



# AMERICAN AIRLINES

CABLE ADDRESS AMAIR

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OFFICE OF  
THE SECRETARY  
AMERICAN AIRLINES, INC.

November 20, 1947

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

Dear Mr. Carter:

October financial statements for American and American Overseas are attached. The American Overseas's statement reflects accrual of additional mail pay of \$1,933,058 of which \$983,211 applies to 1947 and is included in the October revenues. The balance of \$945,847 applies to 1946 and is credited to surplus. See note on U. S. Mail Pay on page 4. American Overseas's operations were suspended during the first 20 days of October while pilots were on strike.

High lights of the November 19th Directors' meeting:

CONFIDENTIAL - Consideration is being given to the feasibility and timing of a fare increase. Several lines, including United and TWA, plan increases effective December 12th. Consensus of directors present favor an increase with timing to be determined by management.

DC-6 aircraft are temporarily withdrawn from service pending engineering changes to effect full protection against fire. Timing of the return to service cannot yet be fully predicted. Best present guess is that aircraft will start returning to service within three or four weeks.

Expenditure of \$2,952,500 was authorized for installation of radar equipment in DC-4, DC-6 and Convair aircraft. This money will probably be expended over a period of two years. First complete line installation is probably a year off. No publicity on this yet, please.

Mr. Amon G. Carter

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November 20, 1947

Authority was given to negotiate an agreement with the City of Los Angeles for participation in a FIDO fog dispersal system. It is expected that cost will be \$750,000. One half to be paid by United States Government and the other one half to be borne by participating airlines and paid to the City in installments with American's share estimated (based on ratio of schedules) at \$60,000 original expense.

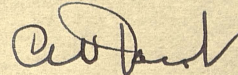
Appropriate memorial resolution was adopted for Hugh L. Smith. Approval was given for payment of \$10,000 to Mrs. Smith.

Unless there are unforeseen developments, no meeting of the directors will be held in December.

Minutes of the meeting will be sent you in due course.

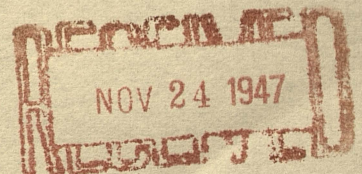
If you have not already returned your set of minutes covering the October 15th meeting, I should appreciate your returning them at your earliest convenience.

Very truly yours,



C. W. Jacob

CWJ:mw  
att.



AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

OCTOBER 31, 1947

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AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
AT OCTOBER 31, 1947, SEPTEMBER 30, 1947 AND OCTOBER 31, 1946

	<u>Oct. 31, 1947</u>	<u>Sept. 30, 1947</u>	<u>Oct. 31, 1946</u>
<u>ASSETS</u>			
<b>CURRENT ASSETS:</b>			
Cash and Marketable Securities			
Cash on hand and demand deposits	\$ 8,372,735.	\$ 7,657,298.	\$ 9,436,719.
U. S. Government	10,664,185.	13,163,170.	37,468,676.
Canadian Government	-	-	226,250.
Total Cash and Marketable Securities	<u>\$ 19,036,921.</u>	<u>\$ 20,820,468.</u>	<u>\$ 47,131,645.</u>
Accounts Receivable:			
U. S. Government			
For the transportation of air mail	\$ 569,242.	\$ 536,594.	\$ 988,020.
For air travel, etc.	528,410.	490,491.	813,739.
For services performed at cost under war contracts	-	-	620,094.
Air travel plan subscribers	3,933,522.	3,592,854.	3,209,454.
Airline companies and agents	5,429,151.	6,432,815.	4,729,584.
Other trade accounts	2,223,342.	1,946,991.	2,352,501.
Federal tax refund receivable under "carry-back" provisions of the tax law	-	-	365,000.
Indebtedness of employees	108,944.	108,807.	161,270.
	<u>\$ 12,792,615.</u>	<u>\$ 13,108,554.</u>	<u>\$ 13,239,664.</u>
Less: Reserve for doubtful accounts	121,865.	118,609.	119,830.
	<u>\$ 12,670,750.</u>	<u>\$ 12,989,945.</u>	<u>\$ 13,119,833.</u>
Inventories of materials and supplies	\$ 2,264,796.	\$ 2,517,213.	\$ 1,591,052.
Total Current Assets	<u>\$ 33,972,468.</u>	<u>\$ 36,327,627.</u>	<u>\$ 61,842,532.</u>
<b>INVESTMENTS AND SPECIAL FUNDS:</b>			
Investments in and advances to subsidiaries not consolidated:			
American Overseas Airlines, Inc. less reserve of \$225,671.	\$ 12,931,288.	\$ 12,931,288.	\$ 9,480,000.
Other, at cost	1,511,000.	1,501,000.	700,000.
Miscellaneous investments	339,884.	339,884.	270,942.
Deposits- acquisition of airplanes and engines			
Cash	4,696,190.	5,231,190.	3,706,299.
U. S. Government Securities (approximately market)	-	-	8,212,483.
Other special deposits	136,786.	136,813.	185,563.
	<u>\$ 19,615,148.</u>	<u>\$ 20,140,176.</u>	<u>\$ 22,555,288.</u>
FEDERAL INCOME TAX ADJUSTMENT (For 1947 See Note 4)	\$ 1,600,000.	\$ 1,390,000.	\$ -
FLIGHT EQUIPMENT (INCLUDING SPARE PARTS & ASSEMBLIES)	\$ 67,483,195.	\$ 65,384,839.	\$ 42,835,658.
Less: Reserve for obsolescence and depreciation	17,158,445.	16,491,434.	11,074,475.
	<u>\$ 50,324,750.</u>	<u>\$ 48,893,405.</u>	<u>\$ 31,761,182.</u>
LAND, BUILDINGS & OTHER EQUIPMENT, AT COST	\$ 19,077,473.	\$ 18,815,751.	\$ 13,122,102.
Less: Reserve for depreciation	5,004,079.	4,875,677.	3,602,988.
	<u>\$ 14,073,394.</u>	<u>\$ 13,940,074.</u>	<u>\$ 9,519,113.</u>
LONG TERM OPERATING PROPERTY PREPAYMENTS	\$ 883,958.	\$ 889,354.	\$ 919,435.
<b>DEFERRED CHARGES:</b>			
Prepaid rents, insurance & other expenses	\$ 428,000.	\$ 389,525.	\$ 407,711.
Unamortized debenture discount & expenses	587,634.	591,052.	605,871.
Other deferred charges	2,583,591.	2,248,769.	692,454.
Expenses on sale of preferred stock	-	-	104,283.
	<u>\$ 3,599,226.</u>	<u>\$ 3,229,347.</u>	<u>\$ 1,810,321.</u>
	<u>\$124,068,947.</u>	<u>\$124,809,986.</u>	<u>\$128,407,873.</u>

