



AMERICAN AIRLINES SYSTEM

AMERICAN AIRLINES, INC. • AMERICAN OVERSEAS AIRLINES, INC.

100 EAST 42nd STREET • NEW YORK 17, NEW YORK • MURRAY HILL 5-3900

May 16, 1946

OFFICE OF
THE SECRETARY
AMERICAN AIRLINES, INC.

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

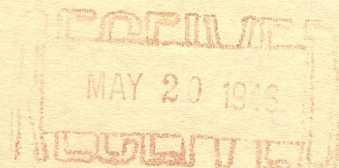
Dear Mr. Carter:

For your information, I
am attaching copy of the Financial
Statements which were presented at the
directors' meeting held on May 15, 1946.

Very truly yours,

C. W. Jacob

CWJ:rc
att.



AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

FINANCIAL STATEMENTS

DIRECTORS' MEETING MAY 15, 1946

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AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

AT MARCH 31, 1946, FEBRUARY 28, 1946 AND MARCH 31, 1945

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<u>ASSETS</u>	<u>March 31, 1946</u>	<u>Feb. 28, 1946</u>	<u>March 31, 1945</u>
CURRENT ASSETS:			
Cash on hand and demand deposits	\$12,830,328.30	\$33,160,971.61	\$10,347,968.65
Marketable Securities, at cost (approximately market):			
U. S. Government	\$14,249,558.29	\$ 1,192,207.50	\$11,948,967.50
Canadian Government	226,250.00	226,250.00	136,350.00
	<u>\$14,475,808.29</u>	<u>\$ 1,418,457.50</u>	<u>\$12,085,317.50</u>
Accounts Receivable			
U. S. Government:			
For services performed at cost under war contracts	\$ 2,442,934.47	\$ 2,589,093.38	\$ 4,624,685.43
Less: Advance payments and partial payments	1,342,852.67	569,928.24	820,170.14
	<u>\$ 1,100,081.80</u>	<u>\$ 2,019,165.14</u>	<u>\$ 3,804,515.29</u>
For the transportation of air mail	407,101.75	626,759.93	1,148,331.02
For air travel, etc.	1,135,621.00	1,578,513.78	1,234,002.73
Air travel plan subscribers	2,001,156.70	1,763,384.15	1,094,004.33
Other airline companies and agents- traffic and express balances	2,847,690.62	2,378,981.83	1,728,831.79
Other trade accounts	1,462,142.42	1,213,539.00	466,321.66
Indebtedness of employees	114,497.04	98,760.84	80,295.87
	<u>\$ 9,068,291.33</u>	<u>\$ 9,679,104.67</u>	<u>\$ 9,556,302.69</u>
Less: Reserve for doubtful accounts receivable	131,118.27	132,374.08	151,888.61
	<u>\$ 8,937,173.06</u>	<u>\$ 9,546,730.59</u>	<u>\$ 9,404,414.08</u>
Advance to American Overseas Airlines, Inc. (Repaid March 8, 1946)	-	\$ 1,000,000.00	-
Inventories- parts and supplies, at the lower of cost or market	\$ 1,118,140.11	\$ 1,027,229.34	\$ 952,941.31
Total Current Assets	<u>\$27,361,449.76</u>	<u>\$46,153,389.04</u>	<u>\$32,790,641.54</u>
ADVANCE IN SPECIAL CONTRACT ADVANCE PAYMENT ACCOUNT	<u>\$ 140.90</u>	<u>\$ 6,140.90</u>	<u>\$ 1,140.90</u>
INVESTMENTS AND SPECIAL FUNDS:			
Investment in American Overseas Airlines, Inc., at cost	\$ 3,000,000.00	\$ 3,000,000.00	\$ -
Investment in wholly-owned subsidiaries not consolidated, at cost	651,000.00	651,000.00	500,000.00
Cash deposits in connection with the acquisition of airplanes and engines	8,584,077.76	8,611,690.84	275,000.00
Miscellaneous investments in connection with operations, at cost	176,221.24	127,088.74	52,759.18
Other special deposits	185,755.06	110,782.41	53,540.00
	<u>\$12,597,054.06</u>	<u>\$12,500,561.99</u>	<u>\$ 881,299.18</u>
FLIGHT EQUIPMENT, AT COST	<u>\$25,563,626.74</u>	<u>\$17,608,768.75</u>	<u>\$ 9,636,716.59</u>
Less: Reserve for obsolescence and depreciation	8,151,886.19	8,048,679.50	6,759,522.30
	<u>\$17,411,740.55</u>	<u>\$ 9,560,089.25</u>	<u>\$ 2,877,194.29</u>
LAND, BUILDINGS AND OTHER EQUIPMENT, AT COST	<u>\$ 8,394,348.00</u>	<u>\$ 8,530,805.75</u>	<u>\$ 5,895,221.32</u>
Less: Reserve for depreciation	3,146,636.55	3,154,778.46	2,663,433.92
	<u>\$ 5,247,661.45</u>	<u>\$ 5,376,027.29</u>	<u>\$ 3,231,787.40</u>
NON-OPERATING PROPERTY AND EQUIPMENT, AT ESTIMATED REALIZABLE VALUE	<u>\$ 8,000.00</u>	<u>\$ 21,320.00</u>	<u>\$ 21,320.00</u>
LONG TERM OPERATING PROPERTY PREPAYMENTS, LESS AMORTIZATION	<u>\$ 610,683.60</u>	<u>\$ 609,742.95</u>	<u>\$ 514,689.60</u>
DEFERRED CHARGES:			
Prepaid rents, insurance and other expenses	\$ 276,406.49	\$ 283,298.33	\$ 354,786.43
Other deferred charges	205,474.55	172,100.81	146,382.41
	<u>\$ 481,881.04</u>	<u>\$ 455,399.14</u>	<u>\$ 501,168.84</u>
	<u>\$73,718,609.36</u>	<u>\$74,682,670.56</u>	<u>\$40,819,241.75</u>

