AMERICAN AIRLINES, INC.
LaGuardia Field

July 26, 1948

To: All Directors of American Airlines

In compliance with your request that I furnish you with a briefed copy of the statement read to you at the July 21st meeting, I am enclosing such statement herewith.

R. S. Damon

THE AIR TRANSPORTATION INDUSTRY AND AMERICAN AIRLINES, INC.

GENERAL

Obviously, all the problems facing any industry, particularly one as new as the airline industry, can be only broadly done in a half-hour discussion; many important phases of the problem can only be touched upon.

Because many of the problems confronting American Overseas Airlines, Inc. are peculiar to international operation, this discussion will be limited to the United States domestic airline industry.

HISTORY

The air transport industry really began in 1926 with the first contract for the carriage of air mail by the United States Post Office Department. There were a number of sporadic attempts to carry passengers on schedule, but the first passengers carried on schedule at night were carried by Colonial Air Transport between Boston and New York on April 15, 1927. Colonial Air Transport was one of the predecessors of American Airlines.

Following the Lindbergh flight to Europe in 1927, small airlines blossomed all over the United States for the carriage of passengers or in the hope of obtaining mail contracts. In 1932, at the end of the Hoover Administration, there were twenty-nine companies flying approximately 100,000 plane-miles per day, carrying either mail, passengers or both.

Table #1 shows the number of airlines, the daily mileage flown, the number of passengers and passenger miles carried, the gross receipts, and the net profit or loss for the industry for the years 1928 through 1947, to the extent that such information is available. The high spots on this table show that the number of carriers (other than feeder lines) declined from 31 in 1938 to 16 in 1947, while the average daily mileage flown increased steadily except during the war-restricted years. The number of passengers carried grew steadily except for a plateau in the depression years of 1931-1932-1933 and the air mail cancellation in the year of 1934 and except for the current levelling off of 1946 and 1947. It also shows a steady growth in the number of passenger-miles flown even during the depression and even during the war except for the plateau of 1946 and 1947. Net profits or losses prior to 1934 are not available and undoubtedly constitute substantial losses so that in general the industry sustained losses from 1928 through 1938, made reasonable profits pre-war, substantial profits during the war and substantial losses since that time.

In 1934 the Federal Administration cancelled all domestic airline air mail contracts, put them up for rebidding. One condition of such bidding required that all airline officers who had participated in a so-called "spoils" conference called by the Postmaster General of the previous administration attempting to provide a systematic pattern of routes, schedules and connections, be eliminated from their respective companies. This deprived the industry at one blow of much of its leadership. It also had the effect of discouraging other leaders then in the business and furthermore of discouraging aggressive leaders who wanted to get into the business. The effects of this body blow were felt for many years and may still remain.

In 1938 the present Civil Aeronautics Act was passed, taking the planning of routes and the issuance of franchises away from the Postmaster General and placing it in the hands of the newly created Civil Aeronautics Board. In 1940, by executive order of the President, the organization of the agency was modified in certain ways. Except for these modifications, the Act has been in effect for the last ten years.

Table #2 shows the number of companies, the total reported net assets, the reported net assets of American Airlines, the average mail pay per ton-mile for the industry and for American Airlines, for the years 1939 through 1947.

The high spots on this table are the steady growth of the net worth of the industry and of American Airlines until the 1947 losses. Please note also the severe extent of the mail payment cuts both for the industry and for American Airlines in 1942 with American Airlines being cut generally in advance of the industry as a guinea pig because of its substantial other earning power.

Promptly following the creation of the Civil Aeronautics Act, 1939, 1940 and 1941 became halcyon days, for which the Civil Aeronautics Board takes full credit. The CAB is entitled to a reasonable amount of the credit: they trod lightly and issued no substantial new route mileages, preferring to give the existing companies under the "Grandfather" rights, an opportunity to become self-sufficient. Another contributing favorable factor was the great improvement in airports, by contemporary standards, because of the exuberance of cities to get on the air map and the tremendous financial aid of relief projects in the middle and late thirties. Not the least of the contributing favorable causes was the acquisition of the DC-3 airplanes pioneered by American Airlines and the Douglas Company, the first potentially self-sufficient passenger plane. During this period American Airlines rose to first place in numbers of passengers, passenger miles, gross business and net earnings.

