

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

DIRECTORS' MEETING SEPTEMBER 19, 1945

INDEX

	<u>Page Number</u>
Comparative Consolidated Balance Sheets	1-2
Consolidated Statement of Profit and Loss	3
Notes to Financial Statements	-
Statement of Profit and Loss on Route F.A.M. 26 Fort Worth-Dallas-Mexico City-El Paso-Mexico City	4
Statement of Capital Expenditures which have been authorized by the management since the last meeting of the Board of Directors on July 18, 1945	5
Statement showing the status as of September 19, 1945 of uncompleted capital project authorizations based upon recorded expenditures as of July 31, 1945	6-7
Statement of expenditures for capital projects which were completed during the period January 1, 1945 to July 31, 1945	8

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

AT JULY 31, 1945, JUNE 30, 1945 AND JULY 31, 1944

Page 1

	<u>July 31, 1945</u>	<u>June 30, 1945</u>	<u>July 31, 1944</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash on hand and demand deposits	\$ 8,858,205.56	\$10,961,333.74	\$ 9,990,868.73
Marketable Securities, at cost (approximately market)			
U. S. Treasury bonds and certificates	\$11,155,452.50	\$11,154,575.00	\$ 6,962,752.50
U. S. Treasury tax notes	877,000.00	877,000.00	4,502,000.00
Canadian Government bonds	136,350.00	136,350.00	90,900.00
	<u>\$12,168,802.50</u>	<u>\$12,167,925.00</u>	<u>\$11,555,652.50</u>
Accounts receivable -			
U. S. Government -			
For services performed at cost under war contracts	\$ 3,714,690.08	\$ 3,549,108.14	\$ 4,915,389.46
Less: Advance payments received	295,846.10	75,766.20	1,566,885.17
	<u>\$ 3,418,843.98</u>	<u>\$ 3,473,341.94</u>	<u>\$ 3,348,504.29</u>
For the transportation of air mail	2,009,355.58	2,960,399.36	1,210,372.85
For air travel, etc.	1,961,433.45	1,579,660.31	1,198,650.01
Air travel plan subscribers	1,119,352.49	1,198,905.99	830,395.10
Other airline companies and agents- traffic and express balances	1,827,325.55	1,907,628.28	1,501,104.11
Other trade accounts	557,987.40	496,480.68	433,832.83
Indebtedness of employees	81,793.02	75,195.83	62,797.20
	<u>\$10,976,091.47</u>	<u>\$11,691,612.39</u>	<u>\$ 8,585,656.39</u>
Less: Reserve for doubtful accounts receivable	136,896.93	137,677.31	176,086.12
	<u>\$10,839,194.54</u>	<u>\$11,553,935.08</u>	<u>\$ 8,409,570.27</u>
Inventories- parts and supplies (at the lower of cost or market)	\$ 1,075,434.96	\$ 1,067,876.30	\$ 944,595.97
Total Current Assets	<u>\$32,941,637.56</u>	<u>\$35,751,070.12</u>	<u>\$30,900,687.47</u>
ADVANCE IN SPECIAL CONTRACT ADVANCE PAYMENT ACCOUNT	\$ 56,140.90	\$ 56,140.90	\$ 184,897.53
INVESTMENTS AND SPECIAL FUNDS:			
Investment in American Export Airlines, Inc., -at cost (Note 4)	\$ 3,000,000.00	\$ -	\$ -
Investment in wholly-owned subsidiary not consolidated, at cost (less reserve of \$14,096.51 at July 31, 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	108,418.02	108,645.06	28,903.88
Special cash deposits	32,540.00	32,540.00	53,540.00
	<u>\$ 3,915,958.02</u>	<u>\$ 916,185.06</u>	<u>\$ 568,347.37</u>
FLIGHT EQUIPMENT AT COST	\$10,870,688.27	\$10,664,709.92	\$ 8,597,192.38
Less: Reserve for obsolescence and depreciation	7,137,032.87	7,044,144.79	6,467,924.89
	<u>\$ 3,733,655.40</u>	<u>\$ 3,620,565.13</u>	<u>\$ 2,129,267.49</u>
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	\$ 6,075,209.79	\$ 6,017,546.31	\$ 5,221,263.69
Less: Reserve for depreciation	2,824,285.31	2,786,921.04	2,343,988.30
	<u>\$ 3,250,924.48</u>	<u>\$ 3,230,625.27</u>	<u>\$ 2,877,275.39</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	\$ 489,793.23	\$ 491,887.38	\$ 538,476.47
DEFERRED CHARGES:			
Prepaid rents, insurance and other expenses	\$ 417,195.42	\$ 422,725.43	\$ 75,874.25
Other deferred charges	95,474.15	94,658.10	173,449.52
	<u>\$ 512,669.57</u>	<u>\$ 517,383.53</u>	<u>\$ 249,323.77</u>
	<u>\$44,922,099.16</u>	<u>\$44,605,177.39</u>	<u>\$37,474,595.49</u>

