



AMERICAN AIRLINES *INC.*

100 EAST 42nd STREET
NEW YORK 17, N. Y.

September 11, 1944

OFFICE OF
THE PRESIDENT

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

Dear Amon:

Confidential

Attached is a memorandum I have prepared of our capital position, etc. which I would appreciate your studying carefully. I am sending similar copies to the other members of the executive committee for consideration and discussion before the directors meeting.

Walter is going to be here on Thursday or Friday of this week and if you could be here then it would be fine. If not, we will go over it together without you and then go over it again on, say, next Monday when you arrive.

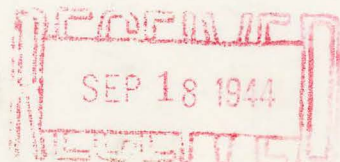
Best regards.

Sincerely yours,

D

A. N. Kemp

Jim phoned & said you



AMERICAN AIRLINES, INC.

EXHIBIT 1

Page 1

SCHEDULE OF ESTIMATED FIXED ASSET PURCHASES

PERIOD JUNE 30, 1944 TO JUNE 30, 1947

	1944	1945	
	<u>2nd Half</u>	<u>1st Half</u>	<u>2nd Half</u>
Airplanes	\$2,875,000	\$4,160,000	\$ 7,100,000
Spares	240,000	240,000	1,400,000
Engineering changes	80,000	150,000	400,000
Radio equipment	-	-	450,000
Hangars	-	250,000	250,000
Hangar and shop equipment	25,000	150,000	250,000
Terminal Buildings	-	200,000	400,000
Station and ramp equipment	50,000	100,000	200,000
Ticket Offices	75,000	150,000	150,000
Office Building	-	500,000	500,000
General office equipment	10,000	25,000	25,000
American Export	-	3,000,000	-
Miscellaneous	50,000	50,000	50,000
Commitments for equipment purchases at June 30, 1944	<u>375,000</u>	<u>—</u>	<u>—</u>
Total estimated equipment purchases for period	<u>\$3,780,000</u>	<u>\$8,975,000</u>	<u>\$11,175,000</u>

STATEMENT OF ESTIMATED FIXED ASSET PURCHASES

1946		1947		Total
1st Half	2nd Half	1st Half	2nd Half	
2,870,000	\$5,250,000	\$10,000,000		\$42,255,000
995,000	545,000	1,200,000		4,620,000
400,000	600,000	600,000		2,230,000
-	300,000	425,000		1,175,000
1,750,000	2,250,000	2,000,000		6,500,000
100,000	200,000	200,000		925,000
500,000	400,000	250,000		1,750,000
200,000	150,000	150,000		850,000
200,000	150,000	100,000		825,000
-	-	-		1,000,000
25,000	25,000	25,000		135,000
-	-	-		3,000,000
50,000	50,000	50,000		300,000
-	-	-		375,000
<u>7,090,000</u>	<u>\$9,920,000</u>	<u>\$15,000,000</u>		<u>\$65,940,000</u>

To Mr. Carter

Remarks

Apparently this came to
me by error.

From WSMcLucas

Date 9-14-44

SCHEDULE OF ESTIMATED FIXED ASSET PURCHASESAIRPLANESSEPTEMBER 7, 19441944 - 2nd Half

30 DC-3 (Incl. conversion) @ 80,000	\$2,400,000
First payment on 55 DC-4 & DC-6 @ 5,000	275,000
" " " 20 additional DC-6 @ 5,000	<u>100,000</u>
	\$2,775,000
First payment on 10 DC-7 @ 10,000	<u>100,000</u>
	\$2,875,000

1945 - 1st Half

22 DC-3 (C-53 or C-47) Incl. conversions @ 80,000	\$1,760,000
P.N. payment on 25 DC-4 (25%) (25x96,000)	<u>2,400,000</u>
	\$4,160,000

