

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

DIRECTORS' MEETING JUNE 12, 1945

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AMERICAN AIRLINES INC.

CABLE ADDRESS AMAIR

100 EAST 42nd STREET • NEW YORK 17, NEW YORK • MURRAY HILL 5-3900

November 26, 1945

Mr. Amon G. Carter  
c/o Ritz-Carlton Hotel  
Madison Avenue at 46th St.  
New York, N. Y.

Dear Mr. Carter:

Mr. C. R. Smith has asked me to send you, prior to the forthcoming meeting of the Directors in December, certain figures pertaining to potential future cash requirements. Statement disclosing that information for the period ending June 30, 1946 is enclosed herewith.

It should be understood that these figures are tentative. Many of the substantial amounts shown in the statement reflect commitments not yet made and not yet discussed with the Directors. To the best of our ability we have, however, endeavored to forecast for the period the expenditures which may be required, subject to the prior approval of the Directors.

Please consider this information as personal and confidential. You will realize the necessity of keeping this information in confidence. Detail of requirement will be discussed by Mr. Smith at the December meeting.

Yours very truly,

H. K. Rulison,  
Treasurer

HKR:DG  
Enc.

Statement of expenditures for capital projects which were completed during the period January 1, 1945 through April 30, 1945.

<u>Executive Authorization Number</u>	<u>Description</u>	<u>Prior to Jan.1,1945</u>	<u>Current Year</u>	<u>Total</u>
01307	Alterations and ticket counter for city ticket office- San Antonio	\$ 3,974.24	\$ 551.70	\$ 4,525.94
294	Authorisations each less than \$5,000.00	<u>7,768.73</u>	<u>38,877.19</u>	<u>46,645.92</u>
		<u>\$11,742.97</u>	<u>\$39,428.89</u>	<u>\$51,171.86</u>

Statement showing the status as of June 12, 1945 of uncompleted capital project authorizations based upon recorded expenditures as of April 30, 1945.

Executive Authorization Number	Description	Amount Authorized	Prior to Jan. 1, 1945	Amount Expended		Total	Unexpended Balance	Over Expended
				Current Year				
C1308)	Ramp equipment consisting of 37 baggage carts, 16 passenger ramps and 50 front-end loading platforms for various stations	\$ 16,250.00	\$ 11,776.69	\$ 2,374.75	\$ 14,151.44	\$ 2,098.56	\$	
C1339)		6,435.00				6,435.00		
C1402)		6,494.40	3,239.61	2,901.66	6,141.27	353.13		
C1338		24,650.00				24,650.00		
C1358,-1	Furniture and office equipment for eight air freight offices- System							
C1433	32 Passenger ramps, 42 front-end loading ramps and 64 baggage carts- System replacements and additional requirements	24,650.00					24,650.00	
C1479	4 Conveyor type cargo loaders for New York, Washington, Ft. Worth and Los Angeles	6,420.00					6,420.00	
C1321,-1	Purchase of Very High Frequency receiving equipment for installation in 76 DC-3 type aircraft and complete sets of transmitting, receiving and radio navigational equipment for the 77th to 100th DC-3 type aircraft	159,998.80	4,764.39	56,697.46	61,461.85	98,536.95		
C1341	Radio communication equipment and station equipment- Albany	5,679.60	1,079.70	4,135.36	5,215.06	464.54		
C1342	Radio communication equipment and station equipment- Lynchburg	5,685.60	349.47	792.48	1,141.95	4,543.65		
C1405	Purchase and installation of ground radio equipment to complete monitor facilities at system stations having airport control towers	5,351.00		1,040.79	1,040.79	4,310.21		
C1459	91 sets of Very High Frequency communications equipment for ground stations	42,406.00				42,406.00		
C1460	150 sets of Very High Frequency communications equipment for aircraft	217,250.00				217,250.00		
C1436	Communications equipment to provide radio facilities between Nashville and Tulsa	5,296.00		2,238.57	2,238.57	3,057.43		
C1437	Communications equipment for replacements of remote transmitters- Cincinnati	8,403.00				8,403.00		
C1344,-1	Engineering, construction and installation of electrical Televisor board for visual reservations control	25,000.00	85.95	160.20	246.15	24,753.85		
C1345)	Reservations and ticket office equipment for system use	12,813.84	5,807.11	3,334.32	9,141.43	3,672.41		
C1408)		8,343.00				8,343.00		
C1409)		9,272.00				9,272.00		
C1382	Alterations and furnishings for new City ticket office- Cleveland							
C1439	Replacement of conveyor belt installation in Reservations office to improve efficiency- NYMA	9,272.00				9,272.00		
<u>573 Authorizations each for an amount less than \$5,000.00</u>		<u>297,563.11</u>	<u>52,484.41</u>	<u>51,219.08</u>	<u>103,703.49</u>	<u>193,859.62</u>		
<u>Purchase of Aircraft</u>		<u>\$ 3,278,014.38</u>	<u>\$ 732,949.58</u>	<u>\$ 500,438.94</u>	<u>\$1,233,388.52</u>	<u>\$ 2,068,888.24</u>	<u>\$24,262.38</u>	
C1291	Repurchase or lease, overhaul and conversion of 24 DC-3 aircraft	\$ 2,571,813.79	\$1,718,630.02	\$ 27,902.91	\$1,746,532.93	\$ 825,280.86		
C1293,-1								
C1300,-1,-2)								
C1319	Purchase or lease from the army and the conversion and overhaul of 38 type C53 Douglas aircraft	3,332,000.00		474,430.79	474,430.79	2,857,569.21		
C1353	Purchase of 30 Douglas DC-4 aircraft	13,500,000.00				13,500,000.00		
C1354	Purchase of 30 Douglas DC-6 aircraft	16,500,000.00				16,500,000.00		
C1355	Spare engines, propellers and other equipment for DC-4 and DC-6 aircraft	3,000,000.00				3,000,000.00		
C1360	Purchase of 3 Beechcraft aircraft and related equipment	230,000.00		58,397.63	58,397.63	171,602.37		
		<u>\$39,133,813.79</u>	<u>\$1,718,630.02</u>	<u>\$ 560,731.33</u>	<u>\$2,279,361.35</u>	<u>\$36,854,452.44</u>		
		<u>\$42,411,828.17</u>	<u>\$2,451,579.60</u>	<u>\$1,061,170.27</u>	<u>\$3,512,749.87</u>	<u>\$38,923,340.68</u>	<u>\$24,262.38</u>	

