
Traffic and sales	266,503.39	12.9	261,732.57	11.7	200,753.62	10.1	528,235.96	12.3	402,089.73	10.1
Advertising and publicity	116,980.39	5.7	128,002.77	5.7	144,244.12	7.2	244,983.16	5.7	229,987.31	5.8
General and administrative	200,643.19	9.8	266,185.84	11.9	153,006.37	7.7	466,829.03	10.9	303,588.97	7.6
Depreciation-property and ground equipment	36,917.88	1.8	36,855.05	1.6	30,912.22	1.5	73,772.93	1.7	61,090.94	1.5
Total Operating Expenses	\$2,072,582.04	100.6	\$2,195,367.49	98.0	\$1,683,372.69	84.4	\$4,267,949.53	99.3	\$3,305,857.27	82.7
Net operating income	\$ 201,073.59	9.8	\$ 354,827.66	15.9	\$ 589,570.87	29.5	\$ 555,901.25	12.9	\$1,172,630.06	29.3
Non-operating income	14,648.30	.7	14,898.04	.6	7,858.46	.4	29,546.34	.7	17,244.23	.4
Gross income	\$ 215,721.89	10.5	\$ 369,725.70	16.5	\$ 597,429.33	29.9	\$ 585,447.59	13.6	\$1,189,874.29	29.7
Deductions from gross income	25,199.13	1.2	30,831.77	1.4	4,180.27	.2	5,632.64	.1	6,470.17	.1
Net income before Federal Income taxes	\$ 240,921.02	11.7	\$ 338,893.93	15.1	\$ 593,249.06	29.7	\$ 579,814.95	13.5	\$1,183,404.12	29.6
Provision for Federal income taxes	100,000.00	4.9	140,000.00	6.3	277,900.00	13.9	240,000.00	5.6	557,600.00	13.9
NET PROFIT CARRIED TO SURPLUS	\$ 140,921.02	6.8	\$ 198,893.93	8.8	\$ 315,349.06	15.8	\$ 339,814.95	7.9	\$ 625,804.12	15.7
REVENUE MILES FLOWN	2,060,318		2,238,021		1,995,114		4,298,339		3,999,770	
REVENUE PASSENGER MILES FLOWN	31,198,791		34,925,683		30,968,056		66,124,474		60,025,926	
REVENUE PASSENGERS CARRIED	53,516		58,562		54,823		112,078		104,294	

COMPARATIVE STATEMENT OF PROFIT AND LOSS ON ROUTE F.A.M. 26

COMPARATIVE STATEMENT OF PROFIT AND LOSS ON ROUTE F.A.M. 26FORT WORTH-DALLAS-MEXICO CITY-EL PASO-MEXICO CITYFOR THE MONTHS OF FEBRUARY 1944, JANUARY 1944 AND FEBRUARY 1943AND THE TWO MONTHS ENDED FEBRUARY 29, 1944 AND FEBRUARY 28, 1943

Statement of capital expenditures which have since the last meeting of the Board of Directors are herewith submitted for approval by the Board.

