



AMERICAN AIRLINES

CABLE ADDRESS AMAIR

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December 20, 1951

To: The Directors

Your copy of the November financial statements is being mailed to you and shows a profit for the month of November of \$294,000 compared with that for October of \$1,138,000.

Gross revenues for the month of November were \$13,110,000 which was \$1,950,000 less than October. Comparable passenger load factors for the two months were: 73.3% for October; 68.0% for November.

It is too early to make an accurate estimate for the month of December but the profit, before yearend adjustments, should approximate \$600,000.

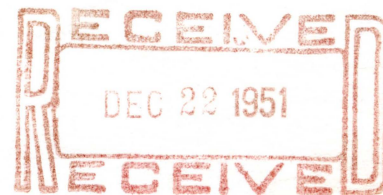
This would give a total profit for the fourth quarter, before yearend adjustments, of \$2,033,000.

The net of yearend adjustments is estimated to approximate \$1,680,000. The principal one, on the debit side, is to provide suitable reserve for vacations "earned" during the year but not taken as of December 31, 1951. The principal adjustment on the credit side is reduction of taxes. There are other adjustments, debit and credit, which net the figure to approximately \$1,680,000 given above.

After yearend adjustments the profit for the fourth quarter is estimated to be \$380,000. The profit to the end of the third quarter was \$9,621,000. This gives us an estimate of earnings for the year of 1951 amounting to \$10,000,000 compared with \$10,400,000 for the year of 1950. Federal taxes on income for the year 1951 is estimated at \$18,200,000. compared with \$11,400,000 for 1950.

It is needless to say that we are not happy with the trend in expenses. The last quarter is going to show an increase of approximately 28% in revenue and a 43% increase in expenses excluding all yearend adjustments. While we are continuing to hold a very tight rein on our expenses the pressure because of inflationary trends on salaries and wages and costs of materials and supplies together with increase in Federal taxes on gasoline is continuing with no end in sight.

C. R. Smith



VIA AIR MAIL