

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

MARCH 31, 1952

INDEX

	<u>Page Number</u>
Consolidated Balance Sheets	1
Statement of Earned Surplus	1A
Consolidated Statements of Profit and Loss	2
Notes to Financial Statements	-
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 March 19, 1952	4
Passenger, Mail, Express and Airfreight Statistics	5
Statement of Flight Equipment	6

4/15/52

American Airlines, Inc.

Agenda for Directors' Meeting

April 16, 1952

- ✓ 1. Approval of the minutes of the Directors' meeting of March 19, 1952.
- ✓ 2. Presentation of financial statements.
- ✓ 3. Capital expenditures approved since last meeting:

American Airlines, Inc.	\$202,651	
American Airlines de Mexico, S. A.	<u>728</u>	<u>\$203,379</u>
- ✓ 4. Consideration of dividend on Preferred Stock
(Record date May 15, 1952, payable June 1, 1952)
- ✓ 5. Consideration of Common Stock dividend
6. Leases
 - ✓ (a) Boston Hangar
 - ✓ (b) Washington Ticket Office
 - ✓ (c) Revision of authority to execute
- ✓ 7. Metropolitan Airport Situation
- ✓ 8. Organization
9. Traffic Trends
10. June Meeting

CONSOLIDATED BALANCE SHEETS

AT MARCH 31, 1952 AND FEBRUARY 29, 1952

<u>ASSETS</u>	<u>Mar. 31, 1952</u>	<u>Feb. 29, 1952</u>
CURRENT ASSETS:		
Cash	\$ 13,639,067	\$ 13,064,050
U. S. Government securities (short term), at cost	18,132,920	20,169,103
Accounts receivable, less reserve	22,772,913	21,826,635
Inventories of materials and supplies, at the lower of cost or market	1,392,580	1,411,094
Prepaid expenses	832,203	763,163
Total current assets	<u>\$ 56,769,683</u>	<u>\$ 57,234,045</u>
INVESTMENTS AND SPECIAL FUNDS, AT COST:		
Funds for equipment additions and replacements		
Deposits with manufacturers	\$ 6,498,437	\$ 5,501,736
U. S. Government securities & short term commercial notes	13,000,000	11,000,000
	<u>\$ 19,498,437</u>	<u>\$ 16,501,736</u>
Investment in and advance to subsidiary not consolidated	900,000	900,000
Special deposits	116,051	116,078
Miscellaneous investments in connection with operations	514,207	517,010
	<u>\$ 21,028,695</u>	<u>\$ 18,034,824</u>
FLIGHT EQUIPMENT, AT COST	<u>\$ 92,783,390</u>	<u>\$ 92,535,581</u>
Less: Reserve for obsolescence and depreciation	39,605,170	38,491,067
	<u>\$ 53,178,220</u>	<u>\$ 54,044,514</u>
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	<u>\$ 21,039,781</u>	<u>\$ 20,734,363</u>
Less: Reserve for depreciation	9,922,841	9,830,002
	<u>\$ 11,116,940</u>	<u>\$ 10,904,361</u>
DEFERRED CHARGES:		
Long-term prepayments, less amortization	\$ 2,132,121	\$ 2,139,743
Other deferred charges	491,740	494,843
	<u>\$ 2,623,861</u>	<u>\$ 2,634,586</u>
	<u>\$144,717,399</u>	<u>\$142,852,330</u>

<u>LIABILITIES, CAPITAL STOCK AND SURPLUS</u>	<u>Mar. 31, 1952</u>	<u>Feb. 29, 1952</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 18,905,405	\$ 18,084,912
Accrued salaries and wages	4,219,907	4,662,619
Accrued Federal taxes on income (less U. S. Government Tax Notes: March - \$9,596,750; February - \$15,981,273)	3,422,089	2,782,566
Other accrued liabilities	2,083,707	2,201,206
Air travel plan subscribers' deposits	6,237,725	6,179,925
Unearned transportation revenue	2,878,638	2,500,781
Total current liabilities	<u>\$ 37,747,471</u>	<u>\$ 36,412,009</u>
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
CAPITAL STOCK:		
Preferred stock, par value \$100 per share:	Number Of Shares	
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	
SURPLUS:		
Paid-in	6,237,229	6,237,229
Earned (per accompanying statement - page 1A)	24,272,614	23,743,007
	<u>\$144,717,399</u>	<u>\$142,852,330</u>

