

CONFIDENTIAL

AMERICAN AIRLINES, INC.

ESTIMATE OF CAPITAL REQUIREMENTS
AND
RECOMMENDATIONS AS TO FINANCING

2/19/46

CONFIDENTIAL

AMERICAN AIRLINES, INC.

TENTATIVE ESTIMATE OF CASH REQUIREMENTS FOR PROPERTY AND EQUIPMENT

FOR THE PERIOD JANUARY 1, 1946 TO DECEMBER 31, 1948

	<u>Total</u>	<u>Balance To Be Expended</u>	<u>Total First Nine Months 1946</u>	<u>1946 Fourth Quarter 1946</u>	<u>Total Year 1946</u>	<u>Year 1947</u>	<u>Year 1948</u>
<u>Estimated Cash Requirements for Authorized Capital Expenditures</u>							
55 Douglas C-54 Airplanes	\$ 4,425,000	\$ 3,781,000	\$ 3,781,000	\$	\$ 3,781,000	\$	\$
Conversion of 55 Douglas C-54 airplanes	9,405,000	9,249,000	9,249,000		9,249,000		
50 Douglas DC-6 airplanes- Less engines	25,940,000	25,840,000	7,802,000	4,597,000	12,399,000	13,441,000	
100 Consolidated-Vultee Model 240- Less engines	19,700,000	19,700,000	2,205,000	939,000	3,144,000	13,538,000	3,018,000
266 P & W R2000-13 engines	3,975,000	3,975,000	3,975,000		3,975,000		
500 P & W R2800 engines	5,208,000	5,208,000	5,208,000		5,208,000		
108 P & W 4360 engines	4,115,000	4,115,000	823,000		823,000	2,196,000	1,096,000
Spare parts C-54 and DC-6 airplanes	3,000,000	2,725,000	2,237,000	244,000	2,481,000	244,000	
Ground equipment	3,000,000	2,777,000	2,126,000	400,000	2,526,000	251,000	
Hanger and two-story leanto- L.A.	450,450	448,000	448,000		448,000		
Alterations and improvements to airport facilities- Chicago	125,000	125,000	125,000		125,000		
Office building and alterations- Tulsa	825,000	825,000	825,000		825,000		
Other misc. items presently authorized	3,185,000	3,269,000	3,269,000		3,269,000		
	<u>\$63,353,450</u>	<u>\$ 82,037,000</u>	<u>\$42,073,000</u>	<u>\$ 6,180,000</u>	<u>\$48,253,000</u>	<u>\$29,670,000</u>	<u>\$ 4,114,000</u>
<u>Certain Other Substantial Capital Expenditures under Consideration</u>							
Spare parts Consolidated-Vultee Model 240		2,000,000				1,000,000	1,000,000
20 Additional 4 engine airplanes less engines but including spare parts		22,952,000	2,099,000	629,000	2,728,000	8,798,000	11,426,000
Hanger at Chicago		3,195,000	300,000	1,500,000	1,800,000	1,395,000	
Hanger at Boston		2,000,000		500,000	500,000	500,000	1,000,000
Hanger at Detroit		1,000,000				500,000	500,000
Terminal at Chicago		500,000					500,000
Ground equipment Consolidated-Vultee Model 240		500,000				300,000	200,000
Alterations and new equipment for setting up airplane and engine overhaul base- Tulsa, Oklahoma		895,000	895,000		895,000		
Temporary passenger facilities- LaGuardia Airport		250,000	250,000		250,000		
Normal replacements, misc. ground equipment and other improvements		11,700,000	1,200,000	1,200,000	2,400,000	4,650,000	4,650,000
Estimated Total American Airlines, Inc.		<u>\$127,029,000</u>	<u>\$46,817,000</u>	<u>\$10,009,000</u>	<u>\$56,826,000</u>	<u>\$46,813,000</u>	<u>\$23,390,000</u>
<u>American Overseas Airlines, Inc.</u>							
66-2/3% of \$20,112,000.00		13,400,000		13,400,000	13,400,000		
Grand Total		<u>\$140,429,000</u>	<u>\$46,817,000</u>	<u>\$23,409,000</u>	<u>\$70,226,000</u>	<u>\$46,813,000</u>	<u>\$23,390,000</u>

CONFIDENTIAL

AMERICAN OVERSEAS AIRLINES, INC.