3-25-45

Explanatory notes are attached hereto.

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

Page 2

AT JULY 31, 1945, JUNE 30, 1945 AND JULY 31, 1944

	<u>July 31, 1945</u>	<u>June 30, 1945</u>	<u>July 31, 1944</u>
<u>LIABILITIES, CAPITAL STOCK AND SURPLUS</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts payable	\$ 2,489,680.55	\$ 2,163,612.82	\$ 2,432,539.69
Other airline companies- traffic balances payable	2,060,061.29	2,120,986.04	1,660,569.03
Air travel plan subscribers' deposits	3,861,375.67	3,789,666.70	2,895,685.63
Dividends declared	-	-	-
Accrued salaries and wages	516,681.40	503,076.18	872,528.20
Provision for Federal Income Taxes	5,142,318.97	4,228,237.77	3,729,271.27
Other accrued taxes	262,971.98	377,926.03	301,867.79
Provision for adjustment of mail compensation	-	2,007,544.06	-
Other accrued liabilities	805,098.05	651,462.85	419,833.61
Total Current Liabilities	<u>\$15,138,187.91</u>	<u>\$15,842,512.45</u>	<u>\$12,312,295.22</u>
LIABILITY FOR ADVANCE PAYMENT ON GOVERNMENT CONTRACT OPERATIONS	\$ 56,140.90	\$ 56,140.90	\$ 184,897.53
UNEARNED TRANSPORTATION REVENUE	\$ 333,000.35	\$ 340,045.61	\$ 156,642.55
RESERVE FOR CONTINGENCIES	\$ 247,100.00	\$ 211,800.00	\$ 156,141.52
RESERVE FOR TRANSITION TO PEACETIME OPERATIONS	\$ 2,750,000.00	\$ 2,750,000.00	\$ 1,750,000.00
<u>CAPITAL STOCK:</u>			
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	\$ 6,452,838.45	\$ 6,452,838.45	\$ -
Reserved for exercise of option granted 6/1/45- 50,000 shares			
Employees stock- \$5.00 par value			
Authorized- 100,000 shares			
Issued and outstanding- none	\$ -	\$ -	\$ -
<u>SURPLUS:</u>			
Paid-in surplus	\$ 6,267,434.05	\$ 6,267,434.05	\$ 1,942,682.50
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 seven months ended 7/31/45, six months ended 6/30/45 and the seven months ended 7/31/44	3,304,057.79	2,311,066.22	2,817,738.68
Less: Dividends paid or declared	\$13,680,915.95	\$12,687,924.38	\$10,229,709.54
Less: Excess of redemption price over paid-in value of 695 shares prior preferred stock redeemed on January 15, 1945	3,518.45	3,518.45	106,253.37
Total Earned Surplus	<u>\$13,677,397.50</u>	<u>\$12,684,405.93</u>	<u>\$10,123,456.17</u>
Total Surplus	<u>\$19,944,831.55</u>	<u>\$18,951,839.98</u>	<u>\$12,066,138.67</u>
	<u>\$44,922,099.16</u>	<u>\$44,605,177.39</u>	<u>\$37,474,595.49</u>

8-25-45

Explanatory notes are attached hereto.