	February 1944	January 1944	February 1943	Two Months Ended Feb. 29, 1944	Two Months Ended Feb. 28, 1943
OPERATING REVENUE					
Passenger	\$101,983.09	\$100,094.47	\$72,052.57	\$202,077.56	\$135,384.30
Mail	542.92	511.35	353.84	1,054.27	713.65
Express	5,612.43	4,716.04	1,296.74	10,328.47	2,366.06
Excess baggage	2,294.52	1,901.27	1,359.11	4,195.79	2,494.62
Incidental revenue	2,320.38	7,773.58	-	10,093.96	-
Total Operating Revenue	\$112,753.34	\$114,996.71	\$75,062.26	\$227,750.05	\$140,958.63
OPERATING EXPENSES					
Flying operations	\$ 23,650.55	\$ 27,140.96	\$24,460.32	\$ 50,791.51	\$ 49,532.23
Flight equipment maintenance- direct	10,995.32	12,284.96	8,100.67	23,280.28	14,331.38
Depreciation- flight equipment	3,630.51	4,202.28	3,267.71	7,832.79	6,787.17
Total Flying Expenses	\$ 38,276.38	\$ 43,628.20	\$35,828.70	\$ 81,904.58	\$ 70,650.78
Ground operations	15,647.02	16,453.19	19,242.02	32,100.21	38,032.15
Ground equipment maintenance- direct	1,478.21	2,126.77	105.85	3,604.98	273.98
Equipment maintenance- indirect	4,546.20	6,518.32	3,732.98	11,064.52	7,984.57
Passenger service	10,013.59	8,958.88	6,935.46	18,972.47	11,950.52
Traffic and sales	15,955.56	14,097.84	8,291.12	30,053.40	15,700.29
Advertising and publicity	5,532.31	4,601.99	5,183.08	10,134.30	9,839.99
General and administrative	10,059.54	11,657.00	8,957.37	21,716.54	17,319.23
Depreciation- property and ground equip.	12,630.69	12,624.35	6,821.29	25,255.04	13,747.99
Total Operating Expenses	\$114,139.50	\$120,666.54	\$95,097.87	\$234,806.04	\$185,499.50
NET OPERATING INCOME	\$ 1,386.16	\$ 5,669.83	\$20,035.61	\$ 7,055.99	\$ 44,510.87
DEDUCTIONS FROM INCOME	922.13	470.96	1,264.83	1,393.09	1,303.43
NET PROFIT OR LOSS	\$ 2,308.29	\$ 6,140.79	\$21,300.44	\$ 5,662.90	\$ 45,814.30
REVENUE MILES FLOWN	118,213	136,110	121,063	254,323	246,627
REVENUE PASSENGER MILES	1,867,774	1,993,900	1,279,695	3,861,674	2,349,646
REVENUE PASSENGERS CARRIED	1,889	1,867	1,440	3,756	2,550

Statement of capital expenditures which have been authorized by the management since the last meeting of the Board of Directors on March 15, 1944 and which are herewith submitted for approval by the Directors.

<u>Executive Authorization Number</u>	<u>Description</u>	<u>Amount Authorized</u>
C2009-1	Alterations necessary in terminal building, Flushing to provide space for departments moved from the airport - N.Y.	\$ 2,820.00
C1283	Exhaust and fire protection system for carburetor test shop - N.Y.M.A.	1,455.00
C1284	Construct offices for Line Maintenance foremen in Hangars 1 and 3 - N.Y.M.A.	1,200.00
C1285	Install non-skid treads and hand-rails on stairways in shop areas - N.Y.M.A.	1,175.00
C1286	Tensile testing equipment for Materials Laboratory - N.Y.M.A.	1,500.00
C1287	24 Electric fans for offices in Flushing, N.Y.	1,215.00
C1288	4 Chevrolet panel trucks for handling mail and express in Station Operations - N.Y.M.A.	6,400.00
C1289	Construct new remote transmitter house and install equipment - Chicago	4,497.00
C1290	50 Sets Carburetor Pre-Heat Muffs for spares	16,250.00
	<u>72</u> Authorizations each for an amount less than \$1,000.00 for the purchase of furniture, shop and miscellaneous equipment	<u>10,168.14</u>
		<u>\$46,680.14</u>

Capital expenditures made by the Mexican Company during January and February 1944 approved by the management and herewith submitted for approval by the Directors.