2nd Half

25 DC-4 (final payment) 25x284,000)	\$7,100,000 ✓
-------------------------------------	---------------

1946 - 1st Half

P.N. payment on 30 DC-6 (25%) 30x136,250)	\$4,087,500
2 DC-6 (final payment) @ 403,750	807,500
5 CW-20 (cargo) @ 300,000	<u>1,500,000</u>
	\$6,395,000
P.N. payment on 10 DC-7 (25%) (10x375,000)	<u>3,750,000</u>
	\$10,145,000
P.N. payment on 20 additional (to be delivered 2nd half of 1947) DC-6 (25%) 20x136,250)	<u>2,725,000</u>
	\$12,870,000

2nd Half

13 DC-6 (final payment) (13x403,750)	\$ 5,250,000
--------------------------------------	--------------

1947 - 1st Half

15 DC-6 (final payment) (15x403,750)	\$ 6,000,000
20 A-1 type (pass. & cargo) (20x200,000)	<u>4,000,000</u>
	\$10,000,000

Total Airplanes

\$42,255,000

SCHEDULE OF ESTIMATED FIXED ASSET PURCHASES

AIRPLANES (Cont'd.)

SEPTEMBER 7, 1944

SPARES - ESTIMATED CAPITAL REQUIREMENTS

1944 - 2nd Half

DC-3	\$ 240,000
------	------------

1945 - 1st Half

C-47 & C-53	\$ 240,000
-------------	------------

2nd Half

DC-4	\$1,400,000
------	-------------

1946 - 1st Half

DC-6	\$ 545,000
CW-20	<u>450,000</u>
	\$ 995,000

2nd Half

DC-6	\$ 545,000
------	------------

1947 -1st Half

DC-6	\$ 800,000
A-1	<u>400,000</u>
	<u>\$1,200,000</u>

Total Spares	<u>\$4,620,000</u>
--------------	--------------------

SCHEDULE OF ESTIMATED FIXED ASSET PURCHASES

SEPTEMBER 7, 1944

COST OF AIRPLANES

DC 3 including conversion	\$ 80,000
DC 4s	385,000
DC 6s	545,000
C-W 20s	300,000
A-1s	200,000

DEPRECIATION RATES

DC 3s (Purch. 1944)	Depreciated by 12/31/46- No residual
DC 3s (Purch. 1945)	2½ years- no residual
DC 4s	6 years - 10% residual
DC 6s	6 years - " "
C-W-20s	4 years - " "
A-1s	6 years - " "
Aircraft Radio	3 years - No residual

Delivery Dates through June 30, 1947

Oct. 1, 1944	-	30 DC-3
April 1, 1945	-	22 DC-3
Oct. 1, 1945	-	25 DC-4
April 1, 1946	-	2 DC-6
April 1, 1946	-	5 CW-20
Oct. 1, 1946	-	13 DC-6
April 1, 1947	-	15 DC-6
" " "	-	20 A-1

AMERICAN AIRLINES, INC.