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 JULY 1945, JUNE 1945 AND JULY 1944  
 AND THE SEVEN MONTHS ENDED JULY 31, 1945 AND JULY 31, 1944

	Division of Expenses		July, 1945	June, 1945	July, 1944	Seven Months Ended July 31, 1945	Seven Months Ended July 31, 1944
	Expense Incurred In Mexico	Direct Charges Supervision and Allocation of Joint Operations					
<b>OPERATING REVENUE</b>							
Passenger			\$162,968.45	\$169,884.90	\$126,128.02	\$1,047,950.71	\$744,770.39
Mail			5,650.77	1,574.70	1,769.08	14,015.60	6,177.12
Express and freight			16,526.81	20,956.48	6,021.24	135,768.12	60,117.93
Excess baggage			3,918.93	3,710.69	2,488.88	25,083.11	15,374.64
Incidental revenue			8,532.44	9,723.56	3,659.44	52,905.25	26,360.27
<b>Total Operating Revenue</b>			<b>\$197,597.40</b>	<b>\$205,850.33</b>	<b>\$140,066.66</b>	<b>\$1,275,722.79</b>	<b>\$852,800.35</b>
<b>OPERATING EXPENSES</b>							
Flying operations	\$ 8,079.58	\$33,939.49	\$ 42,019.07	\$ 38,845.88	\$ 27,703.43	\$ 279,266.62	\$183,929.69
Flight equipment maintenance- direct	440.54	12,937.62	13,378.16	14,623.88	8,525.98	93,835.87	71,748.42
Depreciation- flight equipment	-	5,098.02	5,098.02	4,865.75	2,366.40	32,111.69	19,629.47
<b>Total Flying Expenses</b>	<b>\$ 8,520.12</b>	<b>\$51,975.13</b>	<b>\$ 60,495.25</b>	<b>\$ 58,335.51</b>	<b>\$ 38,595.81</b>	<b>\$ 405,214.18</b>	<b>\$275,307.58</b>
Ground operations	12,895.26	8,606.07	21,501.33	22,564.53	17,992.47	166,974.87	112,829.87
Ground equipment maintenance- direct	2,943.55	165.83	3,109.38	3,435.23	3,743.48	24,901.97	20,860.74
Equipment maintenance- indirect	3,711.93	3,201.17	6,913.10	7,565.35	4,468.21	38,866.72	34,119.78
Passenger service	6,530.97	11,395.10	17,926.07	17,196.30	10,057.19	117,673.95	71,531.47
Traffic and sales	11,048.70	5,214.13	16,262.83	16,118.34	11,286.19	110,723.42	90,627.18
Advertising and publicity	8,777.70	-	8,777.70	5,728.54	5,128.72	44,696.75	34,827.49
General and administrative	10,239.83	866.53	11,106.36	11,161.17	10,160.14	77,588.21	78,117.38
Depreciation- ground equipment	15,085.75	603.92	15,689.67	15,821.03	12,980.53	108,373.46	87,300.22
<b>Total Operating Expenses</b>	<b>\$79,753.81</b>	<b>\$82,027.88</b>	<b>\$161,781.69</b>	<b>\$157,926.00</b>	<b>\$114,412.74</b>	<b>\$1,095,013.53</b>	<b>\$805,521.71</b>
Net operating income			\$ 35,815.71	\$ 47,924.33	\$ 25,653.92	\$ 180,709.26	\$ 47,278.64
Profit on sale of equipment			-	-	263.06	-	2,124.40
			\$ 35,815.71	\$ 47,924.33	\$ 25,916.98	\$ 180,709.26	\$ 49,403.04
Deductions from income	\$ 573.50		573.50	1,059.19	666.61	6,892.52	4,956.74
Net income before Federal income taxes			\$ 35,242.21	\$ 46,865.14	\$ 25,250.37	\$ 173,816.74	\$ 44,446.30
Pro-rata share of Federal income taxes			13,232.00	25,300.00	2,436.00	81,732.00	17,954.00
<b>NET PROFIT</b>			<b>\$ 22,010.21</b>	<b>\$ 21,565.14</b>	<b>\$ 22,814.37</b>	<b>\$ 92,084.74</b>	<b>\$ 26,492.30</b>
REVENUE MILES FLOWN			198,291	191,513	141,856	1,333,313	938,526
REVENUE PASSENGER MILES			3,359,454	3,139,009	2,344,143	20,476,658	14,449,771
REVENUE PASSENGERS CARRIED			4,001	3,634	2,305	23,646	14,249

