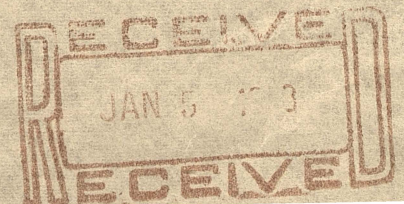


December 30, 1952

DIRECTORS OF AMERICAN AIRLINES:

Your copy of the financial statements through
November 30 is enclosed.

Wm. J. Hogan



AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

NOVEMBER 30, 1952

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CONSOLIDATED BALANCE SHEETS

AT NOVEMBER 30, 1952 AND OCTOBER 31, 1952

<u>ASSETS</u>	<u>Nov. 30, 1952</u>	<u>Oct. 31, 1952</u>
CURRENT ASSETS:		
Cash	\$ 12,156,978	\$ 11,913,422
U. S. Government securities (short term), at cost	46,132,767	46,129,337
Accounts receivable, less reserve	26,864,980	26,560,687
Inventories of materials and supplies, at the lower of cost or market	1,677,698	1,579,976
Prepaid expenses	523,705	566,122
Total current assets	\$ 87,356,128	\$ 86,749,544
INVESTMENTS AND SPECIAL FUNDS, AT COST:		
Deposits with manufacturers for purchase of flight equip.	\$ 13,389,684	\$ 13,389,684
Investment in & advance to subsidiary not consolidated	900,000	900,000
Special deposits	115,598	115,626
Miscellaneous investments in connection with operations	544,642	544,700
	\$ 14,949,924	\$ 14,950,010
FLIGHT EQUIPMENT, AT COST	\$ 95,563,764	\$ 95,850,510
Less: Reserve for obsolescence and depreciation	48,736,042	47,826,800
	\$ 46,827,722	\$ 48,023,710
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	\$ 22,231,371	\$ 22,025,604
Less: Reserve for depreciation	10,848,870	10,724,306
	\$ 11,382,501	\$ 11,301,298
DEFERRED CHARGES:		
Long-term prepayments, less amortization	\$ 2,061,027	\$ 2,068,994
Other deferred charges	455,882	442,065
	\$ 2,516,909	\$ 2,511,059
	\$163,033,184	\$163,535,651

<u>LIABILITIES, CAPITAL STOCK AND SURPLUS</u>	<u>Nov. 30, 1952</u>	<u>Oct. 31, 1952</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 23,474,996	\$ 22,600,920
Dividends declared	-	1,966,866
Accrued salaries and wages	4,358,424	4,079,560
Accrued Federal taxes on income (less U. S. Government Tax Notes: November \$7,967,692; October \$6,965,750)	8,510,230	8,712,172
Other accrued liabilities	2,643,698	2,580,731
Air travel plan subscribers' deposits	6,782,575	6,686,525
Unearned transportation revenue	3,194,259	3,522,266
Total current liabilities	\$ 48,964,182	\$ 50,149,040
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	397,215	324,547
CAPITAL STOCK:	<u>Number of Shares</u>	
Preferred stock, par value \$100 per share:		
Authorized	600,000	
Issued & outstanding (3½% cumulative convertible)	400,000	40,000,000
Common stock, par value \$1 per share:		
Authorized	12,000,000	
Issued & outstanding	6,467,465	6,467,465
Reserved:		
For conversion of 3½% cumulative convertible preferred stock	1,935,172	
For options	435,697	
SURPLUS:		
Paid-in	6,316,459	6,316,459
Earned (per accompanying statement - page 1A)	30,887,863	30,278,140
	\$163,033,184	\$163,535,651

STATEMENT OF EARNED SURPLUS

AT NOVEMBER 30, 1952

Balance at beginning of year		\$23,637,780
Add: Net profit - year to date		<u>11,882,046</u>
		\$35,519,826
Deduct: Dividends paid -		
Preferred stock	\$1,400,000	
Common stock	<u>3,231,963</u>	<u>4,631,963</u>
Total Earned Surplus		<u>\$30,887,863</u>