EXHIBIT 2

ESTIMATED CASH RESOURCES AVAILABLE FOR CAPITAL EXPENDITURES

DURING THE PERIOD JUNE 30, 1944 TO JUNE 30, 1947

	<u>June 30, 1944</u>	<u>Dec. 31, 1944</u>	<u>Jun</u>
Cash and Government Securities exclusive of tax notes	\$15,905,000		
Tax notes in excess of tax liability	<u>1,183,000</u>		
Total Cash and Government securities at beginning of period	<u>\$17,088,000</u>		
 Balance brought forward at beginning of each subsequent period	 \$ -	 \$10,088,000	 \$
Add: Earnings for period after deduction for depreciation and normal Federal Income Taxes	\$ -	\$ 3,127,000	\$
Provision for depreciation	-	<u>959,000</u>	
Total earnings for period after taxes but exclusive of depreciation	\$ -	\$ 4,086,000	\$
Less: Current Dividend Requirements	-	<u>969,000</u>	
Net amount available from earnings	\$ -	\$ 3,117,000	\$
Proceeds from Equipment Trust Certificates	-	-	
Total Cash, Government Securities and amounts available from earnings	<u>\$17,088,000</u>	<u>\$13,205,000</u>	<u>\$1</u>
Deduct:			
Operating cash requirements	\$ 7,000,000	\$ -	\$
Capital expenditures	-	3,780,000	
Repayment of Equipment Trust Certificates	-	-	
Payment of Interest on Equipment Trust Certificates at 2½%	-	-	
Total Deductions	<u>\$ 7,000,000</u>	<u>\$ 3,780,000</u>	<u>\$</u>
Net available for Capital Expenditures at end of period	<u>\$10,088,000</u>	<u>\$ 9,425,000</u>	<u>\$</u>

September 8, 1944

<u>30, 1945</u>	<u>Dec. 31, 1945</u>	<u>June 30, 1946</u>	<u>Dec. 31, 1946</u>	<u>June 30, 1947</u>	<u>Total Period June 30, 1944 To June 30, 1947</u>
					\$15,905,000
					<u>1,183,000</u>
					<u>\$17,088,000</u>
<u>425,000</u>	<u>\$ 2,518,000</u>	<u>\$ 830,000</u>	<u>\$12,392,000</u>	<u>\$13,682,000</u>	<u>\$ -</u>
<u>492,000</u>	<u>\$ 1,469,000</u>	<u>\$ 2,254,000</u>	<u>\$ 2,338,000</u>	<u>\$ 3,064,000</u>	<u>\$13,744,000</u>
<u>415,000</u>	<u>2,108,000</u>	<u>2,852,000</u>	<u>3,477,000</u>	<u>3,848,000</u>	<u>14,659,000</u>
<u>907,000</u>	<u>\$ 3,577,000</u>	<u>\$ 5,106,000</u>	<u>\$ 5,815,000</u>	<u>\$ 6,912,000</u>	<u>\$28,403,000</u>
<u>106,000</u>	<u>969,000</u>	<u>106,000</u>	<u>969,000</u>	<u>106,000</u>	<u>3,225,000</u>
<u>801,000</u>	<u>\$ 2,608,000</u>	<u>\$ 5,000,000</u>	<u>\$ 4,846,000</u>	<u>\$ 6,806,000</u>	<u>\$25,178,000</u>
<u>-</u>	<u>7,219,000</u>	<u>1,942,000</u>	<u>5,314,000</u>	<u>9,131,000</u>	<u>23,606,000</u>
<u>226,000</u>	<u>\$12,345,000</u>	<u>\$ 6,112,000</u>	<u>\$ 2,232,000</u>	<u>\$ 2,255,000</u>	<u>\$48,784,000</u>
<u>733,000</u>	<u>\$ 1,655,000</u>	<u>\$ 637,000</u>	<u>\$ 415,000</u>	<u>\$ 2,060,000</u>	<u>\$12,500,000</u>
<u>975,000</u>	<u>11,175,000</u>	<u>17,090,000</u>	<u>9,920,000</u>	<u>15,000,000</u>	<u>65,940,000</u>
<u>-</u>	<u>301,000</u>	<u>682,000</u>	<u>985,000</u>	<u>1,587,000</u>	<u>3,555,000</u>
<u>-</u>	<u>44,000</u>	<u>95,000</u>	<u>130,000</u>	<u>205,000</u>	<u>474,000</u>
<u>708,000</u>	<u>\$13,175,000</u>	<u>\$18,504,000</u>	<u>\$11,450,000</u>	<u>\$18,852,000</u>	<u>\$82,469,000</u>
<u>518,000</u>	<u>\$ 830,000</u>	<u>\$12,392,000</u>	<u>\$13,682,000</u>	<u>\$16,597,000</u>	<u>\$16,597,000</u>