5/10/46

Explanatory Notes are Attached Hereto

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

AT MARCH 31, 1946, FEBRUARY 28, 1946 AND MARCH 31, 1945

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	<u>March 31, 1946</u>	<u>Feb. 28, 1946</u>	<u>March 31, 1945</u>
<u>LIABILITIES, CAPITAL STOCK AND SURPLUS</u>			
CURRENT LIABILITIES:			
Notes payable	\$25,000,000.00	\$25,000,000.00	\$ -
Accounts payable	7,280,073.89	6,695,723.07	2,847,350.77
Accrued interest	33,333.30	1,041.67	-
Other airline companies- traffic balances payable	4,228,885.23	4,116,695.56	1,831,904.04
Air travel plan subscribers' deposits	4,527,807.63	4,473,023.00	3,539,626.10
Accrued salaries and wages	392,607.29	735,337.92	542,097.83
Provision for federal income taxes (Less- federal income tax credit resulting from loss for period)	2,579,669.57	3,739,889.55	3,780,667.21
Other accrued taxes	375,045.32	272,992.69	462,740.80
Other accrued liabilities	788,062.33	844,089.33	744,176.66
Total Current Liabilities	<u>\$45,205,484.56</u>	<u>\$45,878,792.79</u>	<u>\$13,748,563.41</u>
LIABILITY FOR ADVANCE PAYMENT ON GOVERNMENT CONTRACT OPERATIONS	\$ 140.90	\$ 6,140.90	\$ 1,140.90
UNEARNED TRANSPORTATION REVENUE	\$ 476,765.79	\$ 435,426.24	\$ 245,232.51
RESERVE FOR TRANSITION TO PEACETIME OPERATIONS	\$ 2,341,293.84	\$ 2,499,989.70	\$ 2,750,000.00
CAPITAL STOCK:			
Preferred stock, par value \$100 per share			
Authorized- 200,000 shares			
Issued and outstanding- none	\$ -	\$ -	\$ -
Common stock, par value \$5 per share			
Authorized- 2,400,000 shares			
Issued and outstanding- 1,290,567.17 shares at 3/31/46 and 2/28/46, 1,290,567.69 at 3/31/45	\$ 6,452,835.85	\$ 6,452,835.85	\$ 6,452,838.45
50,000 shares reserved for exercise of option expiring 6/1/50 at \$58.50 per share			
Employees stock, par value \$5 per share			
Authorized- 100,000 shares			
Issued and outstanding- none	\$ -	\$ -	\$ -
SURPLUS:			
Paid-in surplus	\$ 6,267,434.05	\$ 6,267,436.65	\$ 6,267,434.05
Earned surplus			
Balance at December 31, 1945 and December 31, 1944	\$13,422,302.87	\$13,422,302.87	\$10,376,858.16
Net profit or loss for the three months ended 3/31/46, two months ended 2/28/46 and the three months ended 3/31/45	447,648.50	280,254.44	980,642.72
	<u>\$12,974,654.37</u>	<u>\$13,142,048.43</u>	<u>\$11,357,500.88</u>
Less: Redemption premium on 695 shares of prior preferred stock redeemed on January 15, 1945	-	-	3,518.45
Total Earned Surplus	<u>\$12,974,654.37</u>	<u>\$13,142,048.43</u>	<u>\$11,353,982.43</u>
Total Surplus	<u>\$19,242,088.42</u>	<u>\$19,409,485.08</u>	<u>\$17,621,416.48</u>
	<u>\$73,718,609.36</u>	<u>\$74,682,670.56</u>	<u>\$40,819,241.75</u>