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

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CONSOLIDATED BALANCE SHEETS

AT OCTOBER 31, 1947, SEPTEMBER 30, 1947 AND OCTOBER 31, 1946

LIABILITIES, CAPITAL STOCK AND SURPLUS

	<u>Oct. 31, 1947</u>	<u>Sept. 30, 1947</u>	<u>Oct. 31, 1946</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 4,540,027.	\$ 4,434,463.	\$ 5,563,493.
Dividends declared	350,000.	-	-
Airline companies- traffic balances	5,902,419.	6,372,636.	4,435,100.
Intercompany accounts	30,676.	625,848.	48,677.
Air travel plan subscribers' deposits	5,126,350.	5,130,600.	5,258,950.
Accrued salaries and wages	781,079.	1,151,992.	1,140,957.
Accrued Federal income taxes (1945 and prior)	238,650.	238,650.	1,304,335.
Other accrued taxes	271,808.	381,767.	157,140.
Accrued interest on debentures	500,000.	400,000.	500,000.
Other accrued liabilities	1,164,452.	972,952.	1,208,756.
<b>Total Current Liabilities</b>	<u>\$ 18,844,111.</u>	<u>\$ 19,708,912.</u>	<u>\$ 19,520,055.</u>
<b>UNEARNED TRANSPORTATION REVENUE</b>	<u>\$ 1,014,406.</u>	<u>\$ 947,849.</u>	<u>\$ 756,182.</u>
<b>3% SINKING FUND DEBENTURES - DUE JUNE 1, 1966</b>	<u>\$ 40,000,000.</u>	<u>\$ 40,000,000.</u>	<u>\$ 40,000,000.</u>
<b>RESERVE FOR TRANSITION TO PEACETIME OPERATIONS</b>	<u>\$ 2,568,922.</u>	<u>\$ 2,585,124.</u>	<u>\$ 1,872,555.</u>
<b>CAPITAL STOCK:</b>			
Preferred stock, par value \$100 per share			
Authorized - 600,000 shares			
Issued and outstanding - 400,000 shares (3½% Cumulative Convertible)	<u>\$ 40,000,000.</u>	<u>\$ 40,000,000.</u>	<u>\$ 40,000,000.</u>
Common stock, par value \$1 per share			
Authorized - 12,000,000 shares			
Issued and outstanding- 6,452,835 shares			
250,000 shares reserved for option expiring 6/1/50 at \$11.70 per share - 1,904,762 shares reserved for conversion of 3½% Cumulative Convertible Preferred Stock (at \$21 per share)	<u>\$ 6,452,835.</u>	<u>\$ 6,452,835.</u>	<u>\$ 6,452,835.</u>
Employees stock, par value \$1 per share			
Authorized - 500,000 shares			
Issued and outstanding- none	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>SURPLUS:</b>			
Paid-in Surplus	<u>\$ 6,159,653.</u>	<u>\$ 6,159,653.</u>	<u>\$ 6,267,434.</u>
Earned surplus			
Balance at beginning of year	\$ 12,520,391.	\$ 12,520,391.	\$ 13,422,302.
Net Profit (Loss)- year to date	591,373.	1,014,779.	415,951.
	<u>\$ 11,929,017.</u>	<u>\$ 11,505,611.</u>	<u>\$ 13,838,254.</u>
Less:			
Dividends declared on preferred stock	\$ 1,400,000.	\$ 1,050,000.	\$ 299,444.
Additional provision for transition to peacetime operations	1,500,000.	1,500,000.	-
	<u>\$ 2,900,000.</u>	<u>\$ 2,550,000.</u>	<u>\$ 299,444.</u>
<b>Total Earned Surplus</b>	<u>\$ 9,029,017.</u>	<u>\$ 8,955,611.</u>	<u>\$ 13,538,810.</u>
<b>Total Surplus</b>	<u>\$ 15,188,671.</u>	<u>\$ 15,115,265.</u>	<u>\$ 19,806,244.</u>
	<u>\$124,068,947.</u>	<u>\$124,809,986.</u>	<u>\$128,407,873.</u>

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Explanatory Notes are attached hereto.

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY  
COMPARATIVE STATEMENT OF PROFIT AND LOSS

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FOR THE MONTHS OF OCTOBER 1947, SEPTEMBER 1947 AND OCTOBER 1946  
AND THE TEN MONTHS ENDED OCTOBER 31, 1947 AND OCTOBER 31, 1946

