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CABLE ADDRESS
"AMAIR"

AMERICAN AIRLINES, INC.

NEW YORK MUNICIPAL AIRPORT

NEW YORK, N. Y.

August 16, 1940

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

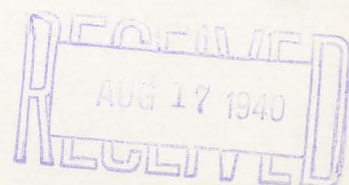
Dear Mr. Carter:

Attached hereto is a copy of the Consolidated Balance Sheet of American Airlines, Inc. and subsidiary companies at July 31, 1940. Also, a Comparative Statement of Profit and Loss for the month of July, 1939, and 1940, also for the seven months ended July, 1939, and 1940.

Very truly yours,



T. J. Dunnion
Vice President and Treasurer



CONFIDENTIAL

AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

JULY 31, 1940

A s s e t s

CURRENT ASSETS:

Cash		\$ 1,931,026.01
United States Treasury notes		59,974.25
Accounts receivable -		
United States Government		
Departments	\$1,098,809.10	
Other airline companies and		
agents - traffic and express		
balances, etc.	90,170.55	
Amount due from volume travel		
plan subscribers in excess		
of deposits	461,106.33	
Other trade	210,451.26	
	<u>\$1,860,537.24</u>	
Less: Reserve for doubtful		
accounts	<u>10,516.44</u>	1,850,020.80
Inventories - parts and supplies		
valued at the lower of cost		
or market		965,378.26
Indebtedness of employees		34,946.66
Total current assets		<u>\$ 4,840,745.98</u>

SPECIAL FUNDS:

Cash -		
Deposited in connection with		
lease agreement		28,000.00
Deposited to apply against		
purchase price of airplanes		200,000.00
FLYING EQUIPMENT, AT COST	\$9,303,889.26	
Less: Reserve for obsolescence		
and depreciation	<u>3,969,572.05</u>	5,334,317.21
LAND, BUILDINGS AND OTHER EQUIPMENT,		
AT COST	\$3,606,956.74	
Less: Reserve for depreciation	<u>1,483,138.20</u>	2,123,818.54
MISCELLANEOUS PHYSICAL PROPERTY NOT		
IN USE, AT ESTIMATED REALIZABLE VALUE		30,000.00

DEFERRED CHARGES:

Prepaid rents and insurance	\$ 58,549.96	
Other deferred charges	<u>70,051.10</u>	128,601.06

\$12,685,482.79

CONSOLIDATED BALANCE SHEETLiabilities

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 1,588,646.10
Liability for airplanes delivered	897,021.94
Accrued interest	12,171.71
Accrued social security taxes	43,999.44
Accrued miscellaneous Federal, State and local taxes	73,553.23
Provision for Federal income taxes	461,246.56
Liability for deposits on air travel plans	<u>1,269,896.73</u>
Total current liabilities	\$ 4,346,535.71

DEBENTURES:

Five year 4½% convertible debentures, due July 1, 1941	2,501,275.00
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RESERVE FOR CONTINGENCIES

82,000.00

CAPITAL STOCK:

Authorized - 1,000,000 shares par value
\$10 per share

Issued - 361,234 shares 3,612,340.00

Reserved for conversion of five
year 4½% debentures (conversion
price \$12.50 per share) shar 200,102

Reserved for exercise of options
by officers and supervisory
personnel shar 13,664
shar 213,766

SURPLUS:

Paid-in surplus \$1,370,647.50

Earned surplus

Balance December 31,
1939 \$ 34,382.57

Net profit for seven
months ended July 31,
1940 1,115,671.15 772,684.58 2,143,332.08

\$12,685,482.79

CONFIDENTIAL

AMERICAN AIRLINES, INC. AND SUBSIDIARY COMPANIES

Comparative Statement of Profit and Loss -
Month of July, 1940, Month of July, 1939, Seven Months
Ended July 31, 1940 and Seven Months Ended July 31, 1939

OPERATING REVENUE

Passenger
Mail
Express
Excess baggage
Ground transportation
Other
Total operating revenue

