



# AMERICAN AIRLINES

CABLE ADDRESS AMAIR

100 EAST 42nd STREET • NEW YORK 17, NEW YORK • MURRAY HILL 3-9000

OFFICE OF  
THE SECRETARY  
AMERICAN AIRLINES, INC.

April 17, 1947

Mr. Amon G. Carter  
Fort Worth Star-Telegram  
Fort Worth, Texas

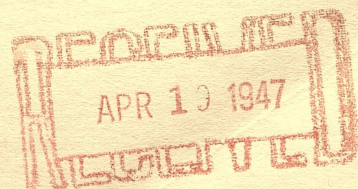
Dear Mr. Carter:

For your information, I  
am attaching copy of the Financial  
Statements which were presented at the  
Board of Directors' meeting held on  
April 16, 1947.

Very truly yours

C. W. Jacob

CWJ:p





AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

DIRECTORS' MEETING APRIL 16, 1947

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AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

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AT FEBRUARY 28, 1947, JANUARY 31, 1947 AND FEBRUARY 28, 1946

ASSETS	Feb. 28, 1947	Jan. 31, 1947	Feb. 28, 1946
<b>CURRENT ASSETS:</b>			
Cash on hand and demand deposits	\$ 10,962,289.32	\$ 7,648,298.33	\$33,160,971.61
Marketable Securities, at amortized cost (approximately market):			
U. S. Government	\$ 20,355,163.71	\$ 28,446,355.63	\$ 1,192,207.50
Canadian Government	226,250.00	226,250.00	226,250.00
	\$ 20,581,413.71	\$ 28,672,605.63	\$ 1,418,457.50
Accounts Receivable			
U. S. Government:			
For services performed at cost under war contracts(terminated in 1946)	\$ 1,038,709.64	\$ 1,069,557.25	\$ 2,589,093.38
Less: Advance payments received	794,330.65	794,330.65	569,928.24
	\$ 244,378.99	\$ 275,226.60	\$ 2,019,165.14
For the transportation of airmail	820,656.51	975,946.30	626,759.93
For air travel, etc.	514,296.08	707,775.97	1,578,513.78
Air travel plan subscribers	2,286,500.20	2,197,054.03	1,763,384.15
Other airline companies and agents - traffic and express balances	5,133,635.81	5,442,002.82	2,378,981.83
Other trade accounts	3,369,251.40	3,080,685.87	1,213,539.00
Indebtedness of employees	129,275.09	144,640.10	98,760.84
	\$ 12,497,994.08	\$ 12,832,331.69	\$ 9,679,104.67
Less: Reserve for doubtful accounts receivable	39,077.45	39,077.45	132,374.08
	\$ 12,458,916.63	\$ 12,793,254.24	\$ 9,546,730.59
Federal tax refund receivable under "carry-back" provisions of tax law	\$ 1,280,000.00	\$ 1,280,000.00	\$ -