	Cents Per Rev. Ton Mile		Cents Per Rev. Ton Mile		Cents Per Rev. Ton Mile		Ten Months Ended	Cents Per Rev. Ton Mile		Ten Months Ended	Cents Per Rev. Ton Mile	
	Oct. 1947	Sept. 1947	Oct. 1946	Oct. 31, 1947	Oct. 31, 1946	Oct. 31, 1947	Oct. 31, 1946	Oct. 31, 1946	Oct. 31, 1946	Oct. 31, 1946	Oct. 31, 1946	Oct. 31, 1946
<b>OPERATING REVENUES</b>												
Passenger	\$7,426,210.	53.7	\$7,583,646.	53.0	\$6,131,075.	46.1	\$61,215,814.	50.8	\$47,982,694.	46.6		
Mail	296,143.	45.0	243,235.	44.9	302,457.	45.1	2,656,076.	45.2	2,560,061.	45.1		
Express	181,151.	36.3	148,589.	36.1	242,914.	38.3	1,576,211.	39.2	1,503,801.	40.2		
Freight	462,162.	24.2	300,116.	22.7	264,284.	29.0	2,479,069.	26.5	1,340,486.	31.6		
Excess baggage	107,727.	54.3	92,077.	47.7	72,378.	42.2	748,861.	47.0	558,446.	48.0		
Charter & special- Passenger	24,494.	36.7	22,867.	47.8	2,362.	47.3	123,313.	42.4	11,412.	59.8		
Charter & special- Freight	2,389.	12.1	6,646.	19.5	192,428.	18.6	845,143.	21.9	546,746.	19.9		
Other transportation revenue	253.	-	-	-	1,126.	-	7,469.	-	1,126.	-		
Incidental revenue	14,863.	-	39,965.	-	24,229.	-	360,277.	-	249,799.	-		
<b>Total Operating Revenue</b>	<b>\$8,515,395.</b>	<b>49.5</b>	<b>\$8,437,145.</b>	<b>50.1</b>	<b>\$7,233,257.</b>	<b>43.2</b>	<b>\$70,012,236.</b>	<b>48.1</b>	<b>\$54,754,573.</b>	<b>45.4</b>		
<b>OPERATING EXPENSES</b>												
Flying operations	\$1,748,421.	10.2	\$1,616,026.	9.6	\$1,473,154.	8.8	\$15,077,010.	10.4	\$11,193,739.	9.4		
Flight equipment maintenance- direct	1,020,399.	6.0	995,981.	5.9	799,434.	4.8	8,107,397.	5.6	5,739,666.	4.8		
Depreciation- flight equipment	797,457.	4.6	783,199.	4.6	633,697.	3.8	7,096,766.	4.8	3,484,715.	2.9		
<b>Total Flying Expenses</b>	<b>\$3,566,278.</b>	<b>20.8</b>	<b>\$3,395,207.</b>	<b>20.1</b>	<b>\$2,906,285.</b>	<b>17.4</b>	<b>\$30,281,174.</b>	<b>20.8</b>	<b>\$20,418,121.</b>	<b>17.1</b>		
Ground operations	\$1,253,227.	7.3	\$1,167,377.	6.9	\$1,192,973.	7.1	\$11,945,689.	8.2	\$ 9,374,578.	7.7		
Ground and indirect maintenance	691,337.	4.0	648,378.	3.9	741,160.	4.4	6,810,056.	4.7	5,603,595.	4.6		
Passenger service	577,723.	3.4	564,213.	3.3	549,525.	3.3	5,321,625.	3.7	4,061,049.	3.4		
Traffic and sales	794,343.	4.6	736,252.	4.4	792,135.	4.7	7,465,146.	5.1	6,736,667.	5.6		
Advertising	140,312.	.8	128,870.	.8	100,187.	.6	869,642.	.6	1,045,119.	.9		
Publicity	138,093.	.8	87,504.	.5	89,534.	.5	889,755.	.6	577,003.	.5		
General and administrative	643,746.	3.7	538,387.	3.2	572,630.	3.4	5,950,348.	4.1	4,940,810.	4.0		
Depreciation- ground property and equipment	145,387.	.9	148,313.	.9	92,219.	.6	1,340,462.	.9	710,702.	.6		
<b>Total Ground Expenses</b>	<b>\$4,384,172.</b>	<b>25.5</b>	<b>\$4,019,298.</b>	<b>23.9</b>	<b>\$4,130,366.</b>	<b>24.6</b>	<b>\$40,592,727.</b>	<b>27.9</b>	<b>\$33,049,527.</b>	<b>27.3</b>		
<b>Total Operating Expenses</b>	<b>\$7,950,450.</b>	<b>46.3</b>	<b>\$7,414,506.</b>	<b>44.0</b>	<b>\$7,036,652.</b>	<b>42.0</b>	<b>\$70,873,901.</b>	<b>48.7</b>	<b>\$53,467,649.</b>	<b>44.4</b>		
Net operating income	\$ 564,945.	3.2	\$1,022,638.	6.1	\$ 196,605.	1.2	\$ 861,665.	.6	\$ 1,286,924.	1.0		
Non-operating income	27,944.	.2	48,082.	.3	46,179.	.3	373,684.	.3	317,339.	.3		
<b>Gross income</b>	<b>\$ 592,889.</b>	<b>3.4</b>	<b>\$1,070,721.</b>	<b>6.4</b>	<b>\$ 242,785.</b>	<b>1.5</b>	<b>\$ 487,980.</b>	<b>.3</b>	<b>\$ 1,604,263.</b>	<b>1.3</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	\$ 268,718.	1.4	\$ 139,147.	.8	\$ 3,353.	-	\$ 774,285.	.5	\$ 537,788.	.4		
Interest on bank loans and long term debt	100,000.	.6	100,000.	.6	100,000.	.6	1,000,000.	.7	572,291.	.5		
Interest deferred	19,444.	.1	29,458.	.2	23,823.	.1	384,403.	.2	159,163.	.1		
Other	30,209.	.2	179,388.	1.0	113,140.	.7	313,510.	.2	602,394.	.5		
<b>Total Deductions from Gross Income</b>	<b>\$ 379,483.</b>	<b>2.2</b>	<b>\$ 30,299.</b>	<b>.2</b>	<b>\$ 192,670.</b>	<b>1.2</b>	<b>\$ 1,703,392.</b>	<b>1.2</b>	<b>\$ 1,553,311.</b>	<b>1.3</b>		
Net income before Federal income taxes	\$ 213,406.	1.2	\$1,040,421.	6.2	\$ 50,114.	.3	\$ 2,191,373.	1.5	\$ 50,951.	-		
Federal income tax credit resulting from loss for period	210,000.	1.3	370,000.	2.1	5,000.	-	1,600,000.	1.1	365,000.	.3		
<b>NET PROFIT OR LOSS CARRIED TO SURPLUS</b>	<b>\$ 423,406.</b>	<b>2.5</b>	<b>\$ 670,421.</b>	<b>4.1</b>	<b>\$ 45,114.</b>	<b>.3</b>	<b>\$ 591,373.</b>	<b>.4</b>	<b>\$ 415,951.</b>	<b>.3</b>		
<b>REVENUE TON MILES FLOWN</b>	<b>17,184,304</b>		<b>16,849,890</b>		<b>16,742,011</b>		<b>145,413,531</b>		<b>120,517,853</b>			
<b>PERCENT - PASSENGER LOAD FACTOR</b>	<b>70.8</b>		<b>76.6</b>		<b>75.4</b>		<b>70.7</b>		<b>84.1</b>			