TENTATIVE ESTIMATE OF CASH REQUIREMENTS FOR PROPERTY AND EQUIPMENT

FOR THE PERIOD JANUARY 1, 1946 TO DECEMBER 31, 1947

	<u>Amount To</u> <u>Be Expended</u>	<u>Total</u> <u>First Nine</u> <u>Months 1946</u>	<u>Fourth</u> <u>Quarter</u> <u>1946</u>	<u>Year 1946</u>	<u>Year 1947</u>
7 Constellation Airplanes	\$ 4,900,000	\$4,900,000	\$	\$ 4,900,000	\$ <i>7 planes</i>
Spares and other equipment requirements first six month of 1946		<i>2,470,000</i> 2,470,000		2,470,000	
8 Additional 4 engine airplanes including 20 spare engines	11,742,000	1,688,000	1,441,000	3,129,000	8,613,000
Spare parts for 4 engine airplanes	<u>1,000,000</u>		<u>250,000</u>	<u>250,000</u>	<u>750,000</u>
	<u>\$20,112,000</u>	<u>\$9,058,000</u>	<u>\$1,691,000</u>	<u>\$10,749,000</u>	<u>\$9,363,000</u>

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AMERICAN AIRLINES, INC.ESTIMATED CASH POSITIONAT SEPTEMBER 30, 1946

Cash on hand- January 1, 1946	\$19,086,000
Add: Estimated net cash available for capital expenditures from sources other than borrowed capital during the period Jan. 1, 1946 to Sept. 30, 1946	8,822,000
Proceeds from Bank Loan	<u>25,000,000</u>
	\$52,908,000
Estimated capital expenditures- January 1, 1946 to Sept. 30, 1946	<u>46,817,000</u>
Estimated Cash on hand- Sept. 30, 1946	<u>\$ 6,091,000</u>

AMERICAN AIRLINES, INC.

PROPOSED BANK LOAN

AMOUNT: \$25,000,000

FORM: Individual Notes.

DATED: Approximately March 1, 1946.

MATURITY: Approximately September 1, 1946

At the option of the company the loan may be extended for another six months period at the same rate.

PURPOSE: To provide temporary funds for capital expenditures to be refinanced under permanent financing plans.

PARTICIPATING BANKS: Approximately 55 banks in cities served by American Airlines, Inc. have expressed their willingness to advance these funds against Notes to be issued by American Airlines, Inc. These notes are to be payable at five different banks, each one representing us in a given area. This is in accordance with list attached showing the name of the bank and the amount allocated to it.

AMERICAN OVERSEAS AIRLINES

AMOUNT: \$10,000,000

FORM: Loan agreement- guaranteed by American Airlines, Inc.

DATED: Approximately March 1, 1946.

MATURITY: Approximately September 1, 1946.

At the option of the company the loan may be extended for another six months period at the same rate.

PURPOSE: To provide temporary funds for capital expenditures to be refinanced under permanent financing plans.

PARTICIPATING BANKS

The Chase National Bank of the City of New York	\$ 4,000,000
National Bank of Detroit	2,000,000
Mercantile-Commerce Bank & Trust Co.-St. Louis	750,000
State Street Trust Co.- Boston	250,000
California Bank- Los Angeles	500,000
Guaranty Trust Co. of New York	500,000
Manufacturers Trust Co. of New York	2,000,000
	<u>\$10,000,000</u>

AMERICAN AIRLINES, INC.
100 East 42nd Street
New York, N. Y.Group #1 - New York Area

Notes Payable at Chemical Bank & Trust Co.

New York City

Chemical Bank & Trust Co.	\$ 2,350,000
National City Bank	500,000
Guaranty Trust Co.	500,000
J. P. Morgan & Co.	500,000
Manufacturers Trust Co.	500,000
Central Hanover Bank	500,000
Irving Trust Co.	500,000
Corn Exchange Bank Trust Co.	250,000
Commercial National Bank	250,000
Continental Bank & Trust Co.	250,000

Washington, D. C.

Riggs National Bank	500,000
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Syracuse, N. Y.

First Trust & Deposit Co.	150,000
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Buffalo, N. Y.

Manufacturers & Traders Trust Co.	150,000
Marine Trust Co.	150,000

Philadelphia, Pa.

The Pennsylvania Co.	500,000
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Baltimore, Md.

Equitable Trust Co.	<u>250,000</u>
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\$ 7,800,000

AMERICAN AIRLINES, INC.
100 East 42nd Street
New York, N. Y.Group #2 - Boston and New England Area

Notes Payable at First National Bank - Boston

Boston, Mass.

First National Bank	\$ 1,500,000
National Shawmut Bank	500,000

Providence, R. I.

Rhode Island Hospital National Bank	200,000
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Springfield, Mass.

Third National Bank & Trust Co.	150,000
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Hartford, Conn.

Hartford-Conn. Trust Co.	250,000
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Bridgeport, Conn.

First National Bank & Trust Co.	<u>100,000</u>
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\$ 2,700,000

Group #3 - Chicago and the Middlewest

Notes Payable Continental-Illinois National Bank & Trust Co.

Chicago, Ill.

Continental-Illinois National Bank	\$ 1,750,000
First National Bank of Chicago	1,250,000
Harris Trust & Savings Bank	500,000

Detroit, Mich.