This period was followed by the war period. During the war approximately 50 per cent of all airplanes and a similar percentage of trained personnel were seized by the Government. What remained was put on a semi-military basis serving priority traffic and performing many other tasks such as contract flight operation at home and overseas, training of military personnel and modification and maintenance of military-type airplanes. During this period all airlines ran practically full, giving them a highly favorable distortion of earnings, augmented further by absorption of a large percentage of their overhead into their military contracts and reduction of depreciation as airplanes went off the books plus stabilized costs due to wartime wage control. These highly distorted wartime earnings led the Civil Aeronautics Board to:

1. Prematurely and unsoundly cut air mail rates, and

2. Create much new route mileage, often doubling, tripling, and even quadrupling route mileage of existing carriers.

In fairness to the Civil Aeronautics Board, their own enthusiasm was frequently encouraged by the sworn testimony of airline officials anxious to enlarge their respective airline systems. The Civil Aeronautics Board developed

the philosophy that size alone would make a carrier economically self-sufficient without regard to the logic of the extensions they were giving to small airlines to make them into a transportation system. At that time all the small carriers were preaching that large doctrine and some of the large carriers too. The net result is that many relatively sound small airlines were expanded into uneconomic and illogical spiderwebs which are caught in their own nets today.

During this period of expansion of routes from 1943 through 1946 American Airlines fared very badly in getting added route mileage. However, many illogical and unpromising routes many airlines asked for and received are liabilities, and although American did better qualitatively than quantitatively, the diversion of our traffic to others and the small amount of mileage we added left us in a relatively poorer position.

Table #3 shows the expansion of each of the airlines in existence at the time of the founding of the Civil Aeronautics Board and still in existence and the percentage of expansion of route mileage granted to them through December 31, 1947. You will recall that American Airlines received very little consideration until the additions to our route in 1947. The high spots of this table are the tremendous percentage growth of many of the smaller certificated airlines such as Continental (CAL) with 367.6% and the fact that the average carrier increased from 100 to 200% and that American Airlines (minus the Mexico City route) and TWA (minus its world-wide extensions which are not included in the domestic picture) received the least route mileage extensions.

At the completion of the war in August, 1945 the enthusiasm of everyone for air transportation was high. Literally millions of GI'S who had never flown before had been carried on commercial or military transport service during the war and were "sold" and had told their relatives about it. Many thousands of civilians on war priorities or otherwise who had never flown before flew on the domestic airlines for personal or business emergencies during the war. Thus encouraged, many airlines made heavy commitments for much new equipment. New airline applications sprung up overnight for both trunk and feeder lines until there were over 1,000 such applications backlogged in the CAB.

Every GI and his brotner who had learned to fly and who could buy a war surplus transport for five cents on the dollar got some financial interest to back him and went into the non-scheduled air taxicab business "until he could get a certificate".

The inevitable happened. The airports and airways bogged down. The pre-war traffic control system proved totally inadequate. Passenger terminal facilities were horrible. Standard of airline service recovered but slowly from wartime deficiencies. The traveling public was abused.

Many accidents occurred with the mushroomed non-certificated carriers, but most of the traveling public did not know the difference, and as the transportation burdens on other types of carriers diminished the air passengers got discouraged and went back to the trains and buses. The cumulative effect of all this seemed to coincide with the seasonal drop in air travel in the fall of 1946.

The result was further aggravated because the airlines were just then reaching their first postwar peak in seat capacity. The scheduled airlines began losing money almost without exception and the thousands of GI's with their five-cent airplanes quit paying their bills, could get no more credit, and most of them went out of existence.