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Explanatory Notes are attached hereto

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1947

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- NOTE 1: The accompanying financial statements include American Airlines de Mexico, S.A., a wholly owned subsidiary, but do not include Sky Chefs, Inc., Manhattan Air Terminals, Inc. (both wholly owned) or American Overseas Airlines, Inc. (61.8% owned).
- NOTE 2: The Company has commitments for the purchase of operating property and equipment approximating \$24,000,000. It is expected that \$6,000,000 thereof will be expended in the last two months of 1947 and \$18,000,000 in 1948.
- NOTE 3: For the ten months ended October 31, 1947 there has been charged to the reserve for Transition to Peacetime Operations costs incurred in retraining and reassigning of personnel returning from military service; cancellation of Republic Rainbow purchase contract and the disposal of superseded type aircraft, surplus and obsolete repair parts in the amount of \$890,621 net of Federal tax recoverable in the amount of \$774,285.
- NOTE 4: The attached statements reflect an anticipated reduction in 1947 Federal income tax of \$1,600,000 computed at 47.92% of the loss on the tax basis for the ten months ended October 31, 1947.
- NOTE 5: During the ten months ending October 31, 1947 the Company deferred \$1,486,305 interest paid on debentures used for financing acquisition of equipment and facilities, and expense incurred in training of personnel for operation of new type airplanes. The interest is being capitalized as the equipment is placed in service, and the training expenses are being amortized over a period of four years. The Federal income tax credit includes \$712,237 resulting from the aforementioned deferred interest and training expenses.

11/18/47

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 SEPTEMBER 1947, AUGUST 1947 AND SEPTEMBER 1946

AND THE NINE MONTHS ENDED SEPTEMBER 30, 1947 AND SEPTEMBER 30, 1946

	Division of Expenses		Sept. 1947	Aug. 1947	Sept. 1946	Nine Months Ended Sept. 30, 1947	Nine Months Ended Sept. 30, 1946
	Expense Incurred In Mexico	Direct Charges Supervision and Allocation of Joint Operations					
<b>OPERATING REVENUES</b>							
Passenger			\$279,122.	\$294,891.	\$150,284.	\$2,151,616.	\$1,368,166.
Mail							
U. S. Government			3,677.	4,277.	2,043.	32,828.	13,030.
Foreign			1,805.	3,187.	2,245.	22,396.	19,140.
Freight and express			31,613.	27,829.	19,045.	307,040.	234,209.
Excess baggage			10,094.	3,600.	3,958.	56,406.	32,649.
Incidental revenue			9,996.	9,170.	14,761.	105,154.	133,331.
Total Operating Revenue			\$336,309.	\$342,955.	\$192,338.	\$2,675,443.	\$1,800,528.
<b>OPERATING EXPENSES</b>							
Flying operations	\$ 18,287.	\$67,492.	\$ 85,780.	\$ 95,348.	\$ 49,276.	\$ 752,523.	\$ 402,888.
Flight equipment maintenance- direct	981.	62,651.	63,633.	44,195.	24,657.	376,596.	166,727.
Depreciation- flight equipment	-	30,777.	30,777.	31,917.	13,893.	363,907.	64,290.
Total Flying Expenses	\$ 19,268.	\$160,921.	\$180,190.	\$171,461.	\$ 87,827.	\$1,493,028.	\$ 633,906.
Ground operations	24,827.	12,328.	37,156.	39,293.	37,702.	333,581.	304,759.
Ground and indirect maintenance	12,926.	3,155.	16,081.	18,643.	12,730.	177,432.	128,561.
Passenger service	13,006.	14,161.	27,168.	27,888.	15,556.	224,158.	160,986.
Traffic and sales	13,856.	14,021.	27,878.	33,721.	18,089.	278,392.	177,646.
Advertising and Publicity	4,664.	-	4,664.	7,943.	9,246.	65,201.	56,857.
General and Administrative	17,586.	9,957.	27,536.	26,215.	19,922.	256,621.	181,894.
Depreciation- ground property & equipment	10,288.	727.	11,015.	7,577.	15,545.	104,428.	139,867.
Total Operating Expenses	\$116,425.	\$215,266.	\$331,691.	\$332,744.	\$216,621.	\$2,932,845.	\$1,784,480.
Net operating income or Loss			\$ 4,617.	\$ 10,210.	\$ 24,283.	\$ 257,401.	\$ 16,048.
Profit on sale of equipment			-	1,661.	20.	4,617.	3,015.
			\$ 4,617.	\$ 11,872.	\$ 24,262.	\$ 252,783.	\$ 19,063.
Deductions from income			1,290.	1,022.	1,185.	6,324.	14,677.
<b>NET PROFIT OR LOSS BEFORE TAXES</b>			\$ 3,327.	\$ 10,849.	\$ 25,448.	\$ 259,108.	\$ 4,386.
<b>REVENUE MILES FLOWN</b>							
REVENUE PASSENGER MILES FLOWN			228,052	231,855	208,538	1,853,872	1,834,358
REVENUE PASSENGERS CARRIED			5,729,110	6,084,006	3,368,733	45,682,951	29,623,217
			7,342	7,524	4,164	38,159	34,981
<b>LOAD FACTOR - DC-3</b>							
DC-4			-	-	78.2	-	88.3
DC-6			-	69.3	72.6	-	72.5
			64.6	67.0	-	58.7	-



Statement of capital expenditures which have been authorized by management since the last meeting of the Board of Directors on October 15, 1947 and which are herewith reported to the Directors.