Statement of capital expenditures which have been authorized by the management since the last meeting of the Board of Directors on July 18, 1945 and which are herewith submitted for approval by the Directors

Executive Authorization Number	<u>Description</u>	<u>Amount Authorized</u>
C995-2	Addition to Customs Building to provide cargo storage space- Ft. Worth	\$ 2,507.00
C1508	Alterations and ticket counter for City Ticket office- Boston	6,950.00
C1509	86 Lockers for shop personnel- NYMA	1,032.00
C1510	28 Test units for spark plugs and ignition harness-System	2,618.00
C1511	Motor truck for Plant Maintenance Department- New York	1,600.00
C1512	Alterations and furnishings in Operations offices at Airport Terminal- Detroit	2,315.00
C1513	Equipment for departments moving to Jackson Heights office- New York	3,885.00
C1514	50 Ticket Counter Insert units for system requirements	9,000.00
C1515	Install soundproofing in Flight Operations office- NYMA	2,500.00
C1516)	Furniture and office equipment for Treasury Dept.- NYP	5,297.56
C1517)		
C1518	Air conditioning unit for offices in Terminal- Burbank	1,942.50
C1519	Furniture for Purchasing Dept.- NYMA	1,274.80
C1520	Improvements to 93 front-end loading platforms and 122 passenger loading ramps- System	4,521.00
C1521	Install soundproof ceiling in Hangar #5 Cafeteria- NYMA	1,400.00
C1522	Combining units to improve reception on radio teletype circuit between Ft. Worth and Mexico City	1,100.00
C1523	Purchase and install remote transmitter- Abilene	3,926.00
C1524	Purchase and install equipment for Radio School- NY	4,726.50
C1525	Purchase and install remote transmitter- Big Spring	4,351.00
C1526	Air conditioning equipment for Traffic Office-Los Angeles	3,500.00
C1527	75 DC-6 plane models for display- System	21,165.00
C1528	20 Altimeters for Flagship spares	1,333.40
	263 Authorizations each less than \$1,000.00 for the purchase of furniture, shop and miscellaneous equipment.	<u>37,613.83</u>
		<u>\$124,558.59</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 July 18, 1945 and which are herewith submitted for approval by the Directors

C1529	Ticket counter for airport ticket office- Mexico City	\$ 762.89
C1530	Reconditioned dictating, transcribing and shaving machine- Mexico City	380.00
C1531	Furniture for Flight Operations office- Mexico City	152.58
	5 Authorizations each for an amount less than \$100.00 for the purchase of furniture, shop and miscellaneous equipment	393.06
		<u>\$ 1,688.53</u>

9/14/45

Statement showing the status as of September 19, 1945 of uncompleted capital project authorizations based upon recorded expenditures as of July 31, 1945