Statement showing the status as of June 12, 1945 of uncompleted capital project authorizations based upon recorded expenditures as of April 30, 1945.

Executive Authorization Number	Description	Amount Authorized	Amount Expended		Unexpended Balance	Over Expended
			Prior to Jan. 1, 1945	Current Year		
C1304,-1	1314 Blankets for Flagship replacement	\$ 12,923.19	\$	\$	\$ 12,923.19	\$
C1370	19 Working stands and 12 mobile ladders for system use	10,251.00		9,522.47	728.53	
C1323	3 Gasoline trucks for Dallas, Memphis and Nashville	25,200.00			25,200.00	
C1320,-1,-2,-3,-4,-5	Spare engines, accessories, parts, special tools and equipment to perform standard overhaul and Line Maintenance servicing of Pratt and Whitney 1830C engines	616,461.20	54,307.10	150,021.16	204,328.26	412,132.94
C1325	Shop equipment for use under conversion program	15,000.00	5,717.41	15.45	5,732.86	9,267.14
C1419	72 sets of propeller blades for Flagship replacement	52,449.12				52,449.12
C1421	Gasoline powered lifting crane for Engine Change Dept.- NYMA	7,290.00				7,290.00
C1461	4 Power driven floor scrubbing machines for Maintenance- Chicago and New York	6,925.00				6,925.00
C1457	Additional tooling and shop equipment necessary due to fleet expansion	14,147.00		4,486.40	4,486.40	9,660.60
C500	Building for additional facilities- NYMA	495,300.00	516,280.26	136.70	516,416.96	21,116.96
C995,-1	Building and furnishings for Customs House- Ft. Worth	26,851.00	29,996.42		29,996.42	3,145.42
C1278	10 sets of Gyro flight instruments for installation in Flagships for test purposes	5,000.00	2,700.00		2,700.00	2,300.00
C1292,-1	Replace the alcohol deicer system on Flagships	70,500.00	1,718.70	2,022.00	3,740.70	66,759.30
C1297,-1	Replace brass steam radiators with aluminum radiators on Flagships and provide spares	18,175.00				18,175.00
C1313,-1,-2	Replace automatic pilot units with gyro flight instruments in Flagships and improve by revision the complete instrument panel	82,280.00	9,688.00	6,458.45	16,146.45	66,133.55
C1322	Installation of oil and hydraulic line firewall shut-off valves and necessary control systems in 100 DC-3 aircraft plus 15% spares	29,893.00				29,893.00
C1326	Modification of generator control boxes on Flagships	6,000.00				6,000.00
C1363	Material and labor to make automatic the control of cabin temperature in 100 Flagships plus 50 spares	17,562.50				17,562.50
C1369	Installation of dual fuel system with electric booster pumps in 100 DC-3 aircraft	72,260.00				72,260.00
C1375	Replace fuel quantity gauges in 100 DC-3 aircraft	16,199.00				16,199.00
C1463	Installation of center row reading lights in 29 Flagships	11,803.00				11,803.00
C1426	Special passenger and buffet equipment loading stand mounted on automotive truck chassis- NYMA	6,500.00				6,500.00
C1306,-1	Alterations and furnishings to provide additional consolidated offices for Traffic and Properties Departments- Washington	10,702.00	9,056.46		9,056.46	1,645.54
C1316,-1	Construct addition to passenger loading ramp to provide space for ramp activities and waiting room- NYMA	26,470.00	18,897.90	6,833.64	25,731.54	738.46
C1328,-1	Purchase and installation of 3 gasoline storage tanks- El Paso	5,187.75		200.00	200.00	4,987.75
C1361,-1	Alterations to provide adequate regional, ticket and reservations offices- Los Angeles	55,000.00	5,000.00	7,029.03	12,029.03	42,970.97
C1387) C1388) C1472) C1473) C1393	Purchase land and building and make alterations to provide additional office facilities, kitchen and catteria- NYMA	305,618.55		180,027.78	180,027.78	125,590.77
C1458	Alterations and equipment to enlarge and re-arrange airport Operations and Reservations Offices- El Paso	7,500.00		2,033.30	2,033.30	5,466.70
C1429	Construction of hangar and two-story lean-to -Los Angeles Municipal Airport	360,000.00				360,000.00
C1379	Alterations and equipment for re-opening of station- Albany	7,860.00		5,064.50	5,064.50	2,795.50
C1431) C1432)	Gasoline storage and dispensing equipment- Big Spring	5,000.00				5,000.00
C1466	Additional furniture and office equipment for Treasury Dept.- NYP	5,436.72		1,693.39	1,693.39	3,743.33
	X-Ray machine and equipment for new office of Medical Dept.- NYMA	6,958.00				6,958.00