Advance to American Overseas Airlines, Inc. (repaid March 8, 1946)	\$ -	\$ -	\$ 1,000,000.00
Inventories of materials and supplies, at the lower of cost or market	\$ 2,363,429.23	\$ 2,187,271.30	\$ 1,027,229.34
Total Current Assets	\$ 47,646,048.89	\$ 52,581,429.50	\$46,153,389.04
<b>ADVANCE IN SPECIAL CONTRACT ADVANCE PAYMENT ACCOUNTS</b>	\$ -	\$ -	\$ 6,140.90
<b>INVESTMENTS AND SPECIAL FUNDS:</b>			
Investments in subsidiaries not consolidated			
American Overseas Airlines, Inc., at cost less reserve of			
\$225,671.64 at December 31, 1946	\$ 11,429,461.99	\$ 11,427,276.36	\$ 3,000,000.00
Other, at cost	1,451,000.00	1,351,000.00	651,000.00
Miscellaneous investments in connection with operations, at cost	327,595.53	325,411.28	127,088.74
Deposits in connection with acquisition of airplanes and engines:			
Cash	11,928,983.28	10,386,793.28	8,611,690.84
U. S. Government Securities, at amortized cost (approximately market)	1,106,011.27	1,756,043.57	-
Other special deposits	176,723.23	174,884.96	110,782.41
	\$ 26,419,775.30	\$ 25,421,409.45	\$12,500,561.99
ANTICIPATED REDUCTION IN 1947 FEDERAL INCOME TAX	\$ 1,475,000.00	\$ 725,000.00	\$ -
<b>FLIGHT EQUIPMENT (including spare parts and assemblies) AT COST</b>	\$ 46,698,430.80	\$ 46,362,312.11	\$17,608,768.75
Less: Reserve for obsolescence and depreciation	13,861,268.68	13,211,018.63	8,048,679.50
	\$ 32,837,162.12	\$ 33,151,293.48	\$ 9,560,089.25
<b>LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST</b>	\$ 15,259,170.34	\$ 15,054,124.61	\$ 8,530,805.75
Less: Reserve for depreciation	3,982,279.75	3,876,104.51	3,154,778.46
	\$ 11,276,890.59	\$ 11,178,020.10	\$ 5,376,027.29
<b>NON-OPERATING PROPERTY AND EQUIPMENT, AT ESTIMATED REALIZABLE VALUE</b>	\$ -	\$ -	\$ 21,320.00
<b>LONG TERM OPERATING PROPERTY PREPAYMENTS, LESS AMORTIZATION</b>	\$ 934,015.62	\$ 932,876.02	\$ 609,742.95
<b>DEFERRED CHARGES:</b>			
Prepaid rents, insurance and other expenses	\$ 279,764.98	\$ 235,730.95	\$ 283,298.33
Unamortized debenture discount and expense	592,694.54	595,988.87	-
Other deferred charges	1,258,481.00	1,100,987.36	172,100.81
	\$ 2,130,940.52	\$ 1,932,707.18	\$ 455,399.14
	\$122,719,833.04	\$125,922,735.73	\$74,682,670.56

