

August 27, 1952

Directors of American Airlines, Inc.

Your copy of the July financial statements for the corporation is enclosed herewith.

It is interesting to note that the traffic so far for the month of August has been the best of any August in the history of the Company and I believe that in itself is a good indication of the general trend.

Wm. J. Hogan

Wm. J. Hogan
Vice President & Treasurer

enclosure



AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

JULY 31, 1952

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CONSOLIDATED BALANCE SHEETS

AT JULY 31, 1952 AND JUNE 30, 1952

<u>ASSETS</u>	<u>July 31, 1952</u>	<u>June 30, 1952</u>
CURRENT ASSETS:		
Cash	\$ 16,580,297	\$ 15,497,812
U. S. Government securities (short term), at cost	23,110,886	21,095,193
Accounts receivable, less reserve	22,810,686	24,432,510
Inventories of materials and supplies, at the lower of cost or market	1,576,758	1,548,955
Prepaid expenses	749,171	675,856
Total current assets	<u>\$ 64,827,798</u>	<u>\$ 63,250,326</u>
INVESTMENTS AND SPECIAL FUNDS, AT COST:		
Funds for equipment additions and replacements		
Deposits with manufacturers	\$ 7,988,437	\$ 7,988,437
U. S. Govt. securities and short term commercial notes	18,000,000	16,000,000
Investment in & advance to subsidiary not consolidated	900,000	900,000
Special deposits	115,707	115,969
Miscellaneous investments in connection with operations	538,894	510,075
	<u>\$ 27,543,038</u>	<u>\$ 25,514,481</u>
FLIGHT EQUIPMENT, AT COST		
Less: Reserve for obsolescence and depreciation	\$ 94,976,622	\$ 94,967,144
	<u>44,153,686</u>	<u>42,935,533</u>
	<u>\$ 50,822,936</u>	<u>\$ 52,031,611</u>
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST		
Less: Reserve for depreciation	\$ 21,456,181	\$ 21,315,197
	<u>10,327,362</u>	<u>10,210,739</u>
	<u>\$ 11,128,819</u>	<u>\$ 11,104,458</u>
DEFERRED CHARGES:		
Long-term prepayments, less amortization	\$ 2,092,083	\$ 2,109,200
Other deferred charges	478,530	470,824
	<u>\$156,893,204</u>	<u>\$154,480,900</u>

<u>LIABILITIES, CAPITAL STOCK AND SURPLUS</u>	<u>July 31, 1952</u>	<u>June 30, 1952</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 21,354,376	\$ 22,028,451
Dividends declared	350,000	-
Accrued salaries and wages	4,624,215	4,100,187
Accrued Federal taxes on income (less U. S. Government Tax Notes - \$3,180,000)	8,133,839	6,923,839
Other accrued liabilities	2,566,417	2,259,987
Air travel plan subscribers' deposits	6,432,375	6,381,375
Unearned transportation revenue	3,420,660	3,663,910
Total current liabilities	<u>\$ 46,881,882</u>	<u>\$ 45,357,749</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
PAYMENTS ON COMMON STOCK BY EMPLOYEES	77,332	-
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 (June 30, 1952-6,460,395)	6,461,105	6,460,395
Reserved:		
For conversion of 3½% cumulative convertible preferred stock	1,935,172	
For options (June 30, 1952- 742,440)	442,057	
SURPLUS: (per accompanying statement - Page 1A)		
Paid-in	6,248,319	6,240,554
Earned	27,224,566	26,422,202
	<u>\$156,893,204</u>	<u>\$154,480,900</u>

STATEMENT OF SURPLUS

AT JULY 31, 1952

Paid-in Surplus

Balance at beginning of year	\$ 6,237,229
Add: Arising from the sale of 1,020 shares of optioned common stock, representing excess of sales price over par value	<u>11,090</u>
Total Paid-in Surplus	<u>\$ 6,248,319</u>