STATEMENT OF EARNED SURPLUS

AT MARCH 31, 1952

Balance at beginning of year	\$23,637,780
Add: Net profit - year to date	<u>984,834</u>
	\$24,622,614
Deduct: Dividends paid on preferred stock	<u>350,000</u>
Total Earned Surplus	<u><u>\$24,272,614</u></u>

4/15/52

COMPARATIVE STATEMENT OF PROFIT AND LOSS
FOR THE MONTHS OF MARCH 1952 AND MARCH 1951
AND THE THREE MONTHS ENDED MARCH 31, 1952 AND MARCH 31, 1951

	Mar. 1952	Cents Per Rev. Ton Mile	Mar. 1951 (Note 1)	Cents Per Rev. Ton Mile	Three Months Ended Mar. 31, 1952	Cents Per Rev. Ton Mile	Three Months Ended Mar. 31, 1951 (Note 2)	Cents Per Rev. Ton Mile
OPERATING REVENUE:								
Passenger	\$11,869,898	55.7	\$10,555,256	57.5	\$33,262,737	55.9	\$28,586,811	57.1
Mail	620,252	45.4	544,372	46.0	1,967,568	45.8	1,570,855	45.8
Express	321,567	40.0	184,986	22.7	947,934	40.2	784,534	31.4
Freight	785,556	20.5	699,205	21.3	2,166,006	20.6	1,894,992	20.1
Excess baggage	110,879	56.7	110,430	56.2	388,013	56.6	324,160	56.2
Charter and special- passenger	47,488	30.9	32,565	48.0	169,576	30.3	78,453	39.7
Charter and special- freight	1,305	32.3	-	-	1,305	32.3	-	-
Incidental revenue	115,847	-	119,840	-	399,668	-	369,523	-
Total Operating Revenue	\$13,922,792	50.1	\$12,246,654	51.2	\$39,302,807	50.4	\$33,609,331	50.8
OPERATING EXPENSES:								
Flying operations	\$ 3,289,956	11.8	\$ 2,535,721	10.6	\$ 9,854,473	12.6	\$ 7,138,598	10.8
Flight equipment maintenance- direct	1,936,443	7.0	1,247,777	5.2	5,507,883	7.1	3,241,438	4.9
Depreciation- flight equipment	1,106,458	4.0	791,884	3.3	3,264,836	4.2	2,373,014	3.6
Total Flying Expenses	\$ 6,332,857	22.8	\$ 4,575,382	19.1	\$18,627,192	23.9	\$12,753,051	19.3
Ground operations	\$ 1,880,196	6.8	\$ 1,385,132	5.8	\$ 5,539,947	7.1	\$ 3,981,982	6.0
Ground and indirect maintenance	1,008,322	3.6	659,595	2.8	2,901,605	3.7	2,038,560	3.1
Passenger service	805,662	2.9	655,346	2.8	2,336,507	3.0	1,858,100	2.8
Traffic and sales	1,174,870	4.2	947,719	4.0	3,491,247	4.5	2,700,995	4.1
Advertising and publicity	357,144	1.3	242,375	1.0	975,599	1.2	796,706	1.2
Social security taxes, retirement benefit plan, etc.	364,527	1.3	359,888	1.5	1,084,835	1.4	993,647	1.5
General and administrative	584,889	2.1	454,252	1.9	1,687,564	2.2	1,297,847	1.9
Depreciation- ground property and equipment	129,028	.5	124,652	.5	379,828	.5	378,499	.6
Loss on retirement of equipment	-	-	200,000	.8	-	-	200,000	.3
Total Ground Expenses	\$ 6,304,638	22.7	\$ 5,028,959	21.1	\$18,397,132	23.6	\$14,246,339	21.5
Total Operating Expenses	\$12,637,495	45.5	\$ 9,604,341	40.2	\$37,024,324	47.5	\$26,999,391	40.8
Net Operating Income	\$ 1,285,297	4.6	\$ 2,642,313	11.0	\$ 2,278,483	2.9	\$ 6,609,939	10.0
Income Deductions (net):								
Interest expense	\$ 82,840	.3	\$ 75,000	.3	\$ 232,840	.3	\$ 225,010	.3
Other - net	57,150	.2	38,858	.2	229,191	.3	185,693	.2
Total Income Deductions (net)	\$ 25,690	.1	\$ 36,142	.1	\$ 3,649	-	\$ 39,316	.1
Income before Federal taxes	\$ 1,259,607	4.5	\$ 2,606,171	10.9	\$ 2,274,834	2.9	\$ 6,570,622	9.9
Provision for Federal taxes on income	730,000	2.6	1,640,000	6.9	1,290,000	1.6	4,120,000	6.2
NET PROFIT CARRIED TO SURPLUS	\$ 529,607	1.9	\$ 966,171	4.0	\$ 984,834	1.3	\$ 2,450,622	3.7
EARNINGS PER SHARE (AFTER PREFERRED DIVIDENDS)								
OPERATING EXPENSES PER AVAILABLE TON MILE	30.0		29.9		10¢		32¢	
REVENUE TON MILES FLOWN	27,750,445		23,896,215		30.5		29.6	
PERCENT WEIGHT LOAD FACTOR	65.5		74.2		77,888,479		66,129,469	
REVENUE PASSENGERS CARRIED	377,919		374,652		63.8		72.2	
REVENUE PASSENGER MILES FLOWN	218,170,266		190,126,298		1,054,339		998,805	
PERCENT PASSENGER LOAD FACTOR	68.9		76.8		609,057,602		515,632,536	
PERCENT OPERATING FACTOR	95.1		98.9		67.0		74.2	
					95.3		97.4	