OPERATING EXPENSES (Exclusive of depreciation)

Flying - Maintenance
Overhaul
Flying personnel
Fuel and oil
Insurance
Damage to aircraft
Other
Total flying expenses

Ground - Salaries
Ground transportation
Other ground expenses
Total ground expenses

Sales
Advertising
Publicity
General and administrative
Total other expenses

TOTAL OPERATING EXPENSES (Exclusive of depreciation)

TOTAL INCOME (Before depreciation)

OTHER INCOME

OTHER DEDUCTIONS

Interest
Social security taxes
Provision for expense of move to New York
Municipal Airport
Miscellaneous

PROVISION FOR OBSOLESCENCE AND DEPRECIATION

NET PROFIT BEFORE PROVISION FOR FEDERAL INCOME TAXES

PROVISION FOR FEDERAL INCOME TAXES

NET PROFIT

REVENUE MILES FLOWN

REVENUE PASSENGERS CARRIED

Month of July 1940	Month of July 1939	Seven Months End July, 1940	Seven Months Ended July 31, 1939
\$1,517,348.83	\$1,005,986.12	\$ 8,8894.64	\$5,344,661.51
324,233.71	313,547.39	2,7026.79	2,074,214.81
46,975.94	31,125.79	0,910.71	220,465.55
14,172.04	10,580.51	2,828.02	53,748.88
1,818.95	1,453.05	1,171.30	8,387.35
7,611.75	3,029.22	0,632.58	63,263.70
<u>\$1,912,161.22</u>	<u>1,365,722.08</u>	<u>11,3464.04</u>	<u>7,764,741.80</u>
133,819.84	77,125.72	0,386.48	580,760.76
37,915.58	48,475.59	0,016.17	333,371.36
239,174.24	165,890.76	1,6186.47	1,029,910.69
196,286.56	137,829.04	1,9128.63	793,672.24
42,196.41	32,020.25	3,125.23	165,416.93
1,417.79	240.99	1,491.49	7,092.04
76,208.08	39,818.33	4,893.34	217,018.74
<u>\$ 727,018.50</u>	<u>501,400.68</u>	<u>4,4227.81</u>	<u>3,127,242.76</u>
282,147.30	176,303.94	1,4255.74	1,117,450.69
1,318.89	2,002.62	1,025.03	11,479.68
111,983.78	73,877.70	1,414.98	466,420.65
<u>\$ 395,449.97</u>	<u>252,184.26</u>	<u>2,8695.75</u>	<u>1,595,351.02</u>
138,010.42	93,343.94	6,554.70	557,220.41
84,296.73	72,454.07	2,497.67	382,268.98
6,923.05	8,826.11	9,039.41	49,120.46
66,774.87	39,453.46	1,568.30	251,847.62
<u>\$ 296,005.07</u>	<u>214,077.58</u>	<u>1,9660.08</u>	<u>1,240,457.47</u>
<u>\$1,418,473.54</u>	<u>967,662.52</u>	<u>8,0583.64</u>	<u>5,963,051.25</u>
493,687.68	398,059.56	2,2880.40	1,801,690.55
6,260.71	2,355.75	5,863.05	16,653.73
<u>\$ 499,948.39</u>	<u>400,415.31</u>	<u>2,8743.45</u>	<u>1,818,344.28</u>
12,158.40	13,692.53	3,768.34	95,119.22
22,943.08	17,567.74	0,638.70	113,084.18
-	20,000.00	-	80,000.00
7,089.61	35,164.87	0,928.28	139,972.72
42,191.09	86,425.14	3,335.32	428,176.12
457,757.30	313,990.17	2,0408.13	1,390,168.16
168,895.78	110,223.81	9,640.98	690,304.18
<u>\$ 288,861.52</u>	<u>203,766.36</u>	<u>1,0767.15</u>	<u>699,863.98</u>
60,400.00	33,600.00	4,900.00	126,000.00
<u>\$ 228,461.52</u>	<u>\$ 170,166.36</u>	<u>\$ 1,5867.15</u>	<u>\$ 573,863.98</u>
2,476,468	1,741,654	311,198	10,053,405
84,961	51,546	448,045	265,140