Since that time the scheduled trunk carriers have all been showing red ink figures or very much reduced black ink figures and a number of lines were saved from bankruptcy in 1947 only by tremendous increases in mail payments (with the Treasury paying dearly for CAB errors in over-certification and cutting mail pay rates). The extent to which some trunk carriers are now being subsidized can be obtained from Table #4 which shows for the first quarter, 1948, the mail payments, ton-miles of mail carried, and cost to the Government per ton-mile of mail for such carriers. The important factors to note are the discrepancy between American Airlines' rate of $0.456 per ton-mile (on which American has filed for a higher rate) compared with $12.43 paid to Northeast flying among other routes identical mileage between Boston and New York. High payments are also shown to Colonial, Continental and others.

These mail payments are actual costs for actual mail carried and are screened, if not hidden, by the wording of the orders of the CAB in paying for "phantom" weights, a practice whereby the Board orders the Post Office to pay the carrier for a minimum of perhaps 300 pounds of mail per plane mile, when actually the poundage may be 25 pounds.

In the meantime, the CAB continued its heavy program of route certifications particularly to feeder airlines during 1947 and the total amount of routes granted through December 31, 1947 is shown in Table #5, which also shows an estimated fiscal 1949-1950 payment at present rates to such feeder airlines on plane mileages which it reasonably estimated they may fly during that period.

The ridiculousness of this situation can be shown when the feeder airlines averaged 50 cents per plane-mile in mail pay in the first quarter of 1948 compared with 5.7 cents per plane-mile which American Airlines received during the same period, in some cases over identical routes.

In the last quarter of 1947, 25 per cent of the total payments for carrying domestic air mail went to feeder airlines carrying 0.58 per cent of the total ton-miles of air mail. The remaining 75 per cent went to the trunk lines for carrying 99.42 per cent of the ton-miles of domestic air mail. On a ton-mile basis, payments to the feeder carriers ranged from $17.25 to $79.90 for that period.

Before leaving the history, mention should be made of the non-scheduled carriers who have survived so far and are still attempting to get certificated. These, primarily, are the freight carriers who were given exemption by the CAB permitting them to operate on schedule without a certificate. There are only a handful of them left, but one in particular, is still leading American Airlines in the ton-miles of airfreight carried, and another one, while far below American's position, is substantially ahead of many of the other scheduled air carriers. Admittedly, the scheduled air carriers were slow to develop airfreight after the end of the war. They may have had good reasons in that they had plenty of other

troubles concerning delays in delivery of new equipment and the necessity of taking care of their bread and butter business of passengers, but the non-scheduled carriers did do an outstanding job in the development of low-cost airfreight, and two or three of them are definite threats for the obtaining of certificates.

Coupled with this threat is also the threat of the freight forwarders who consolidate many small shipments into larger shipments and act as business getting and business distributing agencies for the non-scheduled carriers.

The non-scheduled carriers have had one distinct advantage in their favor, namely, that they have had no requirement to serve the many communities which the scheduled carriers do serve. They have, therefore, been able to concentrate their efforts on skimming the cream off the heavy shipping centers and the long-haul shipments, whereas the scheduled carriers had to provide universal service to all points served.

All the scheduled transcontinental airlines, including American, are suffering from the competition of irregular operators who are carrying a considerable volume of passengers today from coast-to-coast at $99. These are typical fly-by-night operations and, although some of them have been stopped by the Civil Aeronautics Board, they continue to crop up again like weeds. We have engaged in gathering evidence to present to the Civil Aeronautics Board to eliminate this illegal operation.

PRESENT SITUATION

In 1947 sixteen scheduled trunk line carriers reported a net loss of $20,606,257, and while rising costs probably made the single biggest contribution to this situation, an almost equally important factor lies in the uneconomic multiplication of routes by the CAB. In 1939 American Airlines had competition for approximately 20 per cent of its passenger traffic. Today it has competition for over 70 per cent of its traffic. Moreover, much of the competition which existed in 1939 has been increased.