Dep 19-2-11-11-0000

Reference is made to the accompanying notes

4/15/52

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1952

Note 1: Net profit previously reported for the month of March 1951 has been reduced by \$145,638 (net of Federal Taxes on Income) after giving effect to adjustments made in subsequent months of the year covering a reduction in Mail Pay, together with increases in Company contributions to the Retirement Benefit Plan and in Vacation, Salary and Wage accruals.

Note 2: Net profit previously reported for the three months ended March 31, 1951 has been reduced by \$463,988 (net of Federal Taxes on Income) after giving effect to adjustments made in subsequent quarters of the year covering a reduction in Mail Pay, together with increases in Company contributions to the Retirement Benefit Plan and in Vacation, Salary and Wage accruals.

COMPARATIVE STATEMENT OF PROFIT AND LOSS ON ROUTE FAM 26

FORT WORTH-DALLAS-MEXICO CITY-EL PASO-MEXICO CITY

FOR THE MONTHS OF FEBRUARY 1952, JANUARY 1952 AND FEBRUARY 1951

AND THE TWO MONTHS ENDING FEBRUARY 29, 1952 AND FEBRUARY 28, 1951

	Division of Expenses		Feb. 1952	Jan. 1952	Feb. 1951	Two Months Ended Feb. 29, 1952	Two Months Ended Feb. 28, 1951
	Expenses Incurred in Mexico	Direct Charge Supervision & Allocation of Joint Expense					
OPERATING REVENUES:							
Passenger			\$392,070	\$404,222	\$393,720	\$796,293	\$769,026
Mail - U. S. Government			9,961	12,020	9,345	21,981	19,060
Mail - Foreign			10,006	9,995	8,053	20,002	14,637
Express			165	149	318	314	670
Freight			30,327	29,791	21,092	60,119	46,889
Excess baggage			6,285	6,397	6,427	12,682	12,181
Incidental revenue - Mexican handling, val. chgs, delivery			5,444	2,222	2,759	7,666	9,218
Incidental revenue - other			6,347	6,621	6,122	12,969	12,689
Total Operating Revenue			\$460,609	\$471,420	\$447,837	\$932,030	\$884,374
OPERATING EXPENSES:							
Flying operations	\$ 41,531	\$ 71,744	\$113,273	\$117,839	\$115,504	\$231,112	\$219,967
Flight equipment - maintenance - direct	-	58,734	58,734	61,522	41,439	120,256	83,445
Depreciation - flight equipment	-	35,962	35,962	38,807	31,453	74,769	60,996
Total Flying Expenses	\$ 41,531	\$166,438	\$207,969	\$218,168	\$188,397	\$426,138	\$364,409
Ground operations	\$ 30,501	\$ 22,342	\$ 52,844	\$ 53,310	\$ 42,467	\$106,154	\$ 85,111