Earned Surplus

Balance at beginning of year	\$23,637,780
Add: Net profit - year to date	<u>6,251,882</u>
	<u>\$29,889,662</u>
Deduct: Dividends paid and/or declared on preferred stock	\$ 1,050,000
Dividends paid on common stock	<u>1,615,096</u>
	<u>\$ 2,665,096</u>
Total Earned Surplus	<u>\$27,224,566</u>

COMPARATIVE STATEMENT OF PROFIT AND LOSS

FOR THE MONTHS OF JULY 1952 AND JULY 1951

AND THE SEVEN MONTHS ENDED JULY 31, 1952 AND JULY 31, 1951

	Cents Per Rev. Ton Mile		Cents Per Rev. Ton Mile		Seven Months Ended July 31, 1952	Cents Per Rev. Ton Mile		Seven Months Ended July 31, 1951	Cents Per Rev. Ton Mile	
	July 1952	July 1951	July 1952	July 1951	July 31, 1952	July 31, 1951	July 31, 1951	July 31, 1951	July 31, 1951	July 31, 1951
OPERATING REVENUE:										
Passenger	\$14,431,093	58.3	\$13,045,173	58.2	\$ 89,153,074	57.1	\$78,410,001	58.0		
Mail	603,784	45.4	514,617	45.9	4,413,784	44.9	3,690,061	45.8		
Express	250,210	39.3	222,506	37.4	2,101,879	40.2	1,758,430	33.4		
Freight	756,119	21.8	543,230	21.2	5,302,601	20.9	4,207,297	20.5		
Excess baggage	148,638	58.0	123,238	55.3	938,119	57.6	800,147	55.9		
Charter and special- passenger	51,895	31.4	-	-	409,091	32.4	113,501	40.6		
Charter and special- freight	-	-	-	-	1,305	32.3	-	-		
Incidental revenue	105,306	-	122,374	-	834,352	-	707,015	-		
Total Operating Revenue	\$16,347,045	53.4	\$14,571,138	54.2	\$103,204,205	51.7	\$89,686,452	52.5		
OPERATING EXPENSES:										
Flying operations	\$ 3,638,489	11.9	\$ 3,181,420	11.8	\$ 23,741,361	11.9	\$18,777,306	11.0		
Flight equipment maintenance- direct	2,382,134	7.8	1,614,047	6.0	14,650,668	7.3	9,380,078	5.5		
Depreciation- flight equipment	1,253,964	4.1	1,069,949	4.0	7,927,906	4.0	6,331,073	3.7		
Total Flying Expenses	\$ 7,274,587	23.8	\$ 5,865,416	21.8	\$ 46,319,935	23.2	\$34,488,457	20.2		
Ground operations	\$ 1,876,581	6.1	\$ 1,577,767	5.9	\$ 12,968,472	6.5	\$10,016,725	5.9		
Ground and indirect maintenance	1,184,301	3.9	846,971	3.1	7,273,517	3.7	5,304,867	3.1		