Executive Authorization Number	Description	Amount Authorized	Previous to Jan. 1, 1945	Amount Expended		Unexpended Balance	Over Expended
				Current Year	Total		
CI304,-1	1314 Blankets for Flagship replacement	\$ 12,923.19	\$	\$	\$	\$ 12,923.19	\$
CI323	3 Gasoline trucks for Dallas, Memphis and Nashville	25,200.00		435.90	435.90	24,764.10	
CI320,-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	162,026.85	216,333.95	400,127.25	
CI325	Shop equipment for use under conversion program	15,000.00	5,717.41	15.45	5,732.86	9,267.14	
CI419	72 sets of propeller blades for Flagship replacement	52,449.12				52,449.12	
CI421	Gasoline powered lifting crane for Engine Change Dept.- NYMA	7,290.00				7,290.00	
CI461,-1	4 Power driven floor scrubbing machines for Maintenance- Chicago and New York	6,925.00				6,925.00	
CI457	Additional tooling and shop equipment necessary due to fleet expansion	14,147.00		4,973.74	4,973.74	9,173.26	
CI500	Building for additional facilities- NYMA	495,300.00	516,280.26	926.70	517,206.96		21,906.96
CI278	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	
CI292,-1	Replace the alcohol deicer system on Flagships	70,500.00	1,718.70	2,022.00	3,740.70	66,759.30	
CI297,-1	Replace brass steam radiators with aluminum radiators in Flagships and provide spares	18,175.00				18,175.00	
CI313,-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	13,854.71	23,542.71	58,737.29	
CI322	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	
CI326	Modification of generator control boxes on Flagships	6,000.00				6,000.00	
CI363	Material and labor to make automatic the control of cabin temperature in 100 Flagships plus 50 spares	17,562.50				17,562.50	
CI369	Installation of dual fuel system with electric booster pumps in 100 DC-3 aircraft	72,260.00		1,260.00	1,260.00	71,000.00	
CI375	Replace fuel quantity gauges in 100 DC-3 aircraft	16,199.00				16,199.00	
CI463	Installation of center row reading lights in 29 Flagships	11,803.00				11,803.00	
CI426	Special passenger and buffet equipment loading stand mounted on automotive truck chassis- NYMA	6,500.00				6,500.00	
CI316,-1	Construct addition to passenger loading ramp to provide space for ramp activities and waiting room- NYMA	26,470.00	18,897.90	7,293.49	26,191.39	278.61	
CI361,-1	Alterations to provide adequate regional ticket and reservations offices- Los Angeles	55,000.00	5,000.00	11,198.65	16,198.65	38,801.35	
CI387)	Purchase land and buildings and make alterations to provide additional office facilities, kitchen and cafeteria- NYMA	309,503.55		182,956.53	182,956.53	126,547.02	
CI388)							
CI472)							
CI473)							
CI393	Alterations and equipment to enlarge and re-arrange airport Operations and Reservations Offices- El Paso	7,500.00		7,098.30	7,098.30	401.70	
CI458	Construction of hangar and two-story lean-to- Los Angeles Municipal Airport	360,000.00				360,000.00	
CI429,-1	Alterations and equipment for re-opening of station- Albany	7,860.00		7,610.46	7,610.46	249.54	
CI490	Construct concrete trenches for utilities for passenger loading ramp- Los Angeles Airport	11,300.00				11,300.00	
CI379	Gasoline storage and dispensing equipment- Big Spring	5,000.00				5,000.00	
CI431)	Additional furniture and office equipment for Treasury Dept.- NYP	5,436.72		3,905.01	3,905.01	1,531.71	
CI432)							
CI466	X-Ray machine and equipment for new office of Medical Dept.- NYMA	6,958.00		1,147.67	1,147.67	5,810.33	
CI491	Equipment for medical office- Chicago	8,009.03				8,009.03	
CI308)	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	4,019.30	15,795.99	454.01	
CI339)							
CI402)							
CI338	300 Stainless steel vacuum jugs for Flagship replacement	6,435.00				6,435.00	
CI358,-1	Furniture and office equipment for eight air freight offices- System	6,494.40	3,239.61	2,901.66	6,141.27	353.13	