5/10/46

Explanatory Notes are Attached Hereto

COMPARATIVE STATEMENT OF PROFIT AND LOSS

FOR THE MONTHS OF MARCH 1946, FEBRUARY 1946 AND MARCH 1945

AND FOR THE THREE MONTHS ENDED MARCH 31, 1946 AND MARCH 31, 1945

	Cents Per Rev. Mile		Cents Per Rev. Mile		Cents Per Rev. Mile		Three Months Ended	(Note 8) Three Months Ended		Cents Per Rev. Mile	
	March 1946	February 1946	March 1945	March 1946	March 1945	March 31, 1946	March 31, 1945	March 31, 1945	March 31, 1945	March 31, 1945	March 31, 1945
OPERATING REVENUES											
Passenger	\$3,720,129.43	\$3,359,398.12	\$2,850,495.45	78.1	80.7	79.9	\$10,613,374.04	\$7,786,773.98	79.3	80.3	80.3
Mail	283,179.82	253,238.50	556,060.57	6.0	6.0	15.6	848,182.94	1,559,922.22	6.3	16.0	16.0
Express	146,490.21	85,902.07	320,031.62	3.1	2.1	9.0	329,967.94	769,972.99	2.5	7.9	7.9
Freight	95,830.55	64,314.77	44,085.72	2.0	1.5	1.2	227,334.63	102,028.89	1.7	1.0	1.0
Excess baggage	50,897.98	40,750.08	58,913.14	1.1	1.0	1.7	126,929.97	160,302.12	.9	1.7	1.7
Charter and special- Passenger	-	-	-	-	-	-	-	-	-	-	-
Charter and special- Freight	3,503.22	6,467.07	-	.1	.2	-	16,555.29	-	.1	-	-
Incidental revenue	18,835.50	10,495.36	7,950.58	.4	.3	.2	36,233.32	24,504.38	.3	.3	.3
Total Operating Revenue	\$4,318,866.71	\$3,820,565.97	\$3,837,537.08	90.8	91.8	107.6	\$12,198,578.13	\$10,403,504.58	91.1	107.2	107.2
OPERATING EXPENSES											
Flying operations	\$ 964,018.88	\$ 930,378.76	\$ 723,111.61	20.3	22.3	20.3	\$ 2,821,117.05	\$ 2,081,938.98	21.1	21.5	21.5
Flight equipment maintenance- direct	420,851.14	440,117.38	280,668.12	8.8	10.6	7.8	1,265,307.90	767,291.86	9.4	7.9	7.9
Depreciation- flight equipment	191,632.85	168,385.42	81,313.09	4.0	4.0	2.3	512,936.64	241,022.12	3.8	2.5	2.5
Total Flying Expenses	\$1,576,502.87	\$1,538,881.56	\$1,085,092.82	33.1	26.9	30.4	\$ 4,599,361.59	\$ 3,090,252.96	34.3	31.9	31.9
Ground operations	\$ 860,052.76	\$ 820,090.65	\$ 518,320.50	18.2	19.7	14.5	\$ 2,414,503.84	\$ 1,492,949.98	18.1	15.4	15.4
Ground equipment maintenance- direct	59,758.72	43,547.88	36,830.53	1.3	1.0	1.0	146,319.35	107,265.22	1.1	1.1	1.1
Equipment maintenance- indirect	243,434.88	373,334.19	233,436.61	7.2	9.0	6.5	1,073,926.61	661,360.73	8.0	6.8	6.8
Passenger service	403,182.48	372,504.96	256,512.94	8.4	8.9	7.2	1,135,604.30	655,548.19	8.5	6.7	6.7
Traffic and sales	578,954.16	546,465.09	305,007.82	12.1	13.1	8.6	1,597,218.10	908,830.74	11.9	9.4	9.4
Advertising and publicity	163,451.47	175,824.55	137,321.29	3.4	4.3	3.8	473,905.82	362,447.40	3.5	3.7	3.7