Explanatory Notes are Attached Hereto.

4/11/57



AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY  
 CONSOLIDATED BALANCE SHEETS  
 AT FEBRUARY 28, 1947, JANUARY 31, 1947 AND FEBRUARY 28, 1946

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<u>LIABILITIES, CAPITAL STOCK AND SURPLUS</u>	<u>Feb. 28, 1947</u>	<u>Jan. 31, 1947</u>	<u>Feb. 28, 1946</u>
<b>CURRENT LIABILITIES:</b>			
Notes payable	\$ -	\$ -	\$25,000,000.00
Accounts payable	5,382,712.77	6,188,356.80	6,695,723.07
Dividends declared - preferred stock	-	350,000.00	-
Other airline companies - traffic balances payable	5,373,645.58	5,963,658.95	4,116,695.56
Air travel plan subscribers' deposits	5,268,725.00	5,299,325.00	4,473,023.00
Accrued salaries and wages	193,772.95	238,948.62	735,337.92
Accrued Federal income taxes (1945 and prior years)	105,837.05	389,223.61	3,739,889.55
Other accrued taxes	412,664.92	385,286.32	272,992.69
Accrued interest on debentures and bank loans	300,000.00	200,000.00	1,041.67
Other accrued liabilities	779,931.37	749,374.68	844,089.13
Total Current Liabilities -	<u>\$ 17,817,289.64</u>	<u>\$ 19,764,173.98</u>	<u>\$45,878,792.79</u>
LIABILITY FOR ADVANCE ON GOVERNMENT CONTRACT OPERATIONS	\$ -	\$ -	\$ 6,140.90
UNEARNED TRANSPORTATION REVENUE	\$ 476,591.11	\$ 544,258.55	\$ 435,126.24
3% SINKING FUND DEBENTURES - DUE JUNE 1, 1966	\$ 40,000,000.00	\$ 40,000,000.00	\$ -
RESERVE FOR TRANSITION TO PEACETIME OPERATIONS	\$ 1,952,111.54	\$ 1,955,869.40	\$ 2,499,989.70
<b>CAPITAL STOCK:</b>			
Preferred stock, par value \$100 per share			
Authorized - 600,000 shares			
Issued and outstanding - 400,000 shares (3½% cumulative convertible)	\$ 40,000,000.00	\$ 40,000,000.00	\$ -
Common stock, par value \$1.00 per share			
Authorized - 12,000,000 shares			
Issued and outstanding - 6,452,835. share \$1.00 par value at 2/28/47 and 1/31/47 and 1,290,567.17 shares of \$5.00 par value at 2/28/46.	\$ 6,452,835.00	\$ 6,452,835.00	\$ 6,452,835.85
250,000 shares reserved for exercise of option expiring 6/1/50 at \$11.70 per share - 1,904,762 shares reserved for conversion of 3½% Cumulative Convertible Stock (at \$21.00 per share)			
Employees stock, par value \$1.00 per share			
Authorized - 500,000 shares			
Issued and outstanding - none	\$ -	\$ -	\$ -
<b>SURPLUS:</b>			
Paid-in surplus	\$ 6,159,653.69	\$ 6,159,653.69	\$ 6,267,436.65
Earned surplus			
Balance at December 31, 1946 and December 31, 1945	\$ 12,520,391.30	\$ 12,520,391.30	\$13,422,302.87
Net profit or loss for the two months ended 2/28/47, one month ended 1/31/47 and the two months ended 2/28/46	2,309,039.24	1,124,446.19	280,254.44
	<u>\$ 10,211,352.06</u>	<u>\$ 11,395,945.11</u>	<u>\$13,142,048.43</u>
Less: Dividends declared on preferred stock	350,000.00	350,000.00	-
Total Earned Surplus	<u>\$ 9,861,352.06</u>	<u>\$ 11,045,945.11</u>	<u>\$13,142,048.43</u>
Total Surplus	<u>\$ 16,021,005.75</u>	<u>\$ 17,205,598.80</u>	<u>\$19,409,485.08</u>
	<u>\$122,719,833.04</u>	<u>\$125,922,735.73</u>	<u>\$74,682,670.56</u>

Explanatory Notes are Attached Hereto

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COMPARATIVE STATEMENT OF PROFIT AND LOSS

FOR THE MONTHS OF FEBRUARY 1947, JANUARY 1947 AND FEBRUARY 1946  
AND FOR THE TWO MONTHS ENDED FEBRUARY 28, 1947 AND FEBRUARY 28, 1946