COMPARATIVE STATEMENT OF PROFIT AND LOSS

FOR THE MONTHS OF NOVEMBER 1952 AND NOVEMBER 1951

AND THE ELEVEN MONTHS ENDED NOVEMBER 30, 1952 AND NOVEMBER 30, 1951

	Cents Per Rev. Ton Mile		Cents Per Rev. Ton Mile		Cents Per Rev. Ton Mile		Cents Per Rev. Ton Mile	
	Nov. 1952	Nov. 1951	Nov. 1951	Nov. 30, 1952	Nov. 30, 1952	Nov. 30, 1951	Nov. 30, 1951	Nov. 30, 1951
OPERATING REVENUE:								
Passenger	\$12,764,512	57.3	\$11,269,371	57.0	\$147,399,957	57.6	\$130,042,633	58.1
Mail	663,471	45.3	708,483	45.8	6,940,926	45.1	6,156,382	45.8
Express	370,309	39.2	271,225	38.0	3,515,053	40.2	2,961,634	36.7
Freight	860,788	20.1	697,758	21.2	8,857,695	21.1	6,949,279	20.8
Excess baggage	144,611	58.4	121,273	56.6	1,655,097	57.9	1,331,183	55.9
Charter and special - passenger	66,400	35.6	-	-	770,100	35.6	136,809	42.5
Charter and special - freight	4,433	43.3	-	-	19,569	33.8	-	-
Incidental revenue	109,138	-	42,606	-	1,300,977	-	973,601	-
Total Operating Revenue	\$14,983,662	50.9	\$13,110,716	51.3	\$170,459,374	52.1	\$148,551,521	52.8
OPERATING EXPENSES:								
Flying operations	\$ 3,577,155	12.2	\$ 3,202,039	12.6	\$ 38,158,782	11.7	\$ 31,622,286	11.2
Flight equipment maintenance - direct	2,161,229	7.3	2,077,546	8.1	23,587,833	7.2	16,936,214	6.0
Depreciation - flight equipment	1,244,016	4.2	1,100,516	4.3	13,010,134	4.0	11,093,859	4.0
Total Flying Expenses	\$ 6,982,400	23.7	\$ 6,380,101	25.0	\$ 74,756,749	22.9	\$ 59,652,359	21.2
Ground operations	\$ 1,939,595	6.6	\$ 1,727,656	6.8	\$ 20,594,991	6.3	\$ 16,664,109	5.9
Ground and indirect maintenance	1,186,499	4.0	933,515	3.6	11,899,419	3.6	8,966,506	3.2
Passenger service	887,328	3.0	816,933	3.2	9,446,500	2.9	8,229,867	2.9
Traffic and sales	1,322,915	4.5	1,199,816	4.7	13,874,203	4.3	11,592,742	4.1
Advertising and publicity	278,561	.9	241,134	.9	3,370,686	1.0	2,634,974	.9
Social security taxes, retirement benefit plan, etc.	251,944	.9	301,218	1.2	3,657,810	1.1	3,469,135	1.2
General and administrative	609,595	2.1	589,575	2.3	6,598,852	2.0	5,759,155	2.1
Depreciation - ground property and equipment	148,541	.5	129,120	.5	1,529,252	.5	1,357,992	.5
Loss on retirement of equipment	-	-	106,759	.4	-	-	1,533,380	.6
Total Ground Expenses	\$ 6,624,978	22.5	\$ 6,045,726	23.6	\$ 70,971,713	21.7	\$ 60,207,860	21.4
Total Operating Expenses	\$13,607,378	46.2	\$12,425,827	48.6	\$145,728,462	44.6	\$119,860,219	42.6
Net operating income	\$ 1,376,284	4.7	\$ 684,889	2.7	\$ 24,730,912	7.5	\$ 28,691,302	10.2
Income Deductions (net):								
Interest expense	\$ 75,000	.2	\$ 75,001	.3	\$ 832,953	.2	\$ 825,685	.3
Other - net	108,440	.3	84,651	.3	504,087	.1	312,391	.1
Total Income Deductions (net)	\$ 33,440	.1	\$ 9,650	-	\$ 328,866	.1	\$ 513,294	.2
Income before Federal taxes	\$ 1,409,724	4.8	\$ 694,539	2.7	\$ 24,402,046	7.4	\$ 28,178,008	10.0
Provision for Federal taxes on income	800,000	2.7	350,000	1.4	12,520,000	3.8	17,310,000	6.1
NET PROFIT CARRIED TO SURPLUS	\$ 609,724	2.1	\$ 344,539	1.3	\$ 11,882,046	3.6	\$ 10,868,008	3.9
EARNINGS PER SHARE (AFTER PREFERRED DIVIDENDS)					\$1.62		\$1.47	
OPERATING EXPENSES PER AVAILABLE TON MILE	31.4		31.1		29.9		29.2	
REVENUE TON MILES FLOWN	29,428,063		25,533,899		326,984,639		281,489,834	
PERCENT WEIGHT LOAD FACTOR	67.4		63.9		66.6		68.5	
REVENUE PASSENGERS CARRIED	413,807		388,563		4,691,057		4,554,292	
REVENUE PASSENGER MILES FLOWN	229,767,312		204,210,957		2,676,196,495		2,346,186,771	
PERCENT PASSENGER LOAD FACTOR	70.9		68.0		72.7		74.4	
PERCENT OPERATING FACTOR	97.7		96.4		97.8		98.3	

