



AMERICAN AIRLINES

CABLE ADDRESS AMAIR

100 PARK AVENUE • NEW YORK 17, NEW YORK

February 21, 1952

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

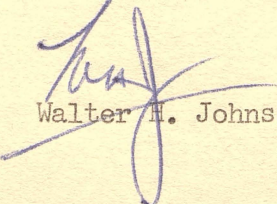
Dear Mr. Carter:

Enclosed is a copy of the Financial Statements submitted to the Directors at the February 20th meeting. Action taken by the Directors included:

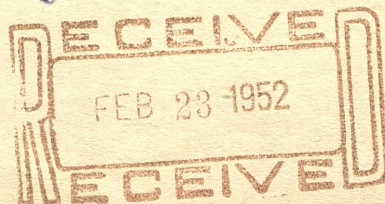
1. Approval of the Profit and Loss Statement and Balance Sheet for the year 1951 as certified by the auditors. With certain minor changes, it was the same as tentatively submitted at the January Board Meeting.
2. An authorization to spend approximately \$150,000 for capital expenditures in connection with the use of the New York International Airport and augmented use of LaGuardia Airport as a result of the temporary closing of the Newark Airport. This was followed by a general discussion of the metropolitan airport situation.
3. Discretionary authority was conferred on certain officers with respect to opening and maintaining operating bank accounts of the company.

Full minutes of the meeting will be sent to you shortly.

Sincerely,


Walter H. Johnson, Jr.

WHJ/f



Summary of the Minutes of a Regular Meeting
of the Board of Directors of American Airlines, Inc.
held January 16, 1952

There were present at the meeting Directors Ames, Benedict, Butler, Carter, Cheston, Conroy, Evans, Farley, Jackson, Miller, Mosier and Smith.

1. The minutes of the previous meeting held December 5, 1951 were approved.
2. The Treasurer presented and explained preliminary unaudited financial statements of the corporation as of December 31, 1951.
3. A report was submitted showing that management had approved since the last meeting of the Directors, capital expenditures amounting to \$187,226. for the corporation and \$536. for American Airlines de Mexico, S. A.
4. The regular quarterly Preferred Stock dividend of \$0.875 per share was declared, payable March 1, 1952 to stockholders of record February 15, 1952.
5. In connection with the Employees Stock Option Plan, the President was authorized to determine the date and calendar month, respectively, for the minimum qualification of one year's employment and the monthly compensation on which allocation of stock is to be based.

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

JANUARY 31, 1952

INDEX

	<u>Page Number</u>
Consolidated Balance Sheets	1
Statement of Earned Surplus	1A
Consolidated Statements of Profit and Loss	2
Comparative Statement of Profit and Loss on Route FAM 26 - Fort Worth-Dallas-Mexico City-El Paso Mexico City	3
Statement of capital expenditures authorized by management since the last meeting of the Board of Directors on January 16, 1952	4
Passenger, Mail, Express and Airfreight Statistics	5
Statement of Flight Equipment	6

2/18/52

CONSOLIDATED BALANCE SHEETS

AT JANUARY 31, 1952 AND DECEMBER 31, 1951

ASSETS

	Jan. 31, 1952	Dec. 31, 1951
CURRENT ASSETS:		
Cash	\$ 13,927,944	\$ 13,859,569
U. S. Government securities (short term), at cost	21,580,130	17,184,246
Accounts receivable, less reserve	20,836,155	24,593,408
Inventories of materials and supplies, at the lower of cost or market	1,398,609	1,317,970
Prepaid expenses	613,783	1,040,772
Total current assets	\$ 58,356,621	\$ 57,995,965
INVESTMENTS AND SPECIAL FUNDS, AT COST:		
Funds for equipment additions and replacements		
Deposits with manufacturers	\$ 5,520,245	\$ 2,988,216
U. S. Government securities & short term commercial notes	9,600,000	12,000,000
	\$ 15,120,245	\$ 14,988,216
Investment in and advance to subsidiary not consolidated	900,000	900,000
Special deposits	117,656	117,625
Miscellaneous investments in connection with operations	515,581	516,376
	\$ 16,653,482	\$ 16,522,217
FLIGHT EQUIPMENT, AT COST	\$ 92,296,523	\$ 92,103,327
Less: Reserve for obsolescence and depreciation	37,382,279	36,390,896
	\$ 54,914,244	\$ 55,712,431
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	\$ 20,612,297	\$ 20,435,167
Less: Reserve for depreciation	9,711,784	9,612,052
	\$ 10,900,513	\$ 10,823,115
DEFERRED CHARGES:		
Long-term prepayments, less amortization	\$ 2,147,490	\$ 2,155,562
Other deferred charges	490,866	443,759
	\$ 2,638,356	\$ 2,599,321
	\$143,463,216	\$143,653,049