In 1939 American Airlines had the only direct route between Washington and Chicago. Today, this is shared with United, TWA, Capital and indirectly with Northwest Airlines. In 1939 American had the only through route between Detroit and New York. Today, this is shared with Northwest, United and Capital. In 1939 there were only three airlines in Detroit of which American was one. Today, there are eight. In 1939 American was the only carrier from Boston to the South and West. Today, the Boston service to the South and West is shared with United, TWA, Northeast and Eastern. There are five domestic airlines in Boston compared with three railroads.

In assessing the present situation of the industry, Table #6 shows the total inter-cities rail, bus and air passenger-miles by years from 1922 through 1947. This table also shows the number of passenger-miles carried in first-class accommodation, which is considered to be air and Pullman only and a percentage of total common carrier travel to first class travel and the passenger-miles flown by the air industry, passenger-miles flown by American, and the percentages of the air industry over the years flown by American, Eastern, TWA and United.

The high spots in this table are the fact that total inter-city passenger miles vary from 1922 through 1940 from 18.4 billions in 1932 to 33.8 billions in 1926 and generally speaking were between 25 and 30 billions. During the war that figure rose to over 100 billions but is now rapidly declining and in 1947 was back down to 67 billions. First-class passenger-miles were generally 10 to 11 billions for the 1920's, 5 to 9 billions in the 30's, rising again during the war and now sliding downhill again -- 18.4 billions in 1947. The first-class travel (Pullman and air) maintains an almost constant but slowly declining ratio at 25 to 30 percent of the total per year. The airline passenger-miles and particularly American Airlines passenger-miles have both steadily increased, but with a leveling off and relatively small increase from 1946 to 1947. The ratio of the big four carriers shows an increasing trend for American Airlines over the entire period but a decreasing trend for the past ten years, during which last ten years Eastern has remained practically constant with TWA, UAL definitely decreasing. In other words, the CAB was diverting traffic percentage-wise from the big carriers to the little ones.

If we assume that the downward trend in over-all travel continues and resumes its peacetime proportions, which on the growth trend line would be 50 billion passenger-miles per year, of which rail and air might be 40 billion, and that first-class travel gets back to its pre-depression peacetime average of 33 per cent, then air and Pullman will be fighting for some 13 billion passenger-miles of travel, and air can probably hope to reach some 8 to 10 billions of this total, compared with exactly 6 billion in 1946 and also in 1947. <u>In other words, we are competing for a bigger piece of a diminishing pie.</u>

These figures are somewhat discouraging, but they point up the fact that we must find the way to earn money with the present business at hand. There is one optimistic factor which it is difficult to properly evaluate. Each new form of transportation historically has introduced or developed new travel markets. Certainly air transportation has done that in the past and will continue to do just that in the future. Therefore, it may be that the total inter-cities travel, particularly that portion by air, will increase as a result of development. Without attempting to evaluate this induced development of travel, the total passenger travel by air on existing barometers, costs and tariff levels, may level off at about 10 to 11 billions of passenger-miles or $600,000,000 a year, of which American <u>may</u> hope to receive, perhaps, $150,000,000.

Looking more in detail at the industry, the following comments are offered regarding the total airline picture for the future and with some reference to certain specific problems.

There is currently being made at the Harvard School of Business Administration a study, "The Effect of Competition on the Airline Industry." This study has been in preparation and process for nearly a year and should be completed in another six months. While the result of this study, naturally, cannot be forecast, it is believed that it may show that the CAB has uneconomically extended competition and that the traveling public and the United States Treasury are actually suffering today from too much competition in the airline business.

The straightening out of this situation will take a far-seeing attitude on the part of the CAB and will probably involve casualties and mergers for some airlines today have negative surpluses as shown in Table #7. Note particularly the negative surpluses of TWA, Capital, Chicago & Southern, Northeast and United Airlines. It will probably involve far less granting of new routes and far more requirement that companies shall interchange equipment to provide through service between connecting carriers.