1 - Monroe Calculating machine	\$735.00
1 - Columbia safe	152.12
1 - Monroe Calculating machine	232.37
1 - Underwood typewriter	211.34

Other capital expenditures of an amount less than \$100.00 each	<u>345.28</u>	<u>\$ 1,676.11</u>
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Statement showing status as of February 29, 1944 of uncompleted capital projects and extraordinary projects chargeable to expense

Authorization Number	Description	Amount Authorized
C792	Shop equipment for new west wing addition - N.Y.M.A.	\$ 7,973.72
C1215	1 Pair wings for flagship spare	18,605.00
C211	126 Flight analyzers for flagships and spares	23,340.00
C737	136 Model 4G10 governors for 33D50 propellers	22,532.45
C500,-1,-2	Building for additional facilities - N.Y.M.A.	495,300.00
C995,-1	Buildings and furnishings for Customs House - Ft. Worth	26,851.00
C962	1 Low Temperature, High Temperature Humidity Test Cabinet - N.Y.M.A.	5,500.00
C2009,-1,2	Alterations necessary in terminal building, Flushing to provide space for departments transferred from the airport, N.Y.	8,177.00
C2011	Reconstruction of 17th floor in Perching Square Bldg., N.Y.C.	7,760.25
C1219	Install 50 sets new type carburetor pre-heat mufflers on Flagships and provide additional 50 sets for spares	32,500.00
C1278	10 Sets of gyro flight instruments for installation on 6 DC 3 airplanes for test purposes	5,000.00
C1247	80 Typewriters to replace rentals in system use	9,688.00
C1280	5 Sets of DC3 cabin interior fittings to provide for conversion of cargo airplanes to commercial service	28,375.00
C1288	4 Chevrolet panel trucks for handling mail and express in Station Operations - N.Y.M.A.	6,400.00
C1029,-1	2 Diesel electric plants, house and furnishings at Dryden, Texas to complete the El Paso-Laredo instrument airway	17,931.28
C1189	Alterations and furniture for new ticket office - Washington	5,403.00
C1940	Acquisition of land	110,000.00
	421 Authorizations each less than \$5,000.00	180,766.67
		<u>\$1,012,103.37</u>

Statement of expenditures in connection with capital projects and extraordinary projects chargeable to expense which were completed

Prior to Jan. 1, 1944	Amount Expended		Unexpended Balance	Over Expended
	Current Year	Total		
\$ 7,815.07	\$	\$ 7,815.07	\$ 158.65	\$
			18,605.00	
18,571.25		18,571.25	4,768.75	
26,806.40		26,806.40		4,273.95
482,144.63	81.99	482,062.64	13,237.36	
20,168.56	7,115.74	27,284.30		433.30
	4,934.14	4,934.14	565.86	
			8,177.00	
7,364.74	382.41	7,747.15	13.10	
885.61	234.73	1,120.34	31,379.66	
			5,000.00	
	9,189.32	9,189.32	498.68	
			28,375.00	
			6,400.00	
12,668.66	82.38	12,751.04	5,180.24	
8.50	2,755.68	2,764.18	2,638.82	
113,523.17		113,523.17		3,523.17
39,913.73	20,987.35	60,901.08	119,865.59	
<u>\$729,870.32</u>	<u>\$45,599.76</u>	<u>\$775,470.08</u>	<u>\$244,863.71</u>	<u>\$8,230.42</u>

Statement of expenditures in connection with capital projects and extraordinary projects chargeable to expense which were completed during the period January 1 through February 29, 1944.

<u>Authorization Number</u>	<u>Description</u>	<u>Amount Expended</u>		
		<u>Prior to Jan. 1, 1944</u>	<u>Current Year</u>	<u>Total</u>
C844, -1, -2	Material and labor to provide additional lavatory and locker room facilities for hangar #1 and hangar #3 and to increase ventilation in Battery Charging Room - N.Y.M.A.	\$ 6,445.27	\$ 1,128.00	\$ 7,573.27
C1264	Link Trainer for Pilot Training School- Memphis		5,850.00	5,850.00
	<u>141</u> Authorizations each less than \$5,000.00	<u>9,412.78</u>	<u>17,205.08</u>	<u>26,617.86</u>
		<u>\$15,858.05</u>	<u>\$24,183.08</u>	<u>\$40,041.13</u>