Statement of capital expenditures which have been authorized by the management since the last meeting of the Board of Directors on May 16, 1945 and which are herewith submitted for approval by the Directors.

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<u>Executive Authorization Number</u>	<u>Description</u>	<u>Amount Authorized</u>
C1412-1	Construct additional bins and shelving in new warehouse- NY	\$ 1,500.00
C1474	6 Aircraft turntables for use at ramp gates- NYMA	2,580.00
C1475	2 Retractable cargo unloading chutes for experimental use at New York and Burbank	1,500.00
C1476	Install double steel pass door in Hangar #5 door- NYMA	2,300.00
C1477.-1	Ticket counter, insert units and lighting fixture for Northeast Airport- Philadelphia	1,465.00
C1478	Furniture and office equipment for Treasury Dept.-NYP	2,378.95
C1479	4 Conveyor type cargo loaders for New York, Washington, Ft. Worth and Los Angeles	6,420.00
C1480	Ground communications equipment- Philadelphia	1,426.50
C1481	2- 50 inch map globes for display and exhibit	1,647.47
	75 Authorizations each for an amount less than \$1,000.00 for the purchase of furniture, shop and miscellaneous equipment	<u>11,008.14</u>
		<u>\$32,226.06</u>

The following capital projects have been abandoned by the management and are herewith submitted for cancellation by the Directors.

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C1332-1	Frame building for air freight terminal- NYMA	\$10,200.00
C1335-1	Frame building for air freight terminal- Chicago	6,415.00
		<u>\$16,615.00</u>

AMERICAN AIRLINES DE MEXICO, S.A.

Statement of capital expenditures which have been authorized by the management since the last meeting of the Board of Directors on May 16, 1945 and which are herewith submitted for approval by the Directors.