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<u>Description</u>	<u>Amount Authorized</u>
Additional initial provisioning and urgent engineering changes- Convair fleet	\$ 50,000.00
Additional cost of Terminal- South Bend- Airport	1,104.82
Alterations and equipment for new airport- Midland-Odessa	9,681.19
Alterations and equipment for new airport- Louisville	1,720.00
Construction of waste disposal system- Tulsa Maintenance Depot	2,485.00
48 Work ladders for Maintenance Dept.- Chicago	2,051.37
Install air ducts to cool radio racks- DC-6 aircraft	3,624.00
Modification of 5 DC-4 passenger aircraft to airfreighter type	72,100.00
Install radar equipment in one DC-3 for experimental purposes	16,800.00
Install fiberglass sheet in passenger seats as additional fire protection- DC-6	4,461.00
Additional cost of 22 trailer carts- System	1,650.00
Plastic boxes for Convair food service	37,717.50
5 Electric adding machines for increased operations- Buffalo, Philadel- phia, Dallas, Fort Worth	1,352.95
Tractor for cargo operations- Syracuse	1,500.00
Office equipment for Flight Dispatch- Chicago	1,830.26
3 Control units for ground communications- System spares	1,011.00
4 Aircraft communications units for spares	1,800.00
AAL share of costs of ground communication facilities at Houston for ARINC operation	6,268.00
Alterations and equipment to provide City Ticket office- Charleston	1,872.14
18 Bins for stock room- Tulsa Maintenance Depot	4,384.37
Additional cost of equipment for the activation of Tulsa Maint. Depot	54,405.00
Shop equipment for increased activity of Tulsa Maintenance Depot	38,340.07
Modify 160 altimeters to approved CAA type and install 40 in DC-3 aircraft which will be in service after Feb. 15, 1948	37,520.00
<u>52</u> Authorizations each less than \$1,000.00	<u>9,999.07</u>
	<u><u>\$363,677.74</u></u>

AMERICAN AIRLINES DE MEXICO, S.A.

Furniture for Maintenance Dept.- Monterrey	\$ 305.00
Electric adding machine for aircargo office- Mexico City	340.00
Tractor for DC-6 operations- Mexico City	900.00
Motor-driven blower for cleaning equipment- System	103.00
<u>4</u> Authorizations each less than \$100.00	<u>123.00</u>
	<u><u>\$ 1,771.00</u></u>

11/12/47

AMERICAN AIRLINES, INC.

Passenger, Mail, Express and Airfreight Statistics  
 Month of October 1947, October 1946,  
and the Ten Months ended October 31, 1947 and October 31, 1946

<u>Passengers</u>	<u>Oct. 1947</u>	<u>Oct. 1946</u>	<u>% Increase or Decrease</u>	<u>10 Months Oct. 31, 1947</u>	<u>10 Months Oct. 31, 1946</u>	<u>% Increase or Decrease</u>
Revenue miles flown in Pass. Svce	5,175,519	6,111,845	15.3	48,467,927	49,899,288	2.9
Revenue Miles Flown						
DC-3	1,894,076	4,119,271	54.0	24,858,454	43,090,570	42.3
DC-4	2,049,615	2,163,331	5.3	21,076,552	8,528,216	147.1
DC-6	1,553,747	-	-	5,994,539	-	-
Total	5,497,438	6,282,602	12.5	51,929,545	51,618,786	.6
Revenue Passgrs Carried-Scheduled	289,754	264,620	9.5	2,415,315	2,013,919	19.9
Revenue Passgr Miles - Scheduled						
DC-3	25,259,548	58,891,891	57.1	321,341,938	713,124,611	54.9
DC-4	64,008,711	80,381,519	20.4	699,942,498	344,644,880	103.1
DC-6	56,732,291	-	-	228,742,490	-	-
Total	146,000,550	139,273,410	4.8	1,250,026,926	1,057,769,491	18.2
Seat Miles Operated - Scheduled						
DC-3	37,119,230	78,895,585	52.9	471,861,711	837,944,785	43.7
DC-4	90,314,814	105,886,278	14.7	989,568,153	420,323,478	135.4
DC-6	78,880,058	-	-	307,321,058	-	-
Total	206,314,102	184,781,863	11.7	1,768,750,922	1,258,268,263	40.6
Passenger Load Factor						
DC-3	68.0	74.6	-	68.1	85.1	-
DC-4	70.9	75.9	-	70.7	82.0	-
DC-6	71.9	-	-	74.4	-	-
System	70.8	75.4	-	70.7	84.1	-
Tons Carried - Mail	832	831	0.1	7,145	8,299	13.9
Ton Miles Flown - Mail	657,908	671,325	2.0	5,872,162	5,670,715	33.6
Ton Carried - Express	1,256	1,506	16.6	9,106	7,875	15.6
Ton Miles Flown - Express	498,674	633,519	21.3	4,022,105	3,740,701	5.8
Ton Carried - Airfreight	4,061	1,660	144.6	18,171	7,472	143.2
Ton Miles Flown - Airfreight	1,906,554	911,531	109.1	9,369,281	4,246,255	120.6
Payload Average Rev. Load Carried per mile (Lbs.)	6,243	5,000	24.9	5,393.	4,574	18.4
Weight Load Factor	61.1	58.2	-	60.8	67.5	-

11/17/47

AMERICAN OVERSEAS AIRLINES, INC. AND AMERICAN OVERSEAS AIRLINES, LTD.