General and administrative	430,967.92	427,497.81	297,110.37	9.1	10.3	8.4	1,230,339.17	862,585.95	9.2	8.9	8.9
Depreciation- property and ground equipment	69,642.30	53,091.96	41,604.63	1.5	1.3	1.2	178,130.50	121,613.31	1.3	1.3	1.3
Total Ground Expenses	\$2,909,444.69	\$2,812,357.09	\$1,826,144.69	61.2	67.6	51.2	\$ 8,249,947.69	\$ 5,172,601.52	61.6	53.3	53.3
Total Operating Expenses	\$4,485,947.56	\$4,351,238.65	\$2,911,237.51	94.3	104.5	81.6	\$12,849,309.28	\$ 8,262,854.48	95.9	85.2	85.2
Net operating income	\$ 167,080.85	\$ 530,672.68	\$ 926,399.57	3.5	12.7	26.0	\$ 650,731.15	\$ 2,140,650.10	4.8	22.0	22.0
Non-operating income	21,003.15	16,981.41	19,897.54	.4	.4	.5	55,451.38	49,046.05	.4	.5	.5
Gross income	\$ 146,077.70	\$ 513,691.27	\$ 946,197.11	3.1	12.3	25.5	\$ 595,279.77	\$ 2,189,696.15	4.4	21.5	21.5
Deductions from gross income											
Portion of estimated expenses of transition to peacetime operations representing amount equivalent to Federal income tax credit resulting therefrom (Note 5)	97,265.20	70,476.86	-	2.0	1.7	-	250,497.32	-	1.9	-	-
Other	119,051.16	2,967.36	42,199.43	2.5	.1	.2	121,871.41	112,318.33	.9	.1	.1
	\$ 216,316.36	\$ 73,444.22	\$ 42,199.43	4.5	1.8	.2	\$ 372,368.73	\$ 112,318.33	2.8	.1	.1
Provision for Federal income taxes	362,394.06	587,135.42	903,997.68	7.6	14.1	25.3	967,648.50	2,077,377.82	7.2	21.4	21.4
Federal income tax credit resulting from loss for the period	-	-	305,000.00	-	-	8.5	-	825,000.00	-	-	8.5
	125,000.00	270,000.00	-	4.1	6.5	-	520,000.00	-	3.9	-	-
NET PROFIT OR LOSS CARRIED TO SURPLUS	\$ 167,394.06	\$ 317,135.49	\$ 598,997.68	3.5	7.6	16.8	\$ 447,648.50	\$ 1,252,377.82	3.3	12.9	12.9
REVENUE MILES FLOWN	4,755,649	4,162,538	3,714,668				13,391,981	10,106,544			
REVENUE PASSENGER MILES FLOWN	81,175,007	72,950,309	59,847,083				231,101,708	157,487,378			
REVENUE PASSENGERS CARRIED	149,514	124,509	96,130				402,966	250,109			

Cents per revenue mile flown are reported on airport to airport distances. March 1946 and the three months ended March 31, 1946 are actual, while March 1945 and the three months ended March 31, 1945 have been converted to an airport to airport basis by reducing the course miles flown by 4%.

5/11/46

Explanatory Notes are Attached Hereto

Statement of capital expenditures which have been authorized by the management since the last meeting of the Board of Directors on April 18, 1946 and which are herewith submitted for approval by the Directors.