Statement showing the status as of September 19, 1945 of uncompleted capital project authorizations based upon recorded expenditures as of July 31, 1945

Executive Authorization Number	Description	Amount Authorized	Amount Expended			Unexpended Balance	Over Expended
			Previous to Jan. 1, 1945	Current Year	Total		
CL433	32 Passenger ramps, 42 front-end loading ramps and 64 baggage carts- System replacements and additional requirements	\$ 24,650.00	\$	\$ 68.58	\$ 68.58	\$ 24,581.42	\$
CL498	37 Stainless steel cabin service carts for system use	11,100.00				11,100.00	
CL479)	47 Conveyor type cargo loaders for system use	69,415.00		2,930.70	2,930.70	66,484.30	
CL506)							
CL321,-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	97,047.98	101,812.37	58,186.43	
CL341	Radio communication equipment and station equipment- Albany	5,679.60	1,079.70	4,229.20	5,308.90	370.70	
CL342	Radio communication equipment and station equipment- Lynchburg	5,685.60	349.47	833.66	1,183.13	4,502.47	
CL405	Purchase and installation of ground radio equipment to complete monitor facilities at system stations having airport control towers	5,351.00		1,915.70	1,915.70	3,435.30	
CL459	91 sets of Very High Frequency communications equipment for ground stations	42,406.00				42,406.00	
CL460	150 sets of Very High Frequency communications equipment for aircraft	217,250.00				217,250.00	
CL436	Communications equipment to provide radio facilities between Nashville and Tulsa	5,296.00		4,543.75	4,543.75	752.25	
CL437	Communications equipment for replacement of remote transmitters- Cincinnati	8,403.00				8,403.00	
CL344,-1	Engineering, construction and installation of electrical Televisor board for visual reservations control	25,000.00	85.95	179.73	265.68	24,734.32	
CL345)	Reservations and ticket office equipment for system use	12,813.84	5,807.11	6,518.44	12,325.55	488.29	
CL408)							
CL409)							
CL382	Alterations and furnishings for new City Ticket office- Cleveland	8,343.00				8,343.00	
CL514	50 Ticket Counter insert units for system requirements	9,000.00				9,000.00	
CL527	75 DC-6 plane models for display- System	21,165.00				21,165.00	
CL507	Alterations, repairs, furnishings and equipment-Washington Building	25,000.00		17,757.30	17,757.30	7,242.70	
CL508	Alterations and ticket counter for City Ticket Office- Boston	6,950.00				6,950.00	
CL940	Land	140,000.00	113,523.17		113,523.17	26,476.83	
	732 Authorizations each for an amount less than \$5,000.00	372,053.20	43,781.06	79,225.16	123,006.22	249,046.98	
		<u>\$ 3,589,644.75</u>	<u>\$ 798,716.52</u>	<u>\$ 628,896.62</u>	<u>\$1,427,613.14</u>	<u>\$2,183,938.57</u>	<u>\$21,906.96</u>
CL291	Repurchase or lease, overhaul and conversion of 24 DC-3 aircraft	\$ 2,571,813.79	\$1,718,630.02	\$ 51,150.64	\$1,769,780.66	\$ 802,033.13	
CL293,-1)							
CL300,-1)	Purchase or lease from the army and the conversion and overhaul of 38 type C53 Douglas Aircraft	3,358,300.00		1,070,066.75	1,070,066.75	2,288,233.25	
CL319)							
CL484)							
CL353	Purchase of 30 Douglas DC-4 aircraft	13,500,000.00				13,500,000.00	
CL354	Purchase of 50 Douglas DC-6 aircraft	30,500,000.00				30,500,000.00	
CL355	Spare engines, propellers and other equipment for DC-4 and DC-6 aircraft	3,000,000.00				3,000,000.00	
CL360	Purchase of 3 Beechcraft aircraft and related equipment	230,000.00		76,732.24	76,732.24	153,267.76	
		<u>\$53,160,113.79</u>	<u>\$1,718,630.02</u>	<u>\$1,197,949.63</u>	<u>\$2,916,579.65</u>	<u>\$50,243,534.14</u>	
		<u>\$56,749,758.54</u>	<u>\$2,517,346.54</u>	<u>\$1,826,846.25</u>	<u>\$4,344,192.79</u>	<u>\$52,427,472.71</u>	<u>\$21,906.96</u>