FINANCIAL STATEMENTS

OCTOBER 31, 1947

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AMERICAN OVERSEAS AIRLINES, INC. AND AMERICAN OVERSEAS AIRLINES, LTD.CONSOLIDATED BALANCE SHEETSAS AT OCTOBER 31, 1947, SEPTEMBER 30, 1947 AND OCTOBER 31, 1946ASSETS AND DEFERRED CHARGES

	<u>Oct. 31, 1947</u>	<u>Sept. 30, 1947</u>	<u>Oct. 31, 1946*</u>
<b>CURRENT ASSETS:</b>			
Cash and Marketable Securities			
Cash on hand and demand deposits	\$ 2,817,431.	\$ 2,853,250.	\$ 4,362,818.
U. S. Government Securities	2,023,048.	2,524,458.	-
	<u>\$ 4,840,479.</u>	<u>\$ 5,377,708.</u>	<u>\$ 4,362,818.</u>
Accounts receivable			
U. S. Government			
Service performed under contracts	\$ 3,352,555.	\$ 3,095,234.	\$ 2,975,077.
Less: Advance payments received	-	-	780,741.
	<u>\$ 3,352,555.</u>	<u>\$ 3,095,234.</u>	<u>\$ 2,194,336.</u>
Less: Reserve for adjustments on govt. contract	298,353.	298,353.	199,050.
	<u>\$ 3,054,202.</u>	<u>\$ 2,796,881.</u>	<u>\$ 1,995,286.</u>
Transportation of air mail- U. S.	2,439,322.	468,773.	840,377.
Transportation of air mail- Foreign	725,500.	750,676.	910,263.
Air travel, etc.	212,178.	225,834.	246,266.
Traffic and express balances	886,628.	986,377.	1,165,960.
Due from employees	109,167.	112,256.	117,888.
American Airlines, Inc.	-	569,485.	-
Other trade accounts	425,534.	390,716.	309,559.
Net Accounts Receivable	<u>\$ 7,852,531.</u>	<u>\$ 6,300,998.</u>	<u>\$ 5,585,599.</u>
Inventories - parts and supplies	\$ 1,319,583.	\$ 1,282,668.	\$ 688,484.
Other current assets	\$ 287,479.	\$ 128,064.	\$ 26,441.
Total Current Assets	<u>\$ 14,300,072.</u>	<u>\$ 13,089,438.</u>	<u>\$ 10,663,342.</u>
<b>GOVERNMENT CONTRACT ADVANCE PAYMENT ACCOUNT</b>	\$ -	\$ -	\$ 1,000.
<b>INVESTMENTS AND SPECIAL FUNDS</b>			
Advances on purchase of aircraft and engines	\$ 2,964,722.	\$ 2,839,722.	\$ 1,838,268.
Other	355,507.	355,507.	44,507.
Total Investments and Special Funds	<u>\$ 3,320,229.</u>	<u>\$ 3,195,229.</u>	<u>\$ 1,882,775.</u>
<b>FLIGHT EQUIPMENT AT COST</b>	\$ 9,916,670.	\$ 10,028,911.	\$ 8,391,694.
Less: reserve for depreciation	3,208,534.	3,125,328.	480,815.
Flight Equipment - Net	<u>\$ 6,708,136.</u>	<u>\$ 6,903,583.</u>	<u>\$ 7,910,879.</u>
<b>BUILDINGS AND OTHER EQUIPMENT AT COST</b>	\$ 1,836,156.	\$ 1,832,002.	\$ 1,266,741.
Less: reserve for depreciation	507,882.	492,881.	348,956.
Buildings and Other Equipment - Net	<u>\$ 1,328,274.</u>	<u>\$ 1,339,121.</u>	<u>\$ 917,785.</u>
<b>NON-OPERATING PROPERTY AND EQUIPMENT</b>	\$ 72,424.	\$ 72,424.	\$ -
<b>UNAMORTIZED EXTENSION AND DEVELOPMENT COSTS</b>	\$ 904,393.	\$ 920,543.	\$ 1,098,191.
<b>LONG TERM OPERATING PROPERTY PREPAYMENTS</b>	\$ 12,707.	\$ 12,952.	\$ -
<b>DEFERRED CHARGES:</b>			
Prepaid rents, insurance and other expenses	\$ 175,494.	\$ 180,228.	\$ 155,528.
Other deferred charges	206,269.	214,674.	508,478.
Total Deferred Charges	<u>\$ 381,763.</u>	<u>\$ 394,902.</u>	<u>\$ 664,006.</u>
Total Assets and Deferred Charges	<u>\$ 27,027,998.</u>	<u>\$ 25,928,192.</u>	<u>\$ 23,137,978.</u>

\* 1946 Figures restated to a basis comparable to 1947

Explanatory Notes are attached hereto

11/18/47

CONSOLIDATED BALANCE SHEETS

AS AT OCTOBER 31, 1947, SEPTEMBER 30, 1947 AND OCTOBER 31, 1946

LIABILITIES, CAPITAL STOCK AND SURPLUS

	Oct. 31, 1947	Sept. 30, 1947	Oct. 31, 1946*
<b>CURRENT LIABILITIES:</b>			
Notes payable	\$ -	\$ -	\$ 5,000,000.
Accounts payable	289,645.	309,490.	287,498.
Traffic balances payable	699,441.	532,068.	218,873.
Accounts Payable- American Airlines, Inc.	38,748.	-	60,453.
Accrued salaries and wages	136,770.	164,870.	12,348.
Reserve for Federal income taxes	-	-	603,614.
Other accrued taxes	49,769.	86,503.	222,803.
Accrued interest	672.	23,922.	12,083.
Other accrued liabilities	1,520,178.	1,724,922.	1,407,810.
<b>Total Current Liabilities</b>	<b>\$ 2,735,223.</b>	<b>\$ 2,841,775.</b>	<b>\$ 7,825,482.</b>
LIABILITY FOR ADVANCE PAYMENT ON GOVERNMENT CONTRACT	\$ -	\$ -	\$ 1,000.
UNEARNED TRANSPORTATION REVENUE	\$ 2,556,280.	\$ 2,231,758.	\$ 1,864,009.
OTHER DEFERRED CREDITS	\$ 554,435.	\$ 560,486.	\$ 532,331.
RESERVE FOR AIRCRAFT OVERHAUL	\$ 346,765.	\$ 359,326.	\$ -
RESERVE FOR AIRCRAFT ENGINE OVERHAUL	\$ 342,643.	\$ 439,156.	\$ -
LONG TERM DEBT - BANKS	\$ 3,000,000.	\$ 3,000,000.	\$ -
SUBORDINATED NOTES DUE OCTOBER 30, 1954	\$ 2,000,000.	\$ 2,000,000.	\$ -
<b>CAPITAL STOCK</b>			
Capital - 1,749,825 shares at \$1. par value	\$ 1,749,825.	\$ 1,749,825.	\$ -
1,381,066 " " \$1 " "	-	-	1,381,066.
	<b>\$ 1,749,825.</b>	<b>\$ 1,749,825.</b>	<b>\$ 1,381,066.</b>
<b>SURPLUS</b>			
Paid in surplus	\$ 14,881,855.	\$ 14,881,855.	\$ 10,855,277.
<b>Earned surplus (deficit)</b>			
Balance at beginning of year	\$ 431,710.	\$ 431,710.	\$ 85,054.
U. S. Mail pay applicable to 1946	949,847.	-	-
Net profit (loss)- year to date	1,657,165.	1,704,279.	763,867.
<b>Total Earned Surplus (deficit)</b>	<b>\$ 1,139,028.</b>	<b>\$ 2,135,989.</b>	<b>\$ 678,813.</b>
<b>Total Surplus</b>	<b>\$ 13,742,827.</b>	<b>\$ 12,745,866.</b>	<b>\$ 11,534,090.</b>
<b>Total Liabilities, Reserves and Capital</b>	<b>\$ 27,027,998.</b>	<b>\$ 25,928,192.</b>	<b>\$ 23,137,978.</b>