	February 1947	Cents Per Rev. Mile	January 1947	Cents Per Rev. Mile	February 1946	Cents Per Rev. Mile	2 Mos. Ended Feb. 28, 1947	Cents Per Rev. Mile	2 Mos. Ended Feb. 28, 1946	Cents Per Rev. Mile
<b>OPERATING REVENUES</b>										
Passenger	\$ 3,849,066.06	82.2	\$ 4,128,307.18	86.4	\$ 3,359,398.12	80.7	\$ 7,977,373.24	83.4	\$ 6,893,244.61	79.8
Mail	255,394.98	5.4	270,004.41	5.6	253,238.50	6.0	525,399.39	5.5	565,003.12	6.5
Express	140,719.82	3.0	157,968.61	3.3	85,902.07	2.1	298,688.43	3.1	183,477.73	2.1
Freight	172,774.26	3.7	186,963.88	3.9	64,314.77	1.5	359,738.14	3.8	131,504.08	1.5
Excess baggage	44,304.70	.9	47,969.52	1.0	40,750.08	1.0	92,274.22	1.0	76,031.99	.9
Charter & special - Passenger	2,135.00	-	1,139.00	-	-	-	3,274.00	-	-	-
Charter & Special - Freight	168,579.84	3.6	172,474.05	3.6	6,467.07	.2	341,053.89	3.6	13,052.07	.2
Other Transportation revenue	801.64	-	2,935.06	.1	-	-	3,736.70	-	-	-
Incidental revenue	68,258.53	1.5	38,452.28	.8	10,495.36	.3	106,710.81	1.1	17,397.82	.2
<b>Total Operating Revenue</b>	<b>\$ 4,702,034.83</b>	<b>100.3</b>	<b>\$ 5,006,213.99</b>	<b>104.7</b>	<b>\$ 3,820,565.97</b>	<b>91.8</b>	<b>\$ 9,708,248.82</b>	<b>101.5</b>	<b>\$ 7,879,711.42</b>	<b>91.2</b>
<b>OPERATING EXPENSES</b>										
Flying Operations	\$ 1,278,891.19	27.3	\$ 1,308,245.69	27.4	\$ 914,070.26	21.9	\$ 2,587,136.88	27.0	\$ 1,829,784.12	21.2
Flight equipment maintenance-direct	686,361.80	14.6	757,111.92	15.8	440,117.38	10.6	1,443,473.72	15.1	844,456.76	9.8
Depreciation - Flight equipment	644,148.16	13.7	655,135.70	13.7	168,385.42	4.0	1,299,283.86	13.6	321,303.79	3.7
<b>Total Flying Expenses</b>	<b>\$ 2,609,401.15</b>	<b>55.6</b>	<b>\$ 2,720,493.31</b>	<b>56.9</b>	<b>\$ 1,522,573.06</b>	<b>36.5</b>	<b>\$ 5,329,894.46</b>	<b>55.7</b>	<b>\$ 2,995,544.67</b>	<b>34.7</b>
Ground Operations	\$ 1,133,639.20	24.3	\$ 1,207,520.04	25.3	\$ 752,721.60	18.1	\$ 2,341,159.24	24.4	\$ 1,431,094.82	16.7
Ground and indirect maintenance	733,566.79	15.6	776,623.61	16.2	437,708.30	10.5	1,510,190.40	15.8	838,475.20	9.7
Passenger Service	434,590.73	9.3	513,446.27	10.7	339,873.46	8.2	948,037.00	9.9	683,581.70	7.9
Traffic and Sales	765,931.92	16.3	742,384.41	15.5	608,251.20	14.6	1,508,316.33	15.8	1,131,307.04	13.1
Advertising	101,672.99	2.2	63,446.83	1.4	111,448.32	2.7	165,119.82	1.7	219,856.17	2.5
Publicity	81,178.42	1.7	73,074.71	1.5	64,359.60	1.5	154,253.13	1.6	90,578.62	1.0
General and Administrative	595,878.99	12.7	587,843.08	12.3	461,211.15	11.1	1,183,722.07	12.4	864,435.30	10.0