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C1482	Adding machine for Treasury Dept.- Mexico City	\$355.00
C1483	Typewriter for Traffic office- Monterrey	182.47
	2 Authorizations each for an amount less than \$100.00 for the purchase of furniture, shop and miscellaneous equipment	<u>67.01</u>
		<u>\$604.48</u>

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

FORT WORTH-DALLAS-MEXICO CITY-EL PASO-MEXICO CITY

FOR THE MONTHS OF APRIL 1945, MARCH 1945 AND APRIL 1944

AND THE FOUR MONTHS ENDED APRIL 30, 1945 AND APRIL 30, 1944

	Division of Expense		April, 1945	March, 1945	April, 1944	Four Months Ended Apr. 30, 1945	Four Months Ended Apr. 30, 1944
	Expense Incurred In Mexico	Direct Charges Supervision and Allocation of Joint Operations					
<b>OPERATING REVENUE</b>							
Passenger			\$129,810.41	\$139,877.82	\$ 86,705.90	\$570,336.96	\$401,884.42
Mail			1,732.35	1,315.19	734.14	5,204.13	2,609.37
Express and freight			27,220.77	28,078.90	24,203.11	86,819.31	40,323.33
Excess baggage			2,943.03	4,580.30	1,889.11	14,116.17	8,479.14
Incidental Revenue			9,339.74	4,985.87	3,294.22	26,502.84	16,288.54
<b>Total Operating Revenue</b>			<b>\$171,046.30</b>	<b>\$178,838.08</b>	<b>\$116,826.48</b>	<b>\$702,979.41</b>	<b>\$469,584.80</b>
<b>OPERATING EXPENSES</b>							
Flying operations	\$ 6,142.30	\$32,202.85	\$ 38,345.15	\$ 40,538.43	\$ 25,424.71	\$157,664.95	\$102,141.08
Flight equipment maintenance- direct	470.83	12,796.97	13,267.80	14,580.05	8,968.33	53,309.44	46,175.77
Depreciation flight equipment	-	4,910.99	4,910.99	4,647.86	2,379.77	17,554.84	13,048.51
<b>Total Flying Expenses</b>	<b>\$ 6,613.13</b>	<b>\$49,910.81</b>	<b>\$ 56,523.94</b>	<b>\$ 59,766.34</b>	<b>\$ 36,772.81</b>	<b>\$228,529.23</b>	<b>\$161,365.36</b>
Ground operations	12,321.89	11,244.00	23,565.89	24,039.92	13,925.27	99,725.30	62,283.81
Ground equipment maintenance- direct	3,346.44	517.30	3,863.74	4,493.20	2,931.76	14,502.28	10,317.61
Equipment maintenance- indirect	4,294.80	2,709.71	7,004.51	4,762.59	1,799.14	18,023.34	15,784.20
Passenger service	5,829.93	10,293.15	16,123.08	18,505.86	10,827.96	67,451.63	39,884.23
Traffic and sales	10,778.08	3,312.24	14,090.32	15,683.50	12,694.89	64,029.91	57,701.23
Advertising and publicity	7,250.77	-	7,250.77	5,784.01	4,070.76	23,906.07	19,327.32
General and administrative	10,382.12	945.28	11,327.40	11,218.51	11,360.63	43,802.79	44,574.35
Depreciation ground equipment	15,104.11	319.52	15,423.63	15,320.07	12,599.26	61,319.54	50,452.56
<b>Total Operating Expenses</b>	<b>\$75,921.27</b>	<b>\$79,252.01</b>	<b>\$155,173.28</b>	<b>\$159,574.00</b>	<b>\$103,384.20</b>	<b>\$621,290.09</b>	<b>\$461,690.67</b>
Net operating income			\$ 15,873.02	\$ 19,264.08	\$ 13,442.28	\$ 81,689.32	\$ 7,894.13
Deductions from income	\$ 526.63		526.63	2,033.66	524.15	4,555.12	2,749.99
Net income before Federal income taxes			\$ 15,346.39	\$ 17,230.42	\$ 12,918.13	\$ 77,134.20	\$ 5,144.14
Pro-rata share of Federal income taxes			7,500.00	4,000.00	-	29,600.00	-
<b>NET PROFIT</b>			<b>\$ 7,846.39</b>	<b>\$ 13,230.42</b>	<b>\$ 12,918.13</b>	<b>\$ 47,534.20</b>	<b>\$ 5,144.14</b>
REVENUE MILES FLOWN			193,117	204,069	134,190	746,025	523,936
REVENUE PASSENGER MILES			2,535,350	3,076,636	2,028,010	11,126,762	7,967,496
REVENUE PASSENGERS CARRIED			3,055	3,455	2,033	12,688	7,836

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

NOTE 5: Under date of March 20, 1944, the Company entered into an agreement subject to approval of the Civil Aeronautics Board to purchase 120,000 shares of the unissued capital stock of American Export Airlines, Inc., at a price of \$3,000,000.00 which, upon issuance, would represent approximately 51.4% of the then outstanding capital stock. Application for approval of this acquisition has been filed with the Civil Aeronautics Board and hearings have been held but decision thereon has not yet been rendered.