Ground and indirect maintenance	16,764	12,165	28,930	25,735	22,944	54,666	46,785
Passenger service	10,505	24,867	35,372	34,339	30,513	69,711	57,357
Traffic and sales	10,579	38,589	49,168	45,886	43,400	95,054	81,344
Advertising and publicity	7,460	1,463	8,923	6,884	5,379	15,807	11,585
General and administrative	14,163	12,425	26,589	31,749	27,622	58,338	52,934
Depreciation - ground property and equipment	6,874	882	7,756	7,898	10,358	15,655	20,927
Total Ground Expenses	\$ 96,849	\$112,735	\$209,584	\$205,804	\$182,687	\$415,389	\$356,046
Total Operating Expenses	\$138,380	\$279,174	\$417,554	\$423,973	\$371,084	\$841,528	\$720,455
Net Operating Income			\$ 43,054	\$ 47,447	\$ 76,753	\$ 90,502	\$163,918
Non-Operating Income or Expense							
Profit or Loss on Sale of Equipment			\$ 57	\$ -	\$ 1,603	\$ 57	\$ 1,603
Foreign exchange Profit or Loss			3	254	29	251	77
Other deductions			32	-	18	32	1,702
Total Deductions			\$ 28	\$ 254	\$ 1,651	\$ 226	\$ 3,383
Net Profit before Taxes			\$ 43,083	\$ 47,192	\$ 78,404	\$ 90,276	\$167,301
OPERATING EXPENSES PER AVAILABLE TON MILE							
REVENUE TON MILES FLOWN			27.0	24.7	24.6	25.8	23.3
PERCENT WEIGHT LOAD FACTOR			1,036,560	1,047,967	975,013	2,084,527	1,922,104
REVENUE PASSENGERS CARRIED			66.9	61.0	64.7	63.8	62.1
REVENUE PASSENGER MILES FLOWN			9,639	10,268	9,724	19,907	19,284
PERCENT PASSENGER LOAD FACTOR			7,953,000	8,199,000	7,766,000	16,152,000	15,168,000
PERCENT OPERATING FACTOR			70.8	66.1	66.6	68.3	61.3
			96.0	98.9	100.0	97.5	99.9

Statement of Capital Expenditures which have been authorized by management since the last meeting of the Board of Directors on March 19, 1952 and which are herewith reported to the Directors.

<u>Description</u>	<u>Amount Authorized</u>
New Sales Office and reservation facilities - Bond Hotel, Hartford	\$ 20,524
Electrical reservisor equipment - New York	38,341
Office furniture and equipment - Tulsa	11,003
Alterations and equipment for expanded Terminal - Knoxville	10,117
Airplane nose dock for Maintenance - Toronto	29,750
86 Authorizations less than \$10,000	<u>92,916</u>
	<u>\$202,651</u>

AMERICAN AIRLINES DE MEXICO, S.A.

5 Authorizations

\$ 728

4/10/52

PASSENGER, MAIL, EXPRESS AND AIRFREIGHT STATISTICS

For the months of March 1952 and March 1951 and the
Three months ended March 31, 1952 and March 31, 1951

