TO THE DIRECTORS:

There is enclosed, for your information, advertising budget for the company for the year of 1946.

The selling job this year, even more than ever before, is a NATIONAL, and to some extent INTERNATIONAL, one. For that reason, accent is on national magazine space.

Newspaper advertising has been increased more than 40%.

In spite of substantial increase in proposed expenditure, relationship of advertising expense to estimated passenger income will, again this year, show a decrease - 2.17 to 1.35.

If further detail is required, send in your questions, if your time will permit, before the date of the next meeting and we will endeavor to have any answers required at that time.

C. R. Smith
Chairman of the Board

Encl
<table>
<thead>
<tr>
<th>Advertising</th>
<th>1945 Budget</th>
<th>Percent of</th>
<th>Tentative</th>
<th>Percent of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Passenger &amp; Excess Revenue</td>
<td>1946 Budget</td>
<td>Passenger &amp; Excess Revenue</td>
</tr>
<tr>
<td>Magazine</td>
<td>$306,242</td>
<td>.79</td>
<td>$635,924</td>
<td>.73</td>
</tr>
<tr>
<td>Newspaper</td>
<td>$330,000</td>
<td>.85</td>
<td>477,500</td>
<td>.78</td>
</tr>
<tr>
<td>Trade Paper</td>
<td>$12,736</td>
<td>.03</td>
<td>15,000</td>
<td>.02</td>
</tr>
<tr>
<td>Misc. Other Space</td>
<td>$6,022</td>
<td>.015</td>
<td>10,000</td>
<td>.0136</td>
</tr>
<tr>
<td>Outdoor</td>
<td>$18,000</td>
<td>.046</td>
<td>18,000</td>
<td>.024</td>
</tr>
<tr>
<td>Air Age Space</td>
<td>$22,412</td>
<td>.058</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Space</td>
<td>$695,412</td>
<td>1.78</td>
<td>$1,156,424</td>
<td>1.57</td>
</tr>
<tr>
<td>Space Production</td>
<td>$20,049</td>
<td>.21</td>
<td>140,000</td>
<td>.19</td>
</tr>
<tr>
<td>Total Space &amp; Space Production</td>
<td>$775,461</td>
<td>1.99</td>
<td>$1,296,424</td>
<td>1.76</td>
</tr>
<tr>
<td>ATA Joint Campaign</td>
<td>$68,737</td>
<td>.18</td>
<td>67,000</td>
<td>.09</td>
</tr>
<tr>
<td>Overall Total</td>
<td>$844,198</td>
<td>2.17</td>
<td>$1,363,424</td>
<td>1.85</td>
</tr>
</tbody>
</table>

Note: 1945 Total including Air Age space not included in 1946.

Note: Percentages based on passenger revenue & Excess baggage as follows:

1945 - $38,964,000
1946 - $73,660,000