American Airlines is fortunate in having a well-integrated system and if the management sells its products successfully and controls its costs effectively, should be able to resume its earning leadership. American is also fortunate in that it has its full financial requirements under cover and is therefore not faced today with the problem facing every other airline (with the possible exception of Eastern).

American's greatest vulnerability lies in being the biggest and, over a historical period, the most successful. This tends to breed jealousy on the part of every other organization in the industry even though American's leadership is acknowledged in many ways. Because it is the biggest, most of the problems of growing complexity have to be faced by American first. Specific examples of this are air traffic control in 1936 in Newark, reservations in 1937 or 1938, DC-3 overhaul procedures in 1939, and so it goes. The perfect example of American's admitted leadership in organization and men is exemplified in the fact that during the war American contributed far more officers and top officials, particularly operating officials, to the war effort than did any other airline and in some cases many other airlines put together.

Nevertheless, in route application cases or competitive matters, including sales effort, everybody else looks with jealousy upon American and this frequently consolidates the field against American. The perfect example of the current jealousy against American lies in the fact that American will, in 1948, have practically all of its postwar equipment selected, bought, paid for and earning. No other airline can say this. Some airlines will have their long-haul equipment replacement program complete such as United and Eastern. Another airline, Northwest, will have its postwar short-haul equipment in service, but no long-haul equipment. Only American has both, and many of the airlines will not have either long-haul or short-haul equipment or the money necessary to procure it or, based upon present industry earning conditions, a chance to raise the money in the market. No wonder they are jealous.

American's second greatest vulnerability in the next two or three years lies in new routes which may be granted such as the Pan American domestic threat, and the certification of the so-called freight carriers, traffic coalitions against American, and in a potential business recession diminishing the total of air travel.

American Airlines will within the next twelve months have the following advantages and disadvantages. The advantages are the trend toward a standardized fleet and a long-range planning approach toward stabilized schedules with a rising experience level in personnel and should within the next year get over the mechanical expense hump incident to new equipment. All of these points should bring down the break-even load factor from a 1946 high of 82% to an anticipated 1949 level below 60% (June of 1948 was 58%, but the winter months

run higher) which compares favorably with the 1940 annual break-even load factor of 56% with the substantially higher mail pay in existence at that time.

Other improvements should come from better airway facilities which will permit us to complete a higher percentage of schedules, providing a more reliable service which should tend to increase our passenger and freight volume. Many airport facilities are also currently being improved which should give us better operating loads at certain points.

On the other hand, American Airlines is faced with the following unfavorable factors: Continuation of the transportation excise tax makes our passenger fares seem that much higher to the customer, rising labor and material costs show no signs of stopping, labor uncertainty has tended to increase in our industry and the reduced passenger-miles of the industry as a whole this year indicates resistence to fare increases. We are also faced with a generally rising level of airport charges and increased regulations which tend to make our operation more expensive and probably most important of all the biggest taxation threat we face is the additional airport gasoline taxes on which you gentlemen can help.

It will be the ambition of American Airlines Management to sell all the business possible and to control costs to the best of its ability.

TABLE #1

DOMESTIC AIR TRANSPORT OPERATIONS, INDUSTRY
1928-1947

Year	I No. of Carriers	II Average Daily Mileage Flown (1,000's)	III No. of Passengers Carried(1) (1,000's)	IV Passenger Miles Flown (2) (1,000's)	V Gross Receipts(3) (1,000's)	VI Net Profit or Loss (1,000's)
1928	31	28	48			
1929	34	61	160			
1930	38	88	375	84,015		
1931	35	117	470	106,442	$ 24,090	
1932	29	125	474	127,039	25,020	
1933	21	134	493	173,492	25,290	
1934	22	112	462	187,859	15,620	
1935	23	152	663	279,376	27,230	$ -3,744
1936	21	175	911	388,242	34,330	-1,279
1937	17	181	959	407,296	36,430	-412
1938	18	191	1,177	476,402	42,845	-1,673
1939	17	226	1,717	677,673	55,948	2,764
1940	16	298	2,728	1,041,174	76,864	2,783
1941	17	364	3,769	1,369,584	97,311	3,633
1942	16	302	3,349	1,398,042	108,148	14,743
1943	16	284	3,352	1,606,119	122,886	13,216
1944	16	389	4,576	2,229,571	160,747	18,781
1945	20	573	7,671	3,362,456	214,743	17,041
1946	16	834	11,890	5,903,111	311,500	-6,020
1947	16	862	12,353	6,069,175	356,093	-20,606