LIABILITIES, CAPITAL STOCK AND SURPLUS

	Jan. 31, 1952	Dec. 31, 1951
CURRENT LIABILITIES:		
Accounts payable	\$ 17,744,592	\$ 19,348,200
Dividends declared	350,000	-
Accrued salaries and wages	5,318,879	4,798,527
Accrued Federal taxes on income (less U. S. Government Tax Notes: January - \$15,976,150; December - \$15,970,673)	2,747,689	2,233,696
Other accrued liabilities	2,104,259	1,839,491
Air travel plan subscribers' deposits	6,121,700	6,032,875
Unearned transportation revenue	2,667,131	3,065,167
Total current liabilities	\$ 37,054,250	\$ 37,317,956
3% SINKING FUND DEBENTURES, DUE JUNE 1, 1966 (less debentures repurchased and held in Treasury - \$5,950,000) (Sinking fund requirements, after application of debentures repurchased - \$800,000 on June 1, 1958 and \$1,350,000 annually thereafter)	30,000,000	30,000,000
	Number	
	Of Shares	
CAPITAL STOCK:		
Preferred stock, par value \$100 per share:		
Authorized	600,000	
Issued and outstanding (3½% cumulative convertible)	400,000	40,000,000
Common stock, par value \$1 per share:		
Authorized	12,000,000	
Issued and outstanding	6,460,085	6,460,085
Reserved:		
For conversion of 3½% cumulative convertible preferred stock	1,904,762	
For options	742,750	
	6,237,229	6,237,229
SURPLUS:		
Paid-in	23,711,652	23,637,779
Earned (per accompanying statement - Page 1A)		
	\$143,463,216	\$143,653,049

STATEMENT OF EARNED SURPLUS

AT JANUARY 31, 1952

Balance at beginning of year	\$23,637,730
Add: Net profit - January, 1952	<u>423,872</u>
	\$24,061,652
Deduct: Dividends declared on preferred stock	<u>350,000</u>
Total Earned Surplus	<u>\$23,711,652</u>

COMPARATIVE STATEMENT OF PROFIT AND LOSS
FOR THE MONTHS OF JANUARY 1952 AND JANUARY 1951

	Jan. 1952	Cents Per Rev. Ton Mile	Jan. 1951	Cents Per Rev. Ton Mile
OPERATING REVENUE:				
Passenger	\$11,376,627	56.3	\$ 9,490,171	56.9
Mail	688,439	45.8	641,530	59.4
Express	312,283	37.5	293,505	36.1
Freight	688,029	20.9	586,179	20.1
Excess baggage	127,183	56.6	110,231	56.2
Charter & special- passenger	64,633	31.3	45,094	35.5
Incidental revenue	153,334	-	140,296	-
Total Operating Revenue	\$13,410,528	51.1	\$11,307,006	51.8
OPERATING EXPENSES:				
Flying operations	\$ 3,436,376	13.1	\$ 2,247,159	10.3
Flight equipment maintenance- direct	1,883,979	7.2	1,036,663	4.8
Depreciation- flight equipment	1,074,008	4.1	795,103	3.6
Total Flying Expenses	\$ 6,394,363	24.4	\$ 4,078,925	18.7
Ground operations	\$ 1,830,972	7.0	\$ 1,324,529	6.0
Ground and indirect maintenance	914,761	3.5	676,522	3.1
Passenger service	769,103	2.9	607,955	2.8
Traffic and sales	1,167,585	4.4	884,461	4.1
Advertising and publicity	368,313	1.4	323,546	1.5
Social security taxes, retirement benefit plan, etc.	374,372	1.4	220,408	1.0
General and administrative	549,723	2.1	420,259	1.9
Depreciation- ground property & equipment	124,147	.5	129,972	.6
Total Ground Expenses	\$ 6,098,976	23.2	\$ 4,587,652	21.0
Total Operating Expenses	\$12,493,339	47.6	\$ 8,666,577	39.7
Net Operating Income	\$ 917,189	3.5	\$ 2,640,429	12.1
Income Deductions (net):				
Interest expense	\$ 75,000	.3	\$ 75,010	.3
Other - net	101,683	.4	60,629	.2
Total Income Deductions (net)	\$ 26,683	.1	\$ 14,381	.1
Income before Federal taxes	\$ 943,872	3.6	\$ 2,626,048	12.0
Provision for Federal taxes on income	520,000	2.0	1,630,000	7.5
NET PROFIT CARRIED TO SURPLUS	\$ 423,872	1.6	\$ 996,048	4.5
OPERATING EXPENSES PER AVAILABLE TON MILE				
REVENUE TON MILES FLOWN	26,257,192		21,805,092	
PERCENT WEIGHT LOAD FACTOR	63.7		69.5	
REVENUE PASSENGERS CARRIED	354,062		325,414	
REVENUE PASSENGER MILES FLOWN	206,952,501		171,262,762	
PERCENT PASSENGER LOAD FACTOR	67.6		71.9	
PERCENT OPERATING FACTOR	95.1		97.3	

NOTE: 1951 Federal taxes restated to give effect to the rates enacted in The Revenue Act of 1951.