The Detroit Bank	250,000
The Manufacturers National Bank	250,000

Cleveland, Ohio

The National City Bank	300,000
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Cincinnati, Ohio

Central Trust Co.	300,000
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Indianapolis, Ind.

Merchants National Bank	200,000
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Louisville, Ky.

Citizens Fidelity Bank	300,000
The Louisville Trust Co.	200,000

Akron, Ohio

First Central Trust Co.	200,000
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Dayton, Ohio

Winters National Bank	100,000
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Nashville, Tenn.

The American National Bank	500,000
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Knoxville, Tenn.

Hamilton National Bank	200,000
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Memphis, Tenn.

The First National Bank of Memphis	<u>500,000</u>
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\$ 6,800,000

AMERICAN AIRLINES, INC.
100 East 42nd Street
New York, N. Y.

Group #4 - St. Louis and the Southwest

Notes Payable at First National Bank - St. Louis

St. Louis, Mo.

First National Bank \$ 1,250,000

Little Rock, Ark.

Commercial National Bank 100,000

Oklahoma City, Okla.

The Liberty National Bank 200,000

Tulsa, Okla.

First National Bank & Trust Co. 200,000

Dallas, Texas

First National Bank 500,000
Mercantile National Bank 500,000
Republic National Bank 500,000

Ft. Worth, Texas

First National Bank 400,000
Ft. worth National Bank 500,000

Central

200,000

San Antonio, Texas

Frost National Bank 150,000
National Bank of Commerce 150,000

El Paso, Texas

El Paso National bank 100,000
State National Bank 150,000

\$ 4,700,000

AMERICAN AIRLINES, INC.
100 East 42nd Street
New York, N. Y.

Group #5 - California

Notes Payable at Bank of America National Trust & Savings Assoc. -
Los Angeles

Los Angeles, Cal.

Bank of America N.T.S. Assoc.	\$ 1,500,000
Security First National Bank	1,000,000

San Diego, Cal.

First National Trust & Savings	150,000
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Phoenix, Arizona

The Valley National Bank	<u>350,000</u>
	\$ 3,000,000

AMERICAN AIRLINES, INC.

CASH REQUIREMENTS

FOR PERIOD JANUARY 1, 1946 TO DECEMBER 31, 1948 INCLUSIVE

Total requirements per sheet attached	\$140,429,000
Cash on hand and Governments Jan. 1, 1946	<u>19,086,000</u>
Balance needed	\$121,343,000
To be raised by financing	<u>100,000,000</u>
Balance to come from earnings and depreciation over three year periods	<u>\$21,343,000</u>

AMERICAN AIRLINES, INC.

PROPOSED PREFERRED STOCKPAR VALUE \$100 - CUMULATIVE 3%

DATED: September 1, 1946

AUTHORIZED: 400,000 shares

ISSUED AND OUTSTANDING: 300,000 shares

DIVIDEND RIGHTS: To have preference over common stock as to cumulative dividends of \$3.00 per annum payable in equal quarterly installments December 1st, March 1st, June 1st, and September 1st.

VOTING RIGHTS: None

CONVERTIBLE: Convertible into common stock at the rate of four shares of common for each share of preferred.

CALLABLE: At any time, as a whole or in part, on thirty days notice at 105 and accrued dividends until September 1, 1952 and at a half of one per cent less each year thereafter until September 1, 1962, at par, and at par thereafter.

LISTED: New York Stock Exchange

TRANSFER AGENCY:

REGISTRAR:

PURPOSE: To provide funds for payment of \$25,000,000 six months bank loan and to provide additional funds for capital expenditures.

AMERICAN AIRLINES, INC.

PROPOSED 3% SINKING FUND DEBENTURESDUE SEPTEMBER 1, 1971

DATED: September 1, 1946

AUTHORIZED: \$50,000,000

ISSUED AND OUTSTANDING: \$50,000,000

INTEREST: M & S One

TRUSTEES:

REGISTRAR:

DENOMINATION: Coupon, \$1,000; registerable as to principal only.

CALLABLE: As a whole or in part, at any time, on thirty days published notice at 105 through August 31, 1947 and at a quarter of a point less each year thereafter through period ending August 31, 1967; at par thereafter.

SINKING FUND: To begin September 1, 1951 at \$1,000,000 annually and to continue at that rate to September 1, 1959 on which date it increases to \$2,000,000 annually for each year thereafter retiring all but \$18,000,000 of the debentures.

For purposes of sinking fund, debentures shall be callable at the same prices and under the same conditions as those applying to call for any other purpose.

SECURITY: Not secured.

Neither the company nor its subsidiaries will mortgage properties unless debentures share equally with all other debt to be secured by such mortgage.

PURPOSE: To provide additional funds for capital expenditures.