(1) Passengers carried from years 1928 to 1934 include revenue and non-revenue, the remainder are revenue passengers only. All figures 1928-1942 are duplicated.

(2) Same as Note (1).

(3) Source of years 1931-1947, ATA 7th edition of "Little Known Facts"; from 1938 on, records of CAB.

Note: Years 1946 and 1947 include trunk line operators only.

Sources: Cols. I, II, III and IV through 1942 "Progress of Civil Aviation in the United States," CAA and CAB.
Col. V through 1947, ATA "Little Known Facts," 7th edition; 1938 to date, CAB records.
Col. VI, CAB records, years 1943-1947; 1939-42, ATA balance sheet data; years 1935 through 1939, table prepared by the Pennsylvania Railroad.

TABLE #2

COMPARISON OF NET WORTH AND AIR MAIL PAYMENTS PER TON-MILE
AIR TRANSPORT INDUSTRY AND AMERICAN AIRLINES
1939-1947

Year	1 No. of Carriers	2 Net Worth (Industry) (1,000's)	3 Net Worth (AA) (1,000's)	4 Avg. Mail Pay Per Ton-Mile (Industry)	5 Avg. Mail Pay Per Ton-Mile (AA)
1939	17	$ 32,236	$ 4,541	$2.15	$1.86
1940	16	51,107	11,370	1.99	1.73
1941	17	61,714	15,308	1.73	1.45
1942	16	77,391	18,085	1.11	.72
1943	16	99,171	20,203	.67	.60
1944	16	129,281	23,168	.63	.60
1945	20	146,460	26,143	.52	.45
1946	16	180,906	65,009	.60	.45
1947	16	178,872	59,147	.71	.45

Source: Col. 1 - CAB; Col 2, years 1939 and 1940, ATA "Comparative Combined Balance Sheets," years 1941 through 1947, CAB "Comparative Statement of Balance Sheet Data"; Col. 3, AA annual reports.

TABLE #3

PER CENT INCREASE IN ROUTE MILES CERTIFICATED, 1938-1947
ALL DOMESTIC AIRLINES

Carrier	Grandfather Mileage	1947 Mileage	% Change Over 1938
AA (1)	6633	9005	35.8
BNF	2368	3445	45.5
C&S	920	2876	212.6
CAI	324	1130	248.8
CAL	624	2918	367.6
DAL	1091	3745	243.3
EAL	4831	7763	60.7
INL	1132	1814	60.2
MCA	1113	3415	206.8
NAL	897	2632	193.4
NEA	648	2043	215.3
NWA	2320	4941	113.0
PCA	1762	4710	167.3
TWA	5269	7144	35.6
UAL	4919	8293	68.6
WAL	1236	3103	151.1

Source: Washington office.

(1) Does not include FAM 26.

Note: 1947 mileages are less in some cases than in 1946 because of certain route consolidations.

TABLE #4

AIR MAIL PAYMENTS PER TON MILE - TRUNK LINE CARRIERS
FIRST QUARTER, 1948

Carrier	Mail Ton-Miles	Mail Pay	Rate Per Ton-Mile
American	1,441,164	$ 657,149	$ 0.456*
Braniff	223,066	133,833	0.574
Capital	192,467	724,784	3.77
C & S	98,523	195,319	1.98
Colonial	19,260	176,808	9.18
Continental	39,429	338,325	8.58
Delta	244,351	146,816	0.601
Eastern	1,012,587	687,393**	0.679**
Inland	26,584	143,896	5.41
MCA	61,367	235,993	3.85
National	51,652	95,324**	1.85**
Northeast	12,950	161,069	12.43
Northwest	526,681	376,532	0.714
TWA	2,559,257	1,575,094	0.614
United	1,821,104	1,147,294	0.630
Western	98,307	167,269	1.70
Feeders (8)	47,752		

*American has filed for a higher rate.