COMPARATIVE STATEMENT OF PROFIT AND LOSS ON ROUTE FAM 26
FORT WORTH-DALLAS-MEXICO CITY-EL PASO-MEXICO CITY
FOR THE YEARS ENDED DECEMBER 31, 1951 AND DECEMBER 31, 1950

	<u>Year Ended</u> <u>December 31, 1951</u>	<u>Year Ended</u> <u>December 31, 1950</u>
OPERATING REVENUES:		
Passenger	\$4,205,254	\$3,406,569
Mail - U. S. Government	123,315	93,480
Mail - Foreign	112,090	67,048
Express	3,495	4,494
Freight	354,872	274,300
Excess baggage	66,220	52,432
Charter and special	-	3,810
Incid. Rev.-Mex. handling, val. chgs. & del.-net	57,260	59,065
Incid. Rev.-Other	76,046	69,941
Total Operating Revenue	<u>\$4,998,555</u>	<u>\$4,031,143</u>
OPERATING EXPENSES:		
Flying operations	\$1,445,261	\$1,073,574
Flight equipment maintenance - direct	646,304	445,862
Depreciation - flight equipment	448,625	339,151
Total Flying Expenses	<u>\$2,540,191</u>	<u>\$1,858,588</u>
Ground operations	\$ 573,729	\$ 450,021
Ground and indirect maintenance	307,831	275,529
Passenger service	337,001	272,501
Traffic and sales	473,558	385,334
Advertising and publicity	98,250	60,571
General and administrative	387,227	276,924
Depreciation- Ground property and equipment	109,557	122,978
Total Ground Expenses	<u>\$2,287,155</u>	<u>\$1,843,861</u>
Total Operating Expenses	<u>\$4,827,346</u>	<u>\$3,702,449</u>
Net Operating Income	\$ 171,208	\$ 328,694
Non-Operating Income or Expense		
Profit or Loss on sale of equipment	27,875	4,533
Foreign Exchange Profit or Loss	2,355	453
Other deductions	1,406	86
Total Deductions	<u>\$ 31,637</u>	<u>\$ 3,993</u>
Net Profit before taxes	\$ 139,570	\$ 324,701
Prior years taxes	-	51,793
Republic of Mexico Income Tax	12,917	-
NET PROFIT	<u><u>\$ 126,652</u></u>	<u><u>\$ 272,908</u></u>
OPERATING EXPENSES PER AVAILABLE TON MILE		
	25.1	24.7
REVENUE TON MILES FLOWN	11,150,941	8,885,426
PERCENT WEIGHT LOAD FACTOR	57.9	59.3
REVENUE PASSENGERS CARRIED	115,784	90,022
REVENUE PASSENGER MILES FLOWN	86,381,000	68,471,000
PERCENT PASSENGER LOAD FACTOR	59.3	60.7
PERCENT OPERATING FACTOR	99.8	98.7

Statement of Capital Expenditures which have been authorized by management since the last meeting of the Board of Directors on January 16, 1952 and which are herewith reported to the Directors.

<u>Description</u>	<u>Amount Authorized</u>
Consolidate First Aid and Medical - TULM	\$ 48,360
Office Equipment - General Office - M & S Depot-TULM	21,534
26 Propeller Assemblies - DC-6's and Convairs	24,707
2 Power Plant Assemblies for Convairs	20,160
106 Authorizations less than \$10,000 each	<u>72,543</u>
	<u>\$187,304</u>

AMERICAN AIRLINES DE MEXICO, S.A.