AMERICAN AIRLINES, INC.

PROPOSED SERIAL NOTES

RATE TO BE ESTABLISHED

(Approximately 2%)

DATED: September 1, 1947
AUTHORIZED: \$20,000,000
ISSUED AND OUTSTANDING: \$20,000,000
MATURITY: \$2,000,000 each year from September 1, 1949 to September 1, 1959 inclusive at rates to be established,

or

To mature September 1, 1958 with sinking fund of \$2,000,000 annually beginning September 1, 1949 and retiring the entire issue by maturity.

DENOMINATION: Coupon \$1,000 registerable as to principal only.
SECURITY: Not secured.
PURPOSE: To provide additional funds for capital expenditures in the latter part of the three year period.
TRUSTEE:
REGISTRAR:

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PERSONAL
AND
CONFIDENTIAL

AMERICAN AIRLINES, INC.

<u>Date</u>	<u>Common Stock</u> (6,452,838.45 sh)	<u>3% Cum. Cv. Pfd.</u> (300,000 sh)	<u>2-3/4% Debentures</u>	<u>2% Notes</u>	<u>Total</u>	<u>Pfd. Div.</u>	<u>Deb. Int.</u>	<u>Note Int. & S. Fund</u>	<u>Deb. Sink Fund</u>	<u>Total Charges</u>
9/1/46	\$6,452,838.45	\$30,000,000	\$50,000,000		\$ 86,452,838.45	\$300,000	\$ 458,333	\$ 187,500 (Bank Loan)		\$ 945,833
9/1/47	\$6,452,838.45 (7,652,838.45 sh)	30,000,000	50,000,000	\$20,000,000	106,452,838.45	900,000	1,375,000			2,275,000
9/1/48	\$36,452,838.45		50,000,000	20,000,000	106,452,838.45	900,000	1,375,000	400,000		2,675,000
9/1/49	36,452,838.45		50,000,000	20,000,000	106,452,838.45		1,375,000	2,400,000		3,775,000
9/1/50	36,452,838.45		50,000,000	18,000,000	104,452,838.45		1,375,000	2,360,000		3,735,000
9/1/51	36,452,838.45		50,000,000	16,000,000	102,452,838.45		1,375,000	2,320,000	\$1,000,000	4,695,000
9/1/52	36,452,838.45		49,000,000	14,000,000	99,452,838.45		1,347,500	2,280,000	1,000,000	4,627,500
9/1/53	36,452,838.45		48,000,000	12,000,000	96,452,838.45		1,320,000	2,240,000	1,000,000	4,560,000
9/1/54	36,452,838.45		47,000,000	10,000,000	93,452,838.45		1,292,500	2,200,000	1,000,000	4,492,500
9/1/55	36,452,838.45		46,000,000	8,000,000	90,452,838.45		1,265,000	2,160,000	1,000,000	4,425,000
9/1/56	36,452,838.45		45,000,000	6,000,000	87,452,838.45		1,237,500	2,120,000	1,000,000	4,357,500
9/1/57	36,452,838.45		44,000,000	4,000,000	84,452,838.45		1,210,000	2,080,000	1,000,000	4,290,000
9/1/58	36,452,838.45		43,000,000	2,000,000	81,452,838.45		1,182,500	2,040,000	1,000,000	4,222,500
9/1/59	36,452,838.45		42,000,000		78,452,838.45		1,155,000		2,000,000	3,155,000
9/1/60	36,452,838.45		40,000,000		76,452,838.45		1,100,000		2,000,000	3,100,000
9/1/61	36,452,838.45		38,000,000		74,452,838.45		1,045,000		2,000,000	3,045,000
9/1/62	36,452,838.45		36,000,000		72,452,838.45		990,000		2,000,000	2,990,000
9/1/63	36,452,838.45		34,000,000		70,452,838.45		935,000		2,000,000	2,935,000
9/1/64	36,452,838.45		32,000,000		68,452,838.45		880,000		2,000,000	2,880,000
9/1/65	36,452,838.45		30,000,000		66,452,838.45		825,000		2,000,000	2,825,000
9/1/66	36,452,838.45		28,000,000		64,452,838.45		770,000		2,000,000	2,770,000
9/1/67	36,452,838.45		26,000,000		62,452,838.45		715,000		2,000,000	2,715,000
9/1/68	36,452,838.45		24,000,000		60,452,838.45		660,000		2,000,000	2,660,000
9/1/69	36,452,838.45		22,000,000		58,452,838.45		605,000		2,000,000	2,605,000
9/1/70	36,452,838.45		20,000,000		56,452,838.45		550,000		2,000,000	2,550,000
9/1/71	36,452,838.45		18,000,000		54,452,838.45		495,000		18,000,000	18,495,000
Subs	36,452,838.45				36,452,838.45					