**Estimated.

TABLE #6

COMPARISON OF TOTAL AND 1ST CLASS COMMON CARRIER INTERCITY PASSENGER-MILES AND PER CENT OF DOMESTIC AIRLINE PASSENGER-MILES FLOWN BY AA, EAL, TWA, UAL

Year	I Total Rail-Bus-Air Psgr-Miles (Millions)	II 1st Class Psgr-Miles(1) (Millions)	III % 1st Class of Total	IV Airline Psgr-Miles Flown (2) (Millions)	V American Airlines Psgr-Miles (Millions)	VI % of Airline Psgr-Miles Flown By			
						AA	EAL	TWA	UAL
1922	31,800	10,000	31.5						
1923	34,600	10,600	30.6						
1924	33,300	10,600	31.8						
1925	33,600	10,700	31.8						
1926	33,800	10,900	32.3						
1927	32,500	11,000	33.8						
1928	31,100	11,300	36.3						
1929	31,000	11,500	37.1						
1930	27,300	9,400	34.3	84	16	18.6			
1931	22,700	7,200	31.7	106	12	11.6			
1932	18,400	5,300	28.8	127	22	17.2			
1933	18,600	5,300	28.3	173	32	18.4			
1934	21,100	6,300	29.6	188	32	16.9			39.3
1935	22,200	6,600	29.6	279	65	23.2		22.0	31.2
1936	27,800	7,800	28.0	388	101	25.9	11.7	19.7	27.3
1937	31,000	8,500	27.6	407	123	30.2	14.1	16.4	23.9
1938	27,600	7,800	28.3	476	141	29.6	14.9	15.2	22.8
1939	28,900	8,200	28.4	678	207	30.6	15.2	14.7	21.9
1940	30,900	8,300	27.0	1,041	312	29.9	15.2	14.9	21.3
1941	39,700	10,600	26.5	1,370	409	29.9	15.4	14.8	19.8
1942	69,900	19,300	27.6	1,398	402	28.8	15.6	14.4	20.7
1943	111,600	26,300	23.6	1,606	436	27.1	13.4	15.1	22.2
1944	119,000	29,000	24.4	2,230	572	25.7	11.6	14.9	19.7
1945	116,600	30,300	26.0	3,362	801	23.8	13.3	14.7	17.1
1946	89,000	25,800	29.0	5,903	1,308	22.2	13.6	12.6	18.1
1947	67,400	18,400	27.3	6,069	1,438	23.7	14.6	13.5	19.6

(1) Includes airline passenger traffic.
(2) Psgr-Miles from years 1928 to 1934 include revenue and non-revenue, the remainder are revenue psgr-miles only. All figures 1928-42 are duplicated.

Source: Col. I, II, III, Brief to the Board on Behalf of AA in Pan American Domestic Case; Col. IV, 1930-42 "Progress of Civil Aviation in U. S.," CAA, CAB records; Col V, years 1930 thru 1936, AA financial statements, years 1937 thru 1947, AA annual reports.

TABLE #7

SURPLUS - U. S. DOMESTIC AIRLINES
1ST QUARTER OF 1948

Carrier	Surplus
American	$ 9,073,850
Braniff	2,896,268
Capital	-2,489,987
C & S	-1,899,041
Colonial	1,520,763
Continental	1,357,085
Delta	3,419,022
Eastern	22,094,581
Inland	79,791
Mid-Continent	1,088,870
National	4,129,442
Northeast	-489,370
Northwest	2,283,961
TWA	-12,053,839
United	-338,832
Western	3,241,186

Source: American Aviation Daily.