\*=1946 Figures restated to a basis comparable to 1947

Explanatory Notes are attached hereto

11/18/47.

COMPARATIVE STATEMENT OF PROFIT AND LOSS

FOR THE MONTHS OF OCTOBER 1947, SEPTEMBER 1947 AND OCTOBER 1946  
AND THE TEN MONTHS ENDED OCTOBER 31, 1947 AND OCTOBER 31, 1946

	Oct. 1947	Cents Per Rev. Mile	Sept. 1947	Cents Per Rev. Mile	Oct. 1946*	Cents Per Rev. Mile	Ten Months Ended Oct. 31, 1947	Cents Per Rev. Mile	Ten Months Ended Oct. 31, 1946*	Cents Per Rev. Mile
<b>OPERATING REVENUES</b>										
Passenger	\$ 427,371.	193.9	\$1,678,453.	204.2	\$ 989,219.	242.4	\$13,081,672.	205.6	\$ 9,128,892.	274.6
Mail- U. S.	1,133,700.	514.4	89,886.	10.9	67,185.	16.5	2,063,659.	32.4	404,801.	12.2
Mail- Foreign	12,187.	5.5	45,728.	5.6	164,338.	40.3	638,783.	10.0	1,574,932.	47.4
Express and freight	58,155.	26.4	80,906.	9.8	98,143.	24.0	972,483.	15.3	582,786.	17.5
Excess baggage	8,309.	3.8	27,009.	3.3	26,845.	6.6	227,051.	3.6	260,100.	7.8
Charter and special	-	-	3,821.	.5	11,220.	2.7	17,089.	.3	41,059.	1.2
Incidental revenue	62,862.	28.5	49,867.	6.0	28,337.	6.9	500,964.	7.9	191,855.	5.8
<b>Total Operating Revenues</b>	<b>\$1,702,584.</b>	<b>772.5</b>	<b>\$1,975,670.</b>	<b>240.3</b>	<b>\$1,385,287.</b>	<b>339.4</b>	<b>\$17,501,701.</b>	<b>275.1</b>	<b>\$12,184,425.</b>	<b>366.5</b>
<b>OPERATING EXPENSES</b>										
Flying operations	\$ 306,575.	139.1	\$ 536,479.	65.3	\$ 356,606.	87.3	\$ 4,689,405.	73.7	\$ 2,691,859.	81.0
Flight equipment maintenance- direct	91,336.	41.4	299,652.	36.4	140,708.	34.5	2,293,282.	36.1	891,854.	26.8
Depreciation- flight equipment	207,937.	94.4	203,881.	24.8	46,867.	11.5	1,904,748.	29.9	428,154.	12.9
<b>Total Flying Expenses</b>	<b>\$ 605,848.</b>	<b>274.9</b>	<b>\$1,040,012.</b>	<b>126.5</b>	<b>\$ 544,181.</b>	<b>133.3</b>	<b>\$ 8,887,435.</b>	<b>139.7</b>	<b>\$ 4,011,867.</b>	<b>120.7</b>
Ground operations	\$ 236,027.	107.1	\$ 228,949.	27.8	\$ 121,917.	29.9	\$ 2,252,649.	35.4	\$ 1,383,889.	41.6
Ground and indirect maintenance	191,007.	86.7	179,951.	21.9	207,142.	50.7	1,894,131.	29.8	1,338,580.	40.3
Passenger service	101,350.	46.0	164,688.	20.0	88,546.	21.7	1,224,615.	19.3	862,093.	25.9
Traffic and sales	141,572.	64.2	155,996.	19.0	101,014.	24.7	1,928,418.	30.3	1,096,899.	33.0
Advertising and publicity	77,864.	35.3	85,437.	10.4	32,177.	7.9	576,067.	9.1	334,913.	10.1
Provision for adjustments on govt. contract	-	-	-	-	16,200.	4.0	8,504.	.1	103,050.	3.1
General and administrative	225,497.	102.3	220,851.	26.9	156,138.	38.2	1,970,912.	31.0	1,390,907.	41.8
Depreciation- ground equipment	20,349.	9.2	19,975.	2.4	11,230.	2.8	181,998.	2.8	70,516.	2.1
<b>Total Ground Expenses</b>	<b>\$ 993,666.</b>	<b>450.8</b>	<b>\$1,055,847.</b>	<b>128.4</b>	<b>\$ 734,364.</b>	<b>179.9</b>	<b>\$10,037,294.</b>	<b>157.8</b>	<b>\$ 6,580,847.</b>	<b>197.9</b>
<b>Total Operating Expenses</b>	<b>\$1,599,514.</b>	<b>725.7</b>	<b>\$2,095,859.</b>	<b>254.9</b>	<b>\$1,278,545.</b>	<b>313.2</b>	<b>\$18,924,729.</b>	<b>297.5</b>	<b>\$10,592,714.</b>	<b>318.6</b>
<b>Net operating income (loss)</b>	<b>\$ 103,070.</b>	<b>46.8</b>	<b>\$ 120,189.</b>	<b>14.6</b>	<b>\$ 106,742.</b>	<b>26.2</b>	<b>\$ 1,423,028.</b>	<b>22.4</b>	<b>\$ 1,591,711.</b>	<b>47.9</b>
Non-operating income	8,831.	4.0	7,213.	.9	2,957.	.7	48,891.	.8	44,163.	1.3
<b>Gross Income (loss)</b>	<b>\$ 111,901.</b>	<b>50.8</b>	<b>\$ 112,976.</b>	<b>13.7</b>	<b>\$ 109,699.</b>	<b>26.9</b>	<b>\$ 1,374,137.</b>	<b>21.6</b>	<b>\$ 1,635,874.</b>	<b>49.2</b>
<b>Deductions from gross income</b>										
Extension and development costs	\$ 16,150.	7.3	\$ 16,150.	2.0	\$ 16,150.	4.0	\$ 162,753.	2.6	\$ 167,854.	5.0
Interest expense	7,308.	3.3	8,167.	1.0	-	-	41,527.	.7	-	-
Other	41,329.	18.8	5,415.	.7	4,594.	1.1	78,748.	1.2	102,653.	3.1
<b>Total Deductions from Gross Income</b>	<b>\$ 64,787.</b>	<b>29.4</b>	<b>\$ 29,732.</b>	<b>3.7</b>	<b>\$ 20,744.</b>	<b>5.1</b>	<b>\$ 283,028.</b>	<b>4.5</b>	<b>\$ 270,507.</b>	<b>8.1</b>
<b>NET INCOME (LOSS) BEFORE FEDERAL INCOME TAXES</b>	<b>\$ 47,114.</b>	<b>21.4</b>	<b>\$ 142,708.</b>	<b>17.4</b>	<b>\$ 88,955.</b>	<b>21.8</b>	<b>\$ 1,657,165.</b>	<b>26.1</b>	<b>\$ 1,365,367.</b>	<b>41.1</b>
Provision for Federal income taxes	-	-	-	-	47,000.	11.5	-	-	601,500.	18.1
<b>NET PROFIT (LOSS) TRANSFERRED TO SURPLUS</b>	<b>\$ 47,114.</b>	<b>21.4</b>	<b>\$ 142,708.</b>	<b>17.4</b>	<b>\$ 41,955.</b>	<b>10.3</b>	<b>\$ 1,657,165.</b>	<b>26.1</b>	<b>\$ 763,867.</b>	<b>23.0</b>
REVENUE MILES FLOWN	220,395		822,034		408,235		6,361,654		3,324,308	
REVENUE PASSENGER MILES FLOWN	4,656,000		18,561,000		10,886,713		146,306,000		92,326,035	
REVENUE PASSENGERS CARRIED	1,643		7,091		3,234		52,079		26,842	

