

Was the initial estimate for loss reserves originating in 2000 too low or too high? How has the firm updated its estimate of this obligation over time? What percentage of the original liability remains outstanding for 2000 claims at the end of 2010? As a financial analyst, what questions would you have for the CFO on its 2000 liability?

4. AMR, the parent of American Airlines, provides the following footnote information on its capital and operating leases:

AMR's subsidiaries lease various types of equipment and property, primarily aircraft and airport facilities. The future minimum lease payments required under capital leases, together with the present value of such payments, and

future minimum lease payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of December 31, 2010, were (in millions):

Year Ending December 31	Capital Leases	Operating Leases
2011	\$186	\$1,254
2012	136	1,068
2013	120	973
2014	98	831
2015	87	672
2016 and thereafter	349	6,006
	<u>\$976</u>	<u>\$10,804</u>
Less amount representing interest	<u>\$372</u>	
Present value of net minimum lease payments	<u>\$604</u>	

AMR further disclosed that "lease terms vary but are generally six to 25 years for aircraft and seven to 40 years for other leased property and equipment." Assuming that all leases are for aircraft with an average lease term of 15 years, what interest rate does AMR use to capitalize its capital leases? Use this rate to capitalize AMR's operating leases at December 31, 2010. Record the adjustment to AMR's balance sheet to reflect the capitalization of operating leases. How would this reporting change affect AMR's Income Statement in 2011?

5. In 2011, Tata became the first Indian brand to be named in the top 50 global brands