Depreciation - Ground property & equipment	104,726.48	2.2	104,438.79	2.2	53,091.96	1.3	209,165.27	2.2	108,488.20	1.2
<b>Total Ground Expenses</b>	<b>\$ 3,951,185.52</b>	<b>84.3</b>	<b>\$ 4,068,777.74</b>	<b>85.1</b>	<b>\$ 2,828,665.59</b>	<b>68.0</b>	<b>\$ 8,019,963.26</b>	<b>83.8</b>	<b>\$ 5,367,817.05</b>	<b>62.1</b>
<b>Total Operating Expenses</b>	<b>\$ 6,560,586.67</b>	<b>139.9</b>	<b>\$ 6,789,271.05</b>	<b>142.0</b>	<b>\$ 4,351,238.65</b>	<b>104.5</b>	<b>\$ 13,349,857.72</b>	<b>139.5</b>	<b>\$ 8,363,361.72</b>	<b>96.8</b>
<b>Net Operating Income</b>	<b>\$ 1,858,551.84</b>	<b>39.6</b>	<b>\$ 1,783,057.06</b>	<b>37.3</b>	<b>\$ 530,672.68</b>	<b>12.7</b>	<b>\$ 3,641,608.98</b>	<b>38.0</b>	<b>\$ 483,650.30</b>	<b>5.6</b>
Non-Operating Income	31,521.56	.7	36,105.42	.8	16,981.41	.4	67,626.98	.7	34,448.23	.4
<b>Gross Income</b>	<b>\$ 1,827,030.28</b>	<b>38.9</b>	<b>\$ 1,746,951.64</b>	<b>36.5</b>	<b>\$ 513,691.27</b>	<b>12.3</b>	<b>\$ 3,573,981.92</b>	<b>37.3</b>	<b>\$ 449,202.07</b>	<b>5.2</b>
<b>Deductions from Gross Income</b>										
Portion of estimated expenses of transition to peacetime operations representing amount equivalent to Federal income tax credit resulting therefrom	\$ 1,253.40	-	\$ 3,300.27	.1	\$ -	-	\$ 4,553.67	-	\$ -	-
Interest on bank loans and long term debt	100,000.00	2.1	100,000.00	2.1	-	-	200,000.00	2.1	-	-
Interest deferred	51,947.73	1.1	48,245.19	1.0	-	-	100,192.92	1.0	-	-
Other	58,257.10	1.3	47,439.49	1.0	73,444.22	1.8	105,696.57	1.1	156,052.37	1.8
<b>Total Deductions from Gross Income</b>	<b>\$ 107,562.77</b>	<b>2.3</b>	<b>\$ 102,494.55</b>	<b>2.2</b>	<b>\$ 73,444.22</b>	<b>1.8</b>	<b>\$ 210,057.32</b>	<b>2.2</b>	<b>\$ 156,052.37</b>	<b>1.8</b>
<b>Net Income before Federal Taxes</b>	<b>\$ 1,934,593.05</b>	<b>41.2</b>	<b>\$ 1,849,446.19</b>	<b>38.7</b>	<b>\$ 587,135.49</b>	<b>14.1</b>	<b>\$ 3,784,039.24</b>	<b>39.5</b>	<b>\$ 605,254.44</b>	<b>7.0</b>
Provision for Federal Income taxes	-	-	-	-	-	-	-	-	-	-
Federal income tax credit resulting from loss for the period	750,000.00	16.0	725,000.00	15.2	270,000.00	6.5	1,475,000.00	15.4	325,000.00	3.8
<b>NET PROFIT OR LOSS CARRIED TO SURPLUS</b>	<b>\$ 1,184,593.05</b>	<b>25.2</b>	<b>\$ 1,124,446.19</b>	<b>23.5</b>	<b>\$ 317,135.49</b>	<b>7.6</b>	<b>\$ 2,309,039.24</b>	<b>24.1</b>	<b>\$ 280,254.44</b>	<b>3.2</b>
<b>REVENUE MILES FLOWN</b>										
REVENUE MILES FLOWN	4,689,239		4,779,303		4,162,538		9,568,542		8,636,332	
REVENUE PASSENGER MILES FLOWN	84,928,761		91,002,146		72,950,309		175,930,907		149,926,701	
REVENUE PASSENGERS CARRIED	159,231		159,589		124,509		318,820		253,452	