Under date of September 11, 1944, the Company made a commitment to purchase from Douglas Aircraft Company, Inc., 25 DC-4 airplanes and 30 DC-6 airplanes, delivery thereof being subject to the lifting of governmental restrictions resulting from wartime conditions and the problems of the seller in converting from wartime operations. The aforementioned airplanes, together with spare parts and engines, will cost approximately \$30,000,000.00.



AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

- NOTE 1: On January 1, 1945, the Civil Aeronautics Board served an order on the Company and certain other air carriers to show cause why the rate for the transportation of air mail should not be reduced from 60¢ per ton mile to 32¢ per ton mile effective January 1, 1945. The Company has filed an answer to such order, stating therein that, effective March 10, 1945, its passenger fares were being reduced by 6½%, and that it anticipated other fare reductions during the year 1945. On the basis of this and other evidence presented in the answer, the Company has asked that the Civil Aeronautics Board find, at the earliest possible date, that the rate fixed for the transportation of mail in its order of November 12, 1942 (60¢ per ton mile) is fair and reasonable for the future. Therefore, mail revenue for the four months ended April 30, 1945 has been accrued at the rate of 32¢ per ton mile rather than the 60¢ per ton mile rate in the Civil Aeronautics Board order of November 12, 1942.
- NOTE 2: On March 10, 1945, the Company reduced its passenger fares by approximately 6½%. Effective May 1, 1945, a discount of 5% was allowed on round-trip tickets and certain other adjustments were made to meet competitive fares of other Airlines, thereby reducing the average rate of fare by approximately 2½% and resulting in a total reduction, as of that date, of approximately 9%. A fare reduction, proposed by the Company, of an allowance of 5% discount on Air Travel Plan and Government travel has been temporarily suspended by the Civil Aeronautics Board.
- NOTE 3: No provision has been made for Federal excess profits tax for the four months ended April 30, 1945 however, the ultimate determination of the Company's excess profits tax liability, if any, for the year 1945, is primarily dependent upon the Company's earnings for the last eight months of the year. In the event the Company's earnings for the latter period should be sufficiently high to subject it to excess profits tax for the year 1945, the portion of such tax applicable to the earnings for the four months ended April 30, 1945 would increase the Company's Federal income and excess profits taxes (after deduction of \$130,000 post-war refund of excess profits tax) and decrease its net profit for such period by approximately \$620,000. No provision was made for Federal excess profits tax in the year 1944.
- NOTE 4: The costs and expenses applicable to the Company's performance of War Contracts are not included in the accompanying profit and loss statements, but have been charged direct to the United States Government. Renegotiation proceedings pursuant to the War Contracts Renegotiation Act have been concluded for the years 1942 and 1943 and no refund was required thereunder. The Company believes that such proceedings for the years 1944 and 1945 will likewise result in no refund being required.