Reference is made to the accompanying note

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

NOTE TO FINANCIAL STATEMENTS

NOVEMBER 30, 1952

Net profit (net of Federal taxes on income) previously reported in the amount of \$294,004 has been increased by \$50,535 for the month of November, 1951 and the net profit for the eleven months ended November 30, 1951 previously reported in the amount of \$11,054,092 has been reduced by \$186,084, after giving effect to adjustments made 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 OCTOBER 1952 AND OCTOBER 1951

AND THE TEN MONTHS ENDED OCTOBER 31, 1952 AND OCTOBER 31, 1951

	Division of Expense		Oct. 1952	Oct. 1951	Ten Months Ended Oct. 31, 1952	Ten Months Ended Oct. 31, 1951
	Expense Incurred In Mexico	Direct Charges Supervision & Allocation of Joint Expenses				
OPERATING REVENUES:						
Passenger			\$317,831	\$328,072	\$3,697,223	\$3,553,807
Mail - U. S. Government			6,563	10,837	14,708*	98,147
Mail - Foreign			9,210	11,553	90,103	85,094
Express			214	300	2,018	2,998
Freight			38,034	34,071	344,508	280,618
Excess baggage			5,282	5,235	60,147	55,587
Charter and special			-	-	6,318	-
Incid. revenue- Mexican handling, val. chgs. & delivery-net			5,729	8,888	47,472	48,554
Incid. revenue- Other			8,710	7,293	81,844	61,498
Total Operating Revenues			\$391,573	\$406,249	\$4,344,341	\$4,186,303
OPERATING EXPENSES:						
Flying operations	\$ 31,620	\$ 80,548	\$112,168	\$116,094	\$1,306,372	\$1,187,301
Flight equipment maintenance- direct	-	65,324	65,324	52,149	697,365	515,755
Depreciation - flight equipment	-	36,082	36,082	38,229	397,458	366,277
Total Flying Expenses	\$ 31,620	\$181,954	\$213,574	\$206,472	\$2,401,195	\$2,069,333
Ground operations	\$ 26,343	\$ 22,943	\$ 49,286	\$ 49,800	\$ 537,003	\$ 461,564
Ground and indirect maintenance	14,813	15,243	30,056	27,709	286,676	251,785
Passenger service	9,634	19,742	29,376	27,335	329,002	278,292
Traffic and sales	10,562	26,275	36,837	33,391	423,240	354,354
Advertising and publicity	4,410	4,649	9,059	5,201	109,257	54,293
General and administrative	34,375	11,657	46,032	29,723	342,740	281,355
Depreciation- ground property and equipment	6,878	1,086	7,964	6,861	78,862	94,181
Total Ground Expenses	\$107,015	\$101,595	\$208,610	\$180,020	\$2,106,780	\$1,775,824
Total Operating Expenses	\$138,635	\$283,549	\$422,184	\$386,492	\$4,507,975	\$3,845,157
Net Operating Income or Loss			\$ 30,611	\$ 19,757	\$ 163,634	\$ 341,146
Non-Operating Income or Expense						
Profit or Loss on sale of equipment			\$ -	\$ 3,112	\$ 1,828	\$ 33,856
Profit or loss on Foreign exchange			381	27	1,103	3,170
Profit or loss - other			1	660	59	1,744
Total Deductions or Income			\$ 382	\$ 2,479	\$ 784	\$ 38,770
Net Profit or Loss before Taxes			\$ 30,229	\$ 22,236	\$ 164,418	\$ 302,376
Republic of Mexico income taxes			-	-	685	485
NET PROFIT OR LOSS			\$ 30,229	\$ 22,236	\$ 165,103	\$ 301,891
OPERATING EXPENSES PER AVAILABLE TON MILE						
REVENUE TON MILES FLOWN			29.3	24.3	26.9	24.2
PERCENT WEIGHT LOAD FACTOR			899,791	905,328	9,977,675	9,275,051
REVENUE PASSENGERS CARRIED			62.5	56.8	59.5	58.4
REVENUE PASSENGER MILES FLOWN			9,359	9,457	100,269	97,211
PERCENT PASSENGER LOAD FACTOR			6,677,000	6,889,000	76,688,000	72,701,000
PERCENT OPERATING FACTOR			65.1	56.7	63.3	59.7
AVAILABLE TON MILES			99.5	99.6	98.6	99.9
			1,440,012	1,593,768	16,760,066	15,875,363

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

PASSENGER, MAIL, EXPRESS AND AIRFREIGHT STATISTICS

For the months of November 1952 and November 1951 and the
Eleven months ended November 30, 1952 and November 30, 1951