Passenger service	856,639	2.8	823,231	3.1	5,880,023	2.9	4,867,740	2.9		
Traffic and sales	1,325,434	4.3	1,123,788	4.2	8,565,439	4.3	6,864,693	4.0		
Advertising and publicity	322,673	1.1	165,886	.6	2,228,717	1.1	1,668,206	1.0		
Social security taxes, retirement benefit plan, etc.	350,583	1.1	318,082	1.2	2,475,662	1.2	2,276,896	1.3		
General and administrative	656,339	2.1	599,493	2.2	4,136,122	2.1	3,481,926	2.0		
Depreciation- ground property and equipment	141,923	.5	109,955	.4	927,683	.5	861,027	.5		
Loss on retirement of equipment	-	-	202,500	.8	-	-	1,001,884	.6		
Total Ground Expenses	\$ 6,714,473	21.9	\$ 5,767,673	21.5	\$ 44,455,635	22.3	\$36,343,964	21.3		
Total Operating Expenses	\$13,989,060	45.7	\$11,633,089	43.3	\$ 90,775,570	45.5	\$70,832,421	41.5		
Net Operating Income	\$ 2,357,985	7.7	\$ 2,938,049	10.9	\$ 12,428,635	6.2	\$18,854,031	11.0		
Income Deductions (net):										
Interest expense	\$ 75,000	.2	\$ 75,000	.3	\$ 532,842	.3	\$ 525,021	.3		
Other - net	79,379	.2	21,888	.1	416,089	.2	105,978	.1		
Total Income Deductions (net)	\$ 154,379	.4	\$ 96,888	.4	\$ 948,931	.5	\$ 630,999	.4		
Income before Federal taxes	\$ 2,362,364	7.7	\$ 2,881,937	10.7	\$ 12,311,882	6.1	\$18,434,988	10.8		
Provision for Federal taxes on income	1,210,000	3.9	1,800,000	6.7	6,060,000	3.0	11,570,000	6.8		
NET PROFIT CARRIED TO SURPLUS	\$ 1,152,364	3.8	\$ 1,084,937	4.0	\$ 6,251,882	3.1	\$ 6,864,988	4.0		
EARNINGS PER SHARE (AFTER PREFERRED DIVIDENDS)										
OPERATING EXPENSES PER AVAILABLE TON MILE	29.2	27.0	30.1	29.2	80¢	90¢	29.2			
REVENUE TON MILES FLOWN	30,614,750	26,893,233	199,472,531	170,585,548						
PERCENT WEIGHT LOAD FACTOR	63.6	62.5	65.8	70.1						
REVENUE PASSENGERS CARRIED	448,641	448,428	2,805,092	2,760,209						
REVENUE PASSENGER MILES FLOWN	262,252,805	236,798,366	1,625,028,933	1,412,130,353						
PERCENT PASSENGER LOAD FACTOR	71.7	71.8	71.5	75.5						
PERCENT OPERATING FACTOR	99.1	99.4	97.2	98.6						