COMPARATIVE STATEMENT OF PROFIT AND LOSS

FOR THE MONTHS OF APRIL 1945, MARCH 1945 AND APRIL 1944

AND FOR THE FOUR MONTHS ENDED APRIL 30, 1945 AND APRIL 30, 1944

	April 1945	Cents Per Rev. Mile	March 1945	Cents Per Rev. Mile	April 1944	Cents Per Rev. Mile	Four Months Ended April 30, 1945	Cents Per Rev. Mile	Four Months Ended April 30, 1944	Cents Per Rev. Mile
<b>OPERATING REVENUES</b>										
Passenger	\$2,937,045.36	78.8	\$2,850,495.45	76.7	\$2,063,283.27	82.1	\$10,723,819.36	77.5	\$ 7,381,697.06	80.8
Mail	401,103.12	10.8	402,162.59	10.9	490,310.34	19.5	1,509,290.24	10.9	1,921,852.28	21.0
Express and freight	329,264.13	8.9	364,117.34	9.8	189,722.06	7.5	1,201,266.01	8.7	720,857.61	7.9
Excess baggage	49,551.41	1.3	58,913.14	1.6	48,449.69	1.9	209,853.53	1.5	193,746.97	2.1
Charter and special	490.00	-	-	-	-	-	490.00	-	-	-
Incidental revenue	17,064.90	.4	7,950.58	.2	6,467.80	.3	41,569.28	.3	34,943.40	.4
<b>Total Operating Revenue</b>	<b>\$3,734,518.94</b>	<b>100.2</b>	<b>\$3,683,639.10</b>	<b>99.2</b>	<b>\$2,798,233.16</b>	<b>111.3</b>	<b>\$13,686,288.42</b>	<b>98.9</b>	<b>\$10,253,097.32</b>	<b>112.2</b>
<b>OPERATING EXPENSES</b>										
Flying operations	\$ 714,884.96	19.2	\$ 723,111.61	19.5	\$ 468,828.97	18.7	\$ 2,796,823.94	20.2	\$ 1,739,482.48	19.0
Flight equipment maintenance- direct	266,163.37	7.1	280,668.12	7.6	191,916.85	7.6	1,033,455.23	7.5	859,854.26	9.4
Depreciation- flight equipment	101,887.78	2.8	81,313.09	2.1	51,666.82	2.0	342,909.90	2.5	244,759.12	2.7
<b>Total Flying Expenses</b>	<b>\$1,082,936.11</b>	<b>29.1</b>	<b>\$1,085,092.82</b>	<b>29.2</b>	<b>\$ 712,412.64</b>	<b>28.3</b>	<b>\$ 4,173,189.07</b>	<b>30.2</b>	<b>\$ 2,844,095.86</b>	<b>31.1</b>
Ground operations	\$ 520,279.68	14.0	\$ 518,320.50	14.0	\$ 448,534.35	17.8	\$ 2,013,229.66	14.5	\$ 1,789,816.32	19.6
Ground equipment maintenance- direct	38,939.27	1.0	36,830.53	1.0	30,624.06	1.2	146,204.49	1.1	109,913.19	1.2
Equipment maintenance- indirect	232,327.65	6.2	233,436.61	6.3	135,473.73	5.4	893,688.38	6.5	543,199.92	5.9
Passenger service	258,229.02	6.9	256,512.94	6.9	170,415.39	6.8	913,777.21	6.6	695,418.57	7.6
Traffic and sales	330,758.73	8.9	305,007.82	8.2	253,239.33	10.1	1,239,589.47	9.0	1,042,890.36	11.4
Advertising and publicity	139,644.05	3.7	137,321.29	3.7	102,818.99	4.1	502,091.45	3.6	469,701.16	5.2
General and administrative	304,345.14	8.2	297,110.37	8.0	268,074.03	10.7	1,166,931.09	8.4	993,896.90	10.9
Depreciation- property and ground equipment	43,625.08	1.2	41,604.63	1.1	38,603.86	1.5	165,238.39	1.2	147,922.47	1.6
<b>Total Ground Expenses</b>	<b>\$1,868,148.62</b>	<b>50.1</b>	<b>\$1,826,144.69</b>	<b>49.2</b>	<b>\$1,447,783.74</b>	<b>57.6</b>	<b>\$ 7,040,750.14</b>	<b>50.9</b>	<b>\$ 5,792,758.89</b>	<b>63.4</b>
<b>Total Operating Expenses</b>	<b>\$2,951,084.73</b>	<b>79.2</b>	<b>\$2,911,237.51</b>	<b>78.4</b>	<b>\$2,160,196.38</b>	<b>85.9</b>	<b>\$11,213,939.21</b>	<b>81.1</b>	<b>\$ 8,636,854.75</b>	<b>94.5</b>
Net operating income	\$ 783,434.21	21.0	\$ 772,401.59	20.8	\$ 638,036.78	25.4	\$ 2,472,349.21	17.8	\$ 1,616,242.57	17.7
Non-operating income	15,585.14	.4	19,897.54	.5	11,395.88	.5	64,631.19	.5	60,048.76	.6
Gross income	\$ 799,019.35	21.4	\$ 792,299.13	21.3	\$ 649,432.66	25.9	\$ 2,536,980.40	18.3	\$ 1,676,291.33	18.3
Deductions from gross income	43,054.66	1.1	42,199.43	1.1	44,532.49	1.8	155,372.99	1.1	53,594.72	.5
Net income before Federal income taxes	\$ 755,964.69	20.3	\$ 750,099.70	20.2	\$ 604,900.17	24.1	\$ 2,381,607.41	17.2	\$ 1,622,696.61	17.8
Provision for Federal income taxes	270,000.00	7.3	305,000.00	8.2	246,000.00	9.8	915,000.00	6.6	666,000.00	7.3
<b>NET PROFIT CARRIED TO SURPLUS</b>	<b>\$ 485,964.69</b>	<b>13.0</b>	<b>\$ 445,099.70</b>	<b>12.0</b>	<b>\$ 358,900.17</b>	<b>14.3</b>	<b>\$ 1,466,607.41</b>	<b>10.6</b>	<b>\$ 956,696.61</b>	<b>10.5</b>
REVENUE MILES FLOWN	3,727,485		3,714,668		2,513,140		13,834,029		9,139,748	
REVENUE PASSENGER MILES FLOWN	59,521,042		59,847,083		40,452,468		216,990,636		142,569,825	
REVENUE PASSENGERS CARRIED	97,026		96,130		66,496		347,117		237,295	