	<u>Mar. 1952</u>		<u>Mar. 1951</u>		<u>Three Months Ended Mar. 31, 1952</u>		<u>Three Months Ended Mar. 31, 1951</u>	
Revenue Miles Flown								
DC-6 Standard	2,584,181		3,013,240		7,708,445		8,658,602	
DC-6 B	1,139,852		-		3,303,311		-	
DC-6 Coach	467,617		170,825		1,074,035		485,854	
Convair	2,711,678		2,318,678		7,825,847		6,354,525	
DC-4 AF	188,340		203,072		615,883		622,963	
DC-4 psgr. coach	1,458		-		6,691		-	
DC-4 psgr. charter	29,899		-		109,430		-	
Total revenue miles	7,123,025		5,705,615		20,643,642		16,121,944	
Total Miles Flown	7,284,131		5,851,522		21,097,190		16,271,970	
Rev. psgrs. carried (sched.)	377,919		374,652		1,054,339		998,805	
Rev. psgr. miles								
DC-6 Standard	90,353,988		118,189,381		263,270,074		324,671,195	
DC-6 B	39,771,591		-		115,809,166		-	
DC-6 Coach	27,373,211		10,494,427		63,101,096		28,247,754	
Convair	60,622,728		61,442,490		166,684,075		162,713,587	
DC-4 Coach	48,748		-		253,191		-	
DC-4 Charter	1,428,139		-		5,128,932		-	
Total	219,598,405		190,126,298		614,186,534		515,632,536	
Seat Miles Operated								
DC-6 Standard	129,986,023		151,714,953		387,824,225		433,649,803	
DC-6 B	57,620,097		-		168,026,795		-	
DC-6 Coach	31,373,160		11,572,852		72,135,503		32,612,434	
Convair	97,461,113		84,159,919		279,972,760		228,730,263	
DC-4 Coach	94,552		-		433,837		-	
Total	316,534,945		247,447,724		908,393,120		694,992,500	
Psgr. Load Factor								
DC-6 Standard	69.5		77.9		67.9		74.9	
DC-6 B	69.0		-		68.9		-	
DC-6 Coach	87.3		90.7		87.5		86.6	
Convair	62.2		73.0		59.5		71.1	
DC-4 Coach	51.6		-		58.4		-	
System	68.9		76.8		67.0		74.2	
Ton Miles Flown								
Mail	1,408,557		1,183,022		4,294,802		3,428,554	
Express	804,138		815,984		2,358,037		2,496,155	
Freight	3,831,904		3,279,540		10,523,411		9,409,733	
Payload Rev. Avg. Load Carried per Mile (lbs.)	7,781		8,372		7,544		8,200	
Weight Load Factor	65.5		74.2		63.8		72.2	
Operating Factor	95.1		98.9		95.3		97.4	
Daily Utilization	<u>Air</u>		<u>Air</u>		<u>Air</u>		<u>Air</u>	
	<u>Borne</u>	<u>R.R.</u>	<u>Borne</u>	<u>R.R.</u>	<u>Borne</u>	<u>R.R.</u>	<u>Borne</u>	<u>R.R.</u>
DC-6 Standard	9:37	9:51	9:10	10:13	9:13	9:42	9:12	10:08
DC-6B	9:55	10:16	-	-	9:33	9:58	-	-
Convair	6:05	7:20	5:09	6:56	5:55	7:13	4:50	5:56
DC-4 AF	4:48	5:28	5:06	5:39	5:10	5:52	5:21	6:03
DC-4 Psgr.	5:42	5:46	-	-	6:48	7:18	-	-

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

AT MARCH 31, 1952

<u>Type</u>	<u>Number</u>		<u>Cost</u>	<u>Reserve</u>	<u>Net Book Value</u>
1) DC-6	42	Passenger	\$27,707,624	\$15,080,944	\$12,626,680
		Average Value	659,705	359,070	300,635
1) DC-6	7	Coaches	\$ 4,945,279	\$ 2,570,140	\$ 2,375,139
		Average Value	706,468	367,163	339,305
1) DC-6B	17	Passenger	\$17,139,754	\$ 2,141,045	\$14,998,709
		Average Value	1,008,221	125,944	882,277
1) Convair	78	Passenger	\$22,372,862	\$ 8,504,874	\$13,867,988
		Average Value	286,832	109,037	177,795
2) DC-4	13	Airfreighters	\$ 5,607,275	\$ 5,263,713	\$ 343,562
		Average Value	431,329	404,901	26,428
2) DC-4	1	Aircoach	\$ 669,789	\$ 170,764	\$ 499,025
DC-6 and Convair		Spare engines	\$ 1,233,249	\$ 560,521	\$ 672,728
DC-6, DC-6B & Convair		Spare propellers	\$ 277,035	\$ 50,773	\$ 226,262
DC-6B		Spare engines	\$ 709,500	\$ 84,846	\$ 624,654
Repair parts and assemblies			\$11,485,842	\$ 5,154,418	\$ 6,331,424
Construction work in progress- flight			\$ 635,181	\$ 23,132	\$ 612,049
Total Flight Equipment			<u>\$92,783,390</u>	<u>\$39,605,170</u>	<u>\$53,178,220</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 (73) - 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

4/15/52