			Eleven Months Ended					
	Nov. 1952	Nov. 1951	Nov. 30, 1952	Nov. 30, 1951				
Revenue Miles Flown								
DC-6 Standard	2,578,594	2,902,996	29,685,151	32,931,698				
DC-6 B	1,233,608	875,935	12,798,296	4,740,260				
DC-6 Airtourist	513,799	304,597	5,895,294	2,742,063				
Convair	2,835,456	2,458,714	30,927,544	28,140,663				
DC-4 AF	180,108	192,127	2,076,892	2,266,734				
DC-4 Psgr. Airtourist	-	-	22,456	-				
DC-4 Charter Psgr.	34,333	-	409,969	-				
Total Revenue Miles	7,375,898	6,734,369	81,815,602	70,821,418				
Total Miles Flown	7,540,896	6,849,277	83,273,462	72,286,962				
Rev. Psgrs. Carried (sched.)	413,807	388,563	4,691,057	4,554,292				
Rev. Psgr. Miles								
DC-6 Standard	88,948,720	98,110,595	1,081,628,061	1,265,556,684				
DC-6 B	45,459,823	30,253,855	483,347,554	184,782,109				
DC-6 Airtourist	27,329,461	15,297,707	350,053,896	161,195,580				
Convair	68,029,308	60,548,800	760,203,750	734,652,398				
DC-4 Psgr. Airtourist	-	-	963,234	-				
Total	229,767,312	204,210,957	2,676,196,495	2,346,186,771				
Seat Miles Operated								
DC-6 Standard	128,000,225	146,018,226	1,497,402,531	1,671,137,282				
DC-6 B	62,867,601	44,146,069	656,550,953	243,478,462				
DC-6 Airtourist	33,690,903	19,726,424	395,423,924	184,803,142				
Convair	99,730,730	90,437,527	1,131,935,557	1,052,511,569				
DC-4 Psgr. Airtourist	-	-	1,849,435	-				
Total	324,289,459	300,328,246	3,683,162,400	3,251,930,455				
Psgr. Load Factor								
DC-6 Standard	69.5	67.2	72.2	75.7				
DC-6 B	72.3	68.5	73.6	75.9				
DC-6 Airtourist	81.1	77.5	88.5	-				
Convair	68.2	67.0	67.2	69.8				
DC-4 Psgr.-Airtourist System	-	-	52.1	-				
Total	70.9	68.0	72.7	74.4				
Ton Miles Flown								
Mail	1,465,828	1,545,837	15,392,650	13,428,612				
Express	943,530	714,491	8,732,374	8,074,968				
Freight	4,283,863	3,293,659	41,894,135	33,444,394				
Payload rev. avg. load carried per mile (lbs.)	7,974	7,583	7,988	7,948				
Weight load factor	67.4	63.9	66.6	68.5				
Operating factor	97.7	96.4	97.8	98.3				
Daily Utilization	Air-Borne	R.R.	Air-Borne	R.R.	Air-Borne	R.R.	Air-Borne	R.R.
DC-6 D	8:33	9:33						
DC-6 S	8:16	8:43	9:51	10:10	9:09	9:57	8:59	9:03
DC-6 "70"	9:36	10:07						
DC-6 B	10:10	10:55	9:02	9:50	10:01	10:45	8:50	9:09
Convair	6:41	7:51	5:54	7:10	6:19	7:36	5:50	7:01
DC-4 AF	5:28	6:04	5:12	5:45	5:09	5:45	5:03	5:11
DC-4 Psgr.	6:28	7:06	-	-	6:54	7:24	-	-

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

AT NOVEMBER 30, 1952

<u>Type</u>	<u>Number</u>		<u>Cost</u>	<u>Reserve</u>	<u>Net Book Value</u>
1) DC-6	41	Passenger	\$26,686,313	\$17,014,769	\$ 9,671,544
		Average Value	650,885	414,994	235,891
1) DC-6	8	Coaches	\$ 5,667,266	\$ 3,505,236	\$ 2,162,030
		Average Value	708,408	438,154	270,254
1) DC-6B	17	Passenger	\$16,856,452	\$ 4,139,192	\$12,717,260
		Average Value	991,556	243,482	748,074
1) Convair	78	Passenger	\$22,425,024	\$10,643,099	\$11,781,925
		Average Value	287,500	136,450	151,050
2) DC-4	13	Airfreighters	\$ 5,607,515	\$ 5,264,265	\$ 343,250
		Average Value	431,347	404,943	26,404
2) DC-4	1	Aircoach	\$ 637,623	\$ 563,165	\$ 74,458
DC-6 and Convair		Spare engines	\$ 1,232,051	\$ 683,981	\$ 548,070
DC-6, DC-6B & Convair		Spare propellers	\$ 331,199	\$ 108,060	\$ 223,139
DC-6B		Spare Engines	\$ 709,500	\$ 169,986	\$ 539,514
Repair parts and assemblies			\$14,037,733	\$ 6,620,786	\$ 7,416,947
Construction Work in Progress Flight			\$ 1,373,088	\$ 23,502	\$ 1,349,586
		Total Flight Equipment	<u>\$95,563,764</u>	<u>\$48,736,041</u>	<u>\$46,827,723</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.