AMERICAN AIRLINES, INC. & CONSOLIDATED SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1947

NOTE 1: The accompanying financial statements include in consolidation the Company's wholly owned subsidiary, American Airlines de Mexico, S. A. The accounts of the following subsidiaries are not included in consolidation: American Overseas Airlines, Inc., Sky Chefs, Inc. and Manhattan Air Terminals, Inc. As of February 28, 1947 American Airlines, Inc. owned 1,081,279 shares, or 61.8% of the outstanding capital stock of American Overseas Airlines, Inc. The total investment of \$11,655,133.63 has been reduced by \$225,671.64, representing American Airlines, Inc. proportionate share of losses of American Overseas Airlines, Inc. for the years 1945 and 1946. Sky Chefs, Inc. and Manhattan Air Terminals, Inc. are owned 100%.

NOTE 2: At February 28, 1947 the Company had various commitments for the purchase of flight equipment and major items of other property and equipment. It is estimated that, exclusive of the terminated contract mentioned in Note 3, such commitments will involve an aggregate expenditure, in addition to deposits and payments made during 1946, of approximately \$50,000,000.00 of which, it is anticipated, approximately \$32,000,000.00 will be expended in 1947 and approximately \$16,000,000.00 in 1948.

At February 28, 1947 the Company was guarantor of a bank loan payable by American Overseas Airlines, Inc. in the amount of \$5,000,000.00. This loan matured March 3, 1947 on which date the Company loaned \$3,000,000.00 to the subsidiary to enable the latter to repay the bank loan. The Company has also guaranteed the subsidiary's performance of its obligations under an airplane purchase agreement involving a maximum contingent liability of \$9,600,000.00 at December 31, 1946.

NOTE 3: In February 1947 the Company entered into an agreement with Republic Aviation Corporation terminating a contract entered into in 1946 for the purchase of Republic Rainbow airplanes. Pursuant to the settlement agreement, the Company accepts in lieu of the return of the \$2,433,333.00 cash deposits made with Republic (of which \$2,129,167.00 were made in 1946 and are carried as an asset on the accompanying balance sheet), certain notes of Republic in the principal amount of \$1,700,000.00 and participates at an estimated cost of \$750,000.00 in settlement of sub-contract claims against Republic. The resulting loss to the Company, estimated at approximately \$925,000.00 after taking into consideration anticipated 1947 Federal income tax credit, is not reflected in the accompanying financial statements.

NOTE 4: The attached statements reflect an anticipated reduction in 1947 Federal income tax of \$1,475,000.00, resulting from loss for the two months ended February 28, 1947. Such credit has been computed at the rate of 38%.

4/11/47



AMERICAN AIRLINES, INC.

Statement of capital expenditures which have been authorized by the management since the last meeting of the Board of Directors on March 19, 1947 and which are herewith submitted for approval by the Directors.

<u>Executive Authorization Number</u>	<u>Description</u>	<u>Amount Authorized</u>
C-1534-1	Additional cost for alterations to Hangar #2 and Terminal Building - Memphis	\$ 2,060.94
C-1936	Install web gates in cargo compartments of DC6 fleet	31,275.00
C-1937	Carburetor preheat muffs for DC4 fleet	3,529.50
C-1938	39 Evacuation slides for DC4 passenger fleet	15,009.69
C-1939	American Airlines, Inc. share of ARINC receiver site - Chicago	1,485.00
C-1940	Alterations to provide office for International Reservations in Hangar #3 - NYMA	5,584.50
C-1941	Alterations to building at 38th Street for Airfreight Department - New York	4,785.00
C-1313-1	Additional cost to replace auto-pilot control units with gyro flight instruments on DC3's - system	36,275.96
C-1942	54 metal stock bins - Boston	2,219.40
C-1851-1	Additional cost of equipment and alterations to enlarge telephone switchboard and provide lounges for flight personnel - NYMA	7,581.00
C-1943	American Airlines, Inc. share of cost of alterations in Hangar - Newark	2,522.25
C-1944	Construct and furnish new operation quarters - Tulsa	10,862.16
C-1945	Furniture and equipment for new International and Operations quarters at Love Field - Dallas	2,220.00
C-1946	Alterations to provide sales and reservations offices - Milwaukee	2,400.00
	<u>105</u> Authorizations each for an amount less than \$1,000. for the purchase of furniture, shop and miscellaneous equipment	<u>14,721.26</u>
		<u>\$142,531.66</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 March 19, 1947 and which are herewith submitted for approval by the Directors.

C-1947	Automatic time stamp machine - Mexico City	\$ 164.00
C-1948	3 portable fire units for Actopan, Tamuin and Victoria	750.00
C-1949	3 fire extinguishers for ramp - Mexico City	126.00
C-1929-1	Additional cost of transmitter - Monclova	1,395.00
C-1950	4 chairs for Reservations Department - Mexico City	107.00
C-1951	Install gasoline tank on K10 truck - Monterrey	1,072.00
C-1952	Furniture for Immigration Waiting Room - Monterrey	170.00
	<u>9</u> Authorizations for an amount less than \$100.00 for the purchase of furniture, shop and miscellaneous equipment	<u>397.84</u>
		<u>\$ 4,181.84</u>

4/14/47