5 Authorizations	\$ <u>385</u>
------------------	---------------

2/15/52

PASSENGER, MAIL, EXPRESS AND AIRFREIGHT STATISTICS

For the Months of January 1952, December 1951 and January 1951

	<u>January 1952</u>	<u>December 1951</u>	<u>January 1951</u>
Revenue Miles Flown			
DC-6 Standard	2,599,265	2,624,179	2,976,135
DC-6 B	1,176,757	1,137,355	-
DC-6 Coach	308,074	317,017	171,920
Convair	2,629,196	2,361,863	2,149,510
DC-4 AF	244,112	253,250	205,208
DC-4 Psgr.			
Coach	3,988	2,590	-
Charter	41,426	16,240	-
Total Revenue Miles	7,012,071	6,712,494	5,502,773
Total Miles Flown	7,102,084	6,822,263	5,563,773
Rev. Psgrs. Carried (Sched.)	354,062	358,928	325,414
Rev. Psgr. Miles			
DC-6 Standard	91,031,591	94,705,103	108,066,701
DC-6 B	42,604,837	41,573,281	-
DC-6 Coach	17,727,364	17,269,583	9,882,168
Convair	55,405,431	54,324,851	53,313,893
DC-4 Coach	183,278	155,060	-
Total	206,952,501	208,027,878	171,262,762
Seat Miles Operated			
DC-6 Standard	131,255,970	132,319,603	148,557,514
DC-6 B	60,125,100	57,527,736	-
DC-6 Coach	20,816,435	20,848,641	11,670,650
Convair	93,509,125	84,907,162	77,851,629
DC-4 Coach	258,360	174,760	-
Total	305,964,990	295,777,902	238,079,793
Psgr. Load Factor			
DC-6 Standard	69.4	71.6	72.7
DC-6 B	70.9	72.3	-
DC-6 Coach	85.2	82.8	84.7
Convair	59.3	64.0	68.5
DC-4 Coach	70.9	88.7	-
System	67.6	70.3	71.9
Ton Miles Flown			
Mail	1,502,591	2,099,581	1,080,686
Express	831,716	862,696	813,251
Freight	3,296,153	3,749,631	2,922,275
Payload Rev. Avg. Load			
Carried per Mile (lbs.)	7,519	8,085	7,916
Weight Load Factor	63.7	67.2	69.5
Operating Factor	95.1	93.1	97.3
	<u>Air</u>	<u>Air</u>	<u>Air</u>
	<u>Borne R. R.</u>	<u>Borne R. R.</u>	<u>Borne R. R.</u>
Daily Utilization			
DC-6 Standard	9:13 9:33	9:46 10:10	9:48 10:22
DC-6 B	10:27 10:50	9:34 9:51	- -
Convair	5:54 7:10	5:19 6:29	4:44 5:43
DC-4 AF	5:10 5:52	7:32 8:58	5:09 5:48
DC-4 Psgr.	7:46 8:28	7:46 8:25	- -

Statement of Flight Equipment
Including Spare Engines, Propellers, Radio and Spares

AT JANUARY 31, 1952

<u>Type</u>	<u>Number</u>		<u>Cost</u>	<u>Reserve</u>	<u>Net Book Value</u>
1) DC-6	44	Passenger	\$28,989,324	\$15,081,484	\$13,907,840
		Average Value	658,848	342,761	316,087
1) DC-6	5	Coaches	\$ 3,476,451	\$ 1,791,589	\$ 1,684,862
		Average Value	695,290	358,318	336,972
1) DC-6B	17	Passenger	\$17,139,810	\$ 1,631,422	\$15,508,388
		Average Value	1,008,224	95,966	912,258
1) Convair	78	Passenger	\$22,272,187	\$ 7,965,891	\$14,306,296
		Average Value	285,541	102,127	183,414
2) DC-4	13	Airfreighters	\$ 5,607,275	\$ 5,263,331	\$ 343,944
		Average Value	431,329	404,872	26,457
2) DC-4	1	Aircoach	\$ 656,896	\$ 68,624	\$ 588,272
DC-6 and Convair		Spare engines	\$ 1,233,330	\$ 529,556	\$ 703,774
DC-6, DC-6B & Convair		Spare propellers	\$ 271,331	\$ 39,783	\$ 231,548
DC-6B		Spare engines	\$ 616,973	\$ 57,517	\$ 559,456
Repair parts and assemblies			\$11,425,537	\$ 4,930,049	\$ 6,495,488
Construction work in progress- flight			\$ 607,409	\$ 23,033	\$ 584,376
Total Flight Equipment			<u>\$92,296,523</u>	<u>\$37,382,279</u>	<u>\$54,914,244</u>

Bases of Depreciation:

DC-6	Passenger	- 7 years - 10% Residual Value
DC-6	Coaches	- 7 years - 10% Residual Value
DC-6B	Passenger	- 5 years - 10% Residual Value
Convair	Passenger (74)	- 7 years - 10% residual Value
Convair	Passenger (5)	- 5 years - 10% Residual Value
DC-4	Airfreighters	- 5 years - \$26,000 Residual Value
DC-4	Aircoach	- Depreciated to 12/31/52 - \$26,000 Residual Value

1) Complete airplane, exclusive of spare engines and spare propellers

2) Includes spare engines and spare propellers

2/18/52