Reference is made to the accompanying note

8/15/52

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

NOTE TO FINANCIAL STATEMENTS

JULY 31, 1952

Net profit (net of Federal taxes on income) previously reported in the amount of \$1,278,429 has been reduced by \$193,492 for the month of July, 1951 and the net profit for the seven months ended July 31, 1951 previously reported in the amount of \$7,811,296 has been reduced by \$946,309, after giving effect to adjustments made in subsequent months of the year covering 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 JUNE 1952 AND JUNE 1951

AND THE SIX MONTHS ENDED JUNE 30, 1952 AND JUNE 30, 1951

	Division of Expense		June 1952	June 1951	Six Months Ended June 30, 1952	Six Months Ended June 30, 1951
	Expense Incurred In Mexico	Direct Charge, Supervision & Allocation of Joint Expense				
OPERATING REVENUES:						
Passenger			\$362,991	\$299,944	\$2,279,526	\$2,173,892
Mail - U. S. Government			6,229	9,833	10,732*	58,237
Mail - Foreign			8,291	7,801	53,767	46,413
Express			288	205	1,268	1,620
Freight			38,166	31,866	198,820	166,454
Excess baggage			6,146	4,711	36,737	33,944
Charter and special			-	-	4,953	-
Incidental revenue- Mexican handling, val. & delivery- net			5,151	5,227	28,114	30,127
Incidental revenue- other			4,028	5,388	47,638	34,696
Total Operating Revenues			\$431,290	\$364,975	\$2,640,091	\$2,545,383
OPERATING EXPENSES:						
Flying operations	\$ 44,283	\$ 88,386	\$132,669	\$114,301	\$ 793,000	\$ 703,270
Flight equipment maintenance- direct	-	85,250	85,250	47,198	416,905	294,769
Depreciation- flight equipment	-	40,984	40,984	41,100	235,733	201,021
Total Flying Expenses	\$ 44,283	\$214,620	\$258,903	\$202,599	\$1,445,638	\$1,199,060
Ground operations	\$ 34,171	\$ 23,814	\$ 57,935	\$ 50,056	\$ 320,487	\$ 274,274
Ground and indirect maintenance	15,013	15,568	30,581	26,989	169,364	147,523
Passenger service	10,172	22,324	32,496	20,804	205,151	170,040
Traffic and sales	9,713	29,925	39,638	26,918	262,814	215,954
Advertising and publicity	8,176	5,916	14,092	5,719	68,061	32,889
General and administrative	18,244	13,586	31,830	28,602	196,782	168,884
Depreciation- ground property and equipment	6,850	1,054	7,904	9,769	47,481	60,556
Total Ground Expenses	\$102,339	\$112,187	\$214,526	\$168,857	\$1,270,140	\$1,070,120
Total Operating Expenses	\$146,622	\$326,807	\$473,429	\$371,456	\$2,715,778	\$2,269,180
Net Operating Income or Loss			\$ 42,139	\$ 6,481	\$ 75,687	\$ 276,203
Non-Operating Income or Expense						
Profit or Loss on sale of equipment			\$ 6	\$ 511	\$ 21	\$ 3,788
Foreign exchange profit or loss			1	8	53	3,340
Other deductions			-	2,342	60	1,295
Total Non-Operating Income or Expense			\$ 7	\$ 1,823	\$ 92	\$ 847
Net Profit or Loss before Taxes			\$ 42,132	\$ 8,304	\$ 75,779	\$ 275,356
Republic of Mexico income taxes			-	-	685	485
NET PROFIT OR LOSS			\$ 42,132	\$ 8,304	\$ 76,464	\$ 274,871
OPERATING EXPENSES PER AVAILABLE TON MILE						
REVENUE TON MILES FLOWN			28.0	24.4	26.9	24.4
PERCENT WEIGHT LOAD FACTOR			994,410	831,502	6,090,785	5,613,571
REVENUE PASSENGERS CARRIED			58.8	54.7	60.3	60.3
REVENUE PASSENGER MILES FLOWN			10,022	8,874	60,435	57,986
PERCENT PASSENGER LOAD FACTOR			7,626,000	6,299,000	46,905,000	43,725,000
PERCENT OPERATING FACTOR			61.8	54.8	63.8	59.9
AVAILABLE TON MILES			99.0	100.0	97.9	99.9
			1,691,767	1,521,128	10,102,321	9,316,906

* 1952 mail revenue reflects reduction of \$49,333 for the year 1951 as a result of CAB Order dated June 30, 1952 which established a rate effective Jan. 1, 1951 of 45 cents per ton mile for FAM 26

