AMERICAN AIRLINES, INC.  
New York, New York  

August 20, 1947  

TO: THE BOARD OF DIRECTORS OF AMERICAN AIRLINES, INC.  

You will shortly receive from the Treasurer of the Company, Mr. Wm. Hogan, the financial statements for the month of July, 1947. At the same time you will receive:  

Statement from Mr. E. E. S. Deichler:  
1. Report on business, July  
2. Report on business, first 10 days of August  

This report will be divided into two parts:  
1. Domestic business  
2. Overseas business  

Statement from Mr. Wm. Littlewood:  
1. Status of Convair project  
2. Status of Douglas D66 project  

Statement from Mr. Hogan:  
1. Financial report of American with comment on principal factors affecting the result for the month.  
2. Summarized statement of operating results, American Overseas, for the month of July 1947.  

The load factor, domestic, for the month of July was 64.3%, compared with 73.7 for the month of June and 78.2 for the month of May, 1947. Seat miles operated for July increased to 200,119,162, from 178,688,555 in the month of June, due principally to increase in number of D66 aircraft operated. Profit for the month was $97,114 before taxes and $67,114 after taxes. Total profit is, of course, disappointing but I am of the opinion that we should take substantial comfort from the fact that this is a demonstration that the company can earn money with a load factor of 64%; that has not heretofore been possible in the postwar era. This comes about from two factors: Increasing number of D66 aircraft in the fleet and, perhaps of even greater importance, the result of the determined effort within the company, sparked by Mr. Damon, to get our operation on the basis of utmost of economy and efficiency. The profit for August, if present load factors continue, should be substantially greater.  

Mr. Littlewood will write you some detail about the D66 airplane situation. On the whole the airplane is splendid and its performance has been good. There are a number of minor defects, as will always be found in an airplane of entirely new type. These have mostly been discovered and are being corrected. The previous policy was to
take the airplanes from Douglas in regular order of delivery and thereafter accomplish the necessary corrections and modifications at our shops in Tulsa. We have recently changed this policy and are now proceeding on the basis that a substantial number of the modifications should be made by Douglas prior to delivery of the airplane, with a considerably lessened number to be accomplished by us after delivery. On the whole, this will provide a gap of some 40 days in deliveries from Douglas, and presently slow up to that extent additions to the service. On the whole, however, taking all of the year into consideration I am sure that the program will save us both time and money.

We look forward to seeing you in September. In the meantime if there is any information we can give you, please tell me what you require.

C. R. Smith