\* 1946 Figures restated to a basis comparable to 1947

11/18/47

Explanatory Notes are attached hereto

NOTES TO FINANCIAL STATEMENTS FOR OCTOBER 31, 1947(1) U. S. MAIL PAY

The Civil Aeronautics Board has fixed temporary rates for the transportation of U. S. Mail as follows: 1. For 1945 at \$1.50 per U.S. Mail ton-mile; 2. For January 1, 1946 to June 30, 1947, \$3,137,000 in a lump sum; and 3. For the period from July 1, 1947 at (a) 75¢ per U.S. Mail ton-mile on flights between the United States and certain easterly gateways and (b) 35¢ per aircraft mile on flights beyond the gateways, subject to certain limitations. The amount of \$3,137,000 exceeds by \$1,933,058 the U.S. Mail pay accrued on the Company's books for the 18 months ended June 30, 1947. Like such accruals, the additional pay has herein been distributed between periods on the basis of U. S. Mail ton-miles flown. Thus Surplus has been credited with \$949,847, the 1946 portion, and the balance of \$983,211, together with revenues under item 3 above (\$104,257 increment for July through September, 1947; \$46,230 earned in October, 1947) is included in U. S. Mail revenue for October.

In cases pending before the Board, permanent U.S. Mail rates will be fixed, retroactive to January 1, 1945. The company is presenting grounds for higher mail payments, but the outcome of these cases and the effect of any related adjustments upon the Company's Surplus and Profit and Loss Statement are indeterminable at this time.

(2) COMMITMENTS

The Company has contracted with the Boeing Aircraft Company for the purchase of eight aircraft at a basic consideration of approximately \$10,600,000. Deposits totaling \$2,649,221 have been made in connection with this contract. Delivery of the latter aircraft is expected early in 1948.

The Company is obligated for the purchase of 25 engines at a cost of \$962,466. The Company has made deposits in the amount of \$190,500 in connection with these contracts. In addition, the Company is committed for approximately \$2,534,000 for the purchase of engine parts, spare parts, tools and equipment relating to the Boeing Aircraft.

The Company is committed to deliver £25,000 on November 13 and £25,000 on November 19, 1947. The total of £50,000 was sold ninety (90) days forward during August at \$3.99-3/4 to protect the Company's cash balances in the United Kingdom against possible devaluation of the £ sterling.

(3) EXTENSION AND DEVELOPMENT

Extension and development costs are being amortized over the period from the beginning of commercial operations, January 1, 1945 to July 4, 1952 the date upon which the Company's present Certificate of Public Convenience and Necessity ceases to be effective.

(4) RETIREMENT BENEFIT PLAN

In December 1946 a payment of \$200,000 for prior service credits under the Employees' Pension Plan was made to John Hancock Mutual Life Insurance Co. An additional liability for prior service credits estimated at \$120,419. remains at October 31, 1947. Payments to meet this liability need not be made in near future.