9/14/45



Statement of expenditures for capital projects which were completed during the period  
January 1, 1945 through July 31, 1945

<u>Executive Authorization Number</u>	<u>Description</u>	<u>Previous to Jan. 1, 1945</u>	<u>Current Year</u>	<u>Total</u>
C1307	Alterations and ticket counter for city ticket office- San Antonio	\$ 3,974.24	\$ 551.70	\$ 4,525.94
C1370	19 Working stands and 12 mobile ladders for system		10,907.48	10,907.48
C1306,-1	Alterations and furnishings to provide additional consolidated offices for Traffic and Properties Departments- Washington	9,056.46		9,056.46
C1328,-1	Purchase and installation of 3 gas-line storage tanks- El Paso		5,256.75	5,256.75
C1439	Replacements of conveyor belt installation in Reservations office to improve efficiency- NYMA		9,272.00	9,272.00
C995,-1,-2	Building and furnishings for Customs House- Ft. Worth	29,996.42	2,107.00	32,103.42
	<u>607 Authorizations each less than \$5,000.00</u>	<u>16,472.08</u>	<u>106,535.31</u>	<u>123,007.39</u>
		<u>\$59,499.20</u>	<u>\$134,630.24</u>	<u>\$194,129.44</u>

9/14/45

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1945

NOTE 1: As a result of an order of the Civil Aeronautics Board dated August 7, 1945, the rate for the transportation of air mail has been established at 45¢ per ton mile effective from January 1, 1945, and air mail revenue reflected in the attached Profit and Loss statements for the seven months ended July 31, 1945 has been adjusted to that rate. The portion of this adjustment from 32¢ to 45¢ per ton mile included in the Mail Revenue account for July but applicable to the first six months of the year amounts to \$932,074.17.

The Company will reduce its passenger fares effective August 20, 1945, to a basis yielding approximately 4½¢ per passenger mile (equivalent at 200 lbs. per passenger to 45¢ per ton mile) and has taken steps to effect a reduction in air express tariffs to yield the Company approximately 45¢ per ton mile. The foregoing rates are based upon airport-to-airport distances.

NOTE 2: Due to present uncertainty as to the Company's revenue and expenses and the resultant profit for the last five months of 1945 which primarily will determine whether the Company will be subject to excess profits tax for the year 1945, provision therefor has not been made. In the event that the Company should become subject to the excess profits tax for the year 1945, the portion of such tax applicable to the earnings for the seven months period ended July 31, 1945 would increase the Company's Federal income and excess profits tax provision and decrease its net profit for such period by approximately \$1,720,000.00. No provision was made for Federal excess profits tax for the year 1944 as the Company is believed to be exempt therefrom for that year.

NOTE 3: 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.

NOTE 4: On July 10, 1945, in accordance with an agreement dated March 20, 1944 and approved by the Civil Aeronautics Board on July 5, 1945, the Company acquired 120,000 shares representing approximately 51.4% of the outstanding capital stock of American Export Airlines, Inc. for \$3,000,000.00.

NOTE 5: The Company has commitments to purchase from Douglas Aircraft Company, Inc., 25 DC-4 airplanes and 50 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 \$44,000,000.00.