<u>Executive Authorization Number</u>	<u>Description</u>	<u>Amount Authorized</u>
C1426-1.	Additional cost of special passenger and buffet equipment loading stand mounted on automotive truck chassis- NYMA	\$ 8,929.00
C1691	Manufacture training equipment for Operations Dept.-NYMA	1,261.80
C1692	Shop equipment and stockroom shelving for new hangar- Los Angeles	9,448.48
C1693	Shop and ramp equipment for system use in replacement of worn out equipment or in establishing new stations	14,299.43
C1694	Tables and sorting bins for mail and bulletin rooms- Tulsa Office Bldg.	1,300.00
C1695	Labor and material to install floodlights on hangar- Albany Airport	1,080.00
C1696	Alterations in Airport Terminal- Battle Creek	1,388.04
C1697	Labor and material to install additional lighting facilities on ramp- NYMA	4,000.00
C1698	Alterations to provide additional aircraft space in hangar- Newark	1,192.00
C1699	Alterations and equipment to enlarge and re-arrange flight control and communications offices- NYMA	17,218.00
C1700	Alterations to provide additional space for Sales Dept. General offices- New York	13,128.35
C1701	Film recorder and test equipment for experimental radar project- NYMA	2,437.00
C1702	Alterations to former classroom to provide offices- NYMA	2,500.00
C1703	Air conditioning equipment for second floor of Terminal Bldg. and for International House- Ft. Worth	14,500.00
C1704	Construct new operations building and make alterations in Terminal Bldg.- Phoenix	26,500.00
C1705	5 Resuscitators for Medical Dept.- System	1,750.00
C1706	Furniture and office equipment for Advertising Dept.- New York	4,870.00
C1707	Furniture and office equipment for Treasury Dept.- Tulsa	1,921.00
C1708	17 Electric adding machines for replacement and additional requirements for ramp operations- System	3,570.00
C1709	22 Cargo trailer carts for Tucson and Washington	3,300.00
C1710	3 Panel trucks for Passenger and Cargo Dept.- Chicago	5,400.00
C1711	DC-4 radio installation for Training Center- Ardmore	10,653.00
C1712	7 Trucks for maintenance of station communications- System	8,715.00
C1713	Station communication equipment for remote site- Phoenix	11,265.32
C1714	Furniture and office equipment for Reservations office- Boston	1,726.00
C1715	50 Ticket validators for System use	1,225.00
C1716	Furniture for Regional and District Sales office- New York	1,904.00
	<u>155</u> Authorizations each less than \$1,000.00 for the purchase of furniture, shop and miscellaneous equipment	<u>30,070.95</u>

\$205,552.37

AMERICAN AIRLINES, INC. AND CONSOLIDATED SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1946

- NOTE 1: The accompanying financial statements include in consolidation the Company's wholly owned subsidiary, American Airlines de Mexico, S.A. The accounts of the following subsidiaries are not included in consolidation: American Overseas Airlines, Inc., (51.4% owned), Sky Chefs, Inc., (100% owned); and Airborne Instruments Laboratory, Inc., (100% owned).
- NOTE 2: No provision has been made for Federal excess profits tax for 1945 and prior years as the Company is believed to be exempt therefrom although its liability for Federal taxes on income is subject to the Internal Revenue Bureau's review of the tax returns filed or to be filed for the years 1942 through 1945.
- NOTE 3: On September 17, 1945 the Company entered into an agreement with a representative of holders of certain shares of the common stock of Mid-Continent Airlines, Inc., subject to the approval of the Civil Aeronautics Board, to issue one share of its common stock of a par value of \$5 per share in exchange for each four shares of common stock of Mid-Continent Airlines, Inc. and to extend the same offer to other stockholders of Mid-Continent Airlines, Inc. Application for approval of this agreement was filed on October 1, 1945 with the Civil Aeronautics Board which held hearings on the matter on January 21, 1946. The examiner of the Civil Aeronautics Board on April 19, 1946 submitted his report recommending that the acquisition not be approved but final decision by the Board has not yet been rendered. If this acquisition is consummated, the number of shares of common stock to be issued by the Company will amount, after giving effect to the five-for-one split-up of the Company's common stock referred to in Note 7, to a minimum of 247,025 shares of a par value of \$1 per share and a maximum of 486,750 shares of a par value of \$1 per share, depending upon the extent to which its offer is accepted by the stockholders of Mid-Continent Airlines, Inc.
- All shares of the Company's common stock of a par value of \$1 per share issued under such offer will, subject to the approval of the Civil Aeronautics Board, be recorded as issued for a consideration of \$9.16 per share, being one-fifth of the average market price of the Company's common stock of a par value of \$5 per share during the 18 months preceding September 17, 1945. Assuming that all stockholders of Mid-Continent Airlines, Inc. accept the Company's offer, the Company's investment therein will, subject to the approval of the Civil Aeronautics Board, be recorded on its books at \$4,458,630 which is approximately \$3,150,000 in excess of the net tangible assets of Mid-Continent Airlines, Inc. based on the latter's books at December 31, 1945. Such excess is considered to relate primarily to intangible asset values not carried on the books of Mid-Continent Airlines, Inc.
- NOTE 4: The Company is presently negotiating for the purchase of, or has commitments for, flight equipment and major items of other equipment and facilities estimated at approximately \$79,000,000 of which it is estimated approximately \$26,000,000 will be expended during the balance of the year 1946.