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

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AT APRIL 30, 1945, MARCH 31, 1945 AND APRIL 30, 1944

LIABILITIES

	<u>April 30, 1945</u>	<u>March 31, 1945</u>	<u>April 30, 1944</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 2,713,702.41	\$ 2,847,350.77	\$ 1,520,090.42
Other airline companies- traffic balances payable	1,908,613.70	1,831,904.04	1,540,158.49
Air travel plan subscribers' deposits	3,656,960.08	3,539,626.10	2,787,338.70
Dividends declared	-	-	-
Accrued salaries and wages	498,512.62	542,097.83	897,510.46
Provision for Federal income taxes	4,050,667.21	3,780,667.21	3,346,442.16
Other accrued taxes	334,269.94	462,740.80	324,670.46
Other accrued liabilities	694,936.19	638,276.66	472,857.60
<b>Total Current Liabilities</b>	<u>\$13,857,662.15</u>	<u>\$13,642,663.41</u>	<u>\$10,889,068.29</u>
<b>LIABILITY FOR ADVANCE PAYMENT ON GOVERNMENT CONTRACT OPERATIONS</b>	<u>\$ 17,140.90</u>	<u>\$ 1,140.90</u>	<u>\$ 94,931.13</u>
<b>UNEARNED TRANSPORTATION REVENUE</b>	<u>\$ 234,503.00</u>	<u>\$ 245,282.51</u>	<u>\$ 154,252.72</u>
<b>RESERVE FOR CONTINGENCIES</b>	<u>\$ 141,200.00</u>	<u>\$ 105,900.00</u>	<u>\$ 39,035.38</u>
<b>RESERVE FOR TRANSITION TO PEACETIME OPERATIONS</b>	<u>\$ 2,750,000.00</u>	<u>\$ 2,750,000.00</u>	<u>\$ 1,750,000.00</u>
<b>CAPITAL STOCK:</b>			
Prior preferred stock- without par value (so designated 12/6/44)			
Authorized 100,000 shares			
Issued and outstanding 50,000 shares	\$ -	\$ -	\$ 5,100,000.00
Preferred stock- \$100.00 par value			
Authorized- 200,000 shares			
Issued and outstanding- none	-	-	-
Common stock -			
Authorized- 1,000,000 shares par value \$10 per share			
Issued and outstanding- 574,848 shares	\$ -	\$ -	\$ 5,748,480.00
Common stock- \$5.00 par value			
Authorized- 2,400,000 shares			
Issued and outstanding- 1,290,567.69 shares	<u>\$ 6,452,838.45</u>	<u>\$ 6,452,838.45</u>	<u>\$ -</u>
Employees stock- \$5.00 par value			
Authorized- 100,000 shares			
Issued and outstanding- none	-	-	-
<b>SURPLUS:</b>			
Paid-in surplus	<u>\$ 6,267,434.05</u>	<u>\$ 6,267,434.05</u>	<u>\$ 1,942,682.50</u>
Earned surplus			
Balance at December 31, 1944 and December 31, 1943	\$10,376,858.16	\$10,376,858.16	\$ 7,411,970.86
Net profit for the four months ended 4/30/45, three months ended 3/31/45 and four months ended 4/30/44	<u>1,466,607.41</u>	<u>980,642.72</u>	<u>956,696.62</u>
	<u>\$11,843,465.57</u>	<u>\$11,357,500.88</u>	<u>\$ 8,368,667.48</u>
Less: Dividends paid or declared	-	-	53,126.74
Less: Excess of redemption price over paid-in value of 695 shares prior preferred stock redeemed on January 15, 1945	<u>3,518.45</u>	<u>3,518.45</u>	<u>-</u>
<b>Total Earned Surplus</b>	<u>\$11,839,947.12</u>	<u>\$11,353,982.43</u>	<u>\$ 8,315,540.74</u>
<b>Total Surplus</b>	<u>\$18,107,381.17</u>	<u>\$17,621,416.48</u>	<u>\$10,256,223.24</u>
	<u>\$41,560,725.67</u>	<u>\$40,819,241.75</u>	<u>\$34,033,990.76</u>