PASSENGER, MAIL, EXPRESS AND AIRFREIGHT STATISTICS

FOR THE MONTHS OF JULY 1952 AND JULY 1951 AND
THE SEVEN MONTHS ENDED JULY 31, 1952 AND JULY 31, 1951

	<u>July 1952</u>	<u>July 1951</u>	<u>Seven Months Ended July 31, 1952</u>	<u>Seven Months Ended July 31, 1951</u>				
Revenue Miles Flown								
DC-6 Standard	3,021,446	3,072,237	18,610,578	20,610,965				
DC-6 B	1,111,359	759,740	7,906,027	1,551,269				
DC-6 Airtourist	624,984	316,792	3,526,927	1,497,856				
Convair	2,974,394	2,914,929	18,826,343	17,255,758				
DC-4 AF	176,712	222,704	1,317,701	1,464,215				
DC-4 Psgr. Airtourist	7,310	-	20,685	-				
DC-4 Charter Psgr.	34,142	-	256,600	-				
Total revenue miles	7,950,347	7,286,402	50,464,861	42,380,063				
Total miles flown	8,046,192	7,405,927	51,407,433	43,365,057				
Rev. Psgrs. Carried (sched.)	448,641	448,428	2,805,092	2,760,209				
Rev. Psgr. Miles								
DC-6 Standard	108,855,688	116,923,905	672,191,152	806,710,393				
DC-6 B	41,686,417	30,089,097	294,179,473	64,127,474				
DC-6 Airtourist	38,785,847	18,832,873	209,838,279	90,678,838				
Convair	72,627,417	70,952,491	447,885,346	450,613,648				
DC-4 Airtourist	297,436	-	934,683	-				
DC-4 Charter	1,403,356	-	11,127,300	-				
Total	263,656,161	236,798,366	1,636,156,233	1,412,130,353				
Seat Miles Operated								
DC-6 Standard	154,089,547	157,376,081	940,880,431	1,045,484,573				
DC-6 B	57,094,878	39,523,292	405,230,538	80,686,901				
DC-6 Airtourist	42,626,862	21,147,701	236,624,313	101,367,881				
Convair	111,528,421	111,900,722	688,452,191	643,082,293				
DC-4 Airtourist	482,055	-	1,735,963	-				
Total	365,821,763	329,947,796	2,272,923,436	1,870,621,648				
Psgr. Load Factor								
DC-6 Standard	70.6	74.3	71.4	77.2				
DC-6 B	73.0	76.1	72.6	79.5				
DC-6 Airtourist	91.0	89.1	88.7	89.5				
Convair	65.1	63.4	65.1	70.1				
DC-4 Airtourist	61.7	-	53.8	-				
System	71.7	71.8	71.5	75.5				
Ton Miles Flown								
Mail	1,328,813	1,120,063	9,827,158	8,050,567				
Express	636,342	595,239	5,231,994	5,269,178				
Freight	3,461,991	2,556,689	25,325,611	18,016,286				
Payload rev. avg. load carried per mile (lbs.)	7,697	7,382	7,897	8,048				
Weight Load Factor	63.6	62.5	65.8	70.1				
Operating Factor	99.1	99.4	97.2	98.8				
Daily Utilization	<u>Air-</u> <u>Borne</u>	<u>R.R.</u>	<u>Air-</u> <u>Borne</u>	<u>R.R.</u>	<u>Air-</u> <u>Borne</u>	<u>R.R.</u>	<u>Air-</u> <u>Borne</u>	<u>R.R.</u>
DC-6	9:51	10:52	9:03	9:43	9:13	10:01	8:47	9:37
DC-6 B	9:21	10:02	9:12	10:00	9:36	10:09	8:50	9:46
Convair	6:40	7:34	6:23	7:42	6:03	7:21	5:34	6:49
DC-4 AF	4:46	5:09	4:53	5:29	5:00	5:38	5:01	5:36
DC-4 Psgr.	7:04	7:10	-	-	7:33	8:03	-	-

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

AT JULY 31, 1952

<u>Type</u>	<u>Number</u>		<u>Cost</u>	<u>Reserve</u>	<u>Net Book Value</u>
1) DC-6	41	Passenger	\$27,091,612	\$15,982,879	\$11,108,733
		Average Value	660,771	389,826	270,945
1) DC-6	8	Coaches	\$ 5,730,932	\$ 3,244,279	\$ 2,486,653
		Average Value	716,366	405,535	310,831
1) DC-6B	17	Passenger	\$17,141,588	\$ 3,174,946	\$13,966,642
		Average Value	1,008,329	186,761	821,568
1) Convair	78	Passenger	\$22,509,864	\$ 9,551,157	\$12,958,707
		Average Value	288,588	122,451	166,137
2) DC-4	13	Airfreighters	\$ 5,608,319	\$ 5,265,070	\$ 343,249
		Average Value	431,409	405,005	26,404
2) DC-4	1	Aircoach	\$ 673,555	\$ 382,060	\$ 291,495
DC-6 and Convair		Spare engines	\$ 1,244,651	\$ 621,266	\$ 623,385
DC-6, DC-6B & Convair		Spare propellers	\$ 301,742	\$ 77,150	\$ 224,592
DC-6B		Spare engines	\$ 709,500	\$ 127,416	\$ 582,084
Repair parts and assemblies			\$12,994,353	\$ 5,704,143	\$ 7,290,210
Construction work in progress- flight			\$ 970,506	\$ 23,320	\$ 947,186
Total Flight Equipment			<u>\$94,976,622</u>	<u>\$44,153,686</u>	<u>\$50,822,936</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

8/15/52