The Company has guaranteed a bank loan in the amount of \$10,000,000 obtained on March 7, 1946 by American Overseas Airlines, Inc. and has indicated its willingness to guarantee the performance by American Overseas Airlines, Inc. of the latter's obligation under a purchase contract for the purchase of eight Boeing airplanes at a total basic price of approximately \$10,600,000.

NOTE 5: There was excluded from operating expenses for the month of March and the three months ended March 31, 1946 the estimated cost (amounting to \$255,961.06 and \$659,203.48 for the respective periods) resulting from delays in relocating personnel from military contract to commercial operations and from re-training of personnel returning from military service. The portion of such costs equivalent to the Federal income tax credit resulting from their deductibility for tax purposes was charged to profit and loss (in the amounts of \$97,265.20 and \$250,497.32 for the respective periods) and the balance (in the amount of \$158,695.86 and \$408,706.16 for the respective periods) was charged to the reserve for transition to peacetime operations.

NOTE 6: Since early in 1942 services have been performed by the Company for the U. S. Government under war contracts at cost thereof and the Company has waived all profits thereon to December 31, 1945. The cost and expenses applicable to the Company's performance of such contracts are not included in the accompanying profit and loss statements, but have been charged directly to the U. S. Government. Part of the services under these contracts had been terminated at December 31, 1945 and it is expected that the remainder will be terminated shortly. Renegotiation proceedings pursuant to the War Contracts Renegotiation Act have been concluded for 1944 and prior years, no refunds being required thereunder. The Company believes that such proceedings for the years 1945 and 1946 will likewise result in no refund being required.

NOTE 7: An amendment to the Company's Certificate of Incorporation was approved by the Company's stockholders on April 17, 1946 and became effective on April 22, 1946. Such amendment provides for:

- (1) Eliminating the previously authorized Preferred Stock consisting of 200,000 shares of a par value of \$100 per share and authorizing a new class of Preferred Stock consisting of 600,000 shares of a par value of \$100 per share.
- (2) Changing the authorized Common Stock from 2,400,000 shares of a par value of \$5 per share to 12,000,000 shares of a par value of \$1 per share and splitting up the Common Stock five-for-one so that each stockholder will receive 5 shares of Common Stock of a par value of \$1 per share for each share of Common Stock of a par value of \$5 per share held by him.
- (3) Changing the authorized Employees Stock from 100,000 shares of a par value of \$5 per share to 500,000 shares of a par value of \$1 per share, convertible, as previously, three years after issuance into Common Stock on a share for share basis.

NOTE 8: On January 1, 1945 the Company was served with an order by the Civil Aeronautics Board to show cause why the rate for the transportation of airmail should not be reduced from 60¢ per ton mile to 32¢ per ton mile effective January 1, 1945. A later order of the Board dated October 26, 1945 established a rate of 45¢ per ton mile for the transportation of airmail effective January 1, 1945. The above statement of profit and loss for the three months ended March 31, 1945 has been revised to reflect mail revenue at the established rate of 45¢ per ton mile instead of at the rate of 32¢ at which such revenue was accrued on the Company's books. As a result of this revision, the mail revenue for such period has been increased by \$451,735.10 and the provision for Federal income taxes has been increased by \$180,000.00 with resulting increase in net profit from \$980,642.72 as previously reported, to \$1,252,377.82.

Statement of capital expenditures which have been authorized by the management since the last meeting of the Board of Directors on April 18, 1946 and which are herewith submitted for approval by the Directors.

<u>Executive Authorization Number</u>	<u>Description</u>	<u>Amount Authorized</u>
C1717	Furniture for airport offices- Mexico City	\$ 144.33
C1718	Equipment for temporary water supply- Tamuin	896.90
C1719	Furniture and office equipment for general office- Mexico City	317.52
	2 Authorizations each less than \$100.00 for the purchase of furniture, shop and miscellaneous equipment	<u>125.84</u>
		<u>\$ 1,484.59</u>