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

AT APRIL 30, 1945, MARCH 31, 1945, AND APRIL 30, 1944

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ASSETS

**CURRENT ASSETS:**

	<u>April 30, 1945</u>	<u>March 31, 1945</u>	<u>April 30, 1944</u>
Cash on hand and demand deposits	\$10,601,246.96	\$10,747,968.65	\$10,406,349.58
Marketable Securities, at cost (approximately market)			
U. S. Treasury bonds and certificates	\$10,153,967.50	\$10,153,967.50	\$ 3,995,021.25
U. S. Treasury tax notes	1,795,000.00	1,795,000.00	5,364,000.00
Canadian Government bonds	136,350.00	136,350.00	90,900.00
	<u>\$12,085,317.50</u>	<u>\$12,085,317.50</u>	<u>\$ 9,449,921.25</u>
Accounts receivable -			
U. S. Government -			
For services performed at cost under war contracts	\$ 4,005,879.27	\$ 4,624,685.43	\$ 5,701,904.25
Less: Advance payments received	293,108.49	820,170.14	3,141,468.26
	<u>\$ 3,712,770.78</u>	<u>\$ 3,804,515.29</u>	<u>\$ 2,560,435.99</u>
For the transportation of air mail	1,080,030.02	1,148,331.02	1,245,213.84
For air travel, etc.	1,292,489.19	1,234,002.73	1,314,186.05
Air travel plan subscribers	1,207,860.24	1,094,004.33	747,183.25
Other airline companies and agents- traffic and express balances	1,789,838.80	1,728,831.79	1,401,489.53
Other trade accounts	493,899.59	466,321.66	542,215.32
Indebtedness of employees	88,893.94	80,295.87	63,476.59
	<u>\$ 9,665,782.56</u>	<u>\$ 9,556,302.69</u>	<u>\$ 7,874,200.57</u>
Less: Reserve for doubtful accounts receivable	140,296.58	151,888.61	135,923.37
	<u>\$ 9,525,485.98</u>	<u>\$ 9,404,414.08</u>	<u>\$ 7,738,277.20</u>
Inventories- parts and supplies (at the lower of cost or market)	\$ 991,069.95	\$ 952,941.31	\$ 900,950.13
Total Current Assets	<u>\$33,203,120.39</u>	<u>\$32,790,641.54</u>	<u>\$28,495,498.16</u>
ADVANCE IN SPECIAL CONTRACT ADVANCE PAYMENT ACCOUNT	\$ 17,140.90	\$ 1,140.90	\$ 94,931.15
INVESTMENTS AND SPECIAL FUNDS:			
Investment in wholly-owned subsidiary not consolidated, at cost (less reserve of \$14,096.51 at April 30, 1944)	\$ 500,000.00	\$ 500,000.00	\$ 485,903.49
Escrow deposits to be applied against the purchase price of Douglas DC-4 and DC-6 airplanes	275,000.00	275,000.00	-
Miscellaneous investments in connection with operations, at cost	52,945.22	52,759.18	29,712.21
Special cash deposits	53,540.00	53,540.00	65,540.00
	<u>\$ 881,485.22</u>	<u>\$ 881,299.18</u>	<u>\$ 581,155.70</u>
FLIGHT EQUIPMENT, AT COST	\$10,175,080.90	\$ 9,636,716.59	\$ 7,462,519.08
Less: Reserve for obsolescence and depreciation	6,860,760.77	6,759,522.30	6,321,855.68
	<u>\$ 3,314,320.13</u>	<u>\$ 2,877,194.29</u>	<u>\$ 1,140,663.40</u>
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	\$ 5,808,938.67	\$ 5,895,221.32	\$ 5,183,996.81
Less: Reserve for depreciation	2,707,260.92	2,663,433.92	2,225,388.53
	<u>\$ 3,101,677.75</u>	<u>\$ 3,231,787.40</u>	<u>\$ 2,958,608.28</u>
NON-OPERATING PROPERTY AND EQUIPMENT, AT ESTIMATED REALIZABLE VALUE	\$ 21,320.00	\$ 21,320.00	\$ 26,320.00
LONG TERM OPERATING PROPERTY PREPAYMENTS, LESS AMORTIZATION	\$ 513,076.28	\$ 514,689.60	\$ 516,315.15
DEFERRED CHARGES:			
Prepaid rents and insurance	\$ 362,087.06	\$ 354,786.43	\$ 62,085.98
Other deferred charges	146,497.94	146,382.41	158,412.96
	<u>\$ 508,585.00</u>	<u>\$ 501,168.84</u>	<u>\$ 220,498.94</u>
	<u>\$41,560,725.67</u>	<u>\$40,819,241.75</u>	<u>\$34,033,990.76</u>