

PRUITT AND MACINTYRE

420 LEXINGTON AVENUE

NEW YORK

RAYMOND S. PRUITT
MALCOLM A. MACINTYRE

CHICAGO CORRESPONDENT
PRUITT & GREALIS
BANKERS BLDG.

MURRAY HILL 3-0202

March 11, 1940

Mr. Amon G. Carter
c/o FORT WORTH STAR TELEGRAM
Fort Worth, Texas

Dear Mr. Carter:

I am enclosing proof of the notice of the meeting of the stockholders of American Airlines, Inc. to be held April 17, 1940, proxy, and proxy statement, preliminary copies of which have been filed with the Securities and Exchange Commission, Washington, D. C., as required by the new proxy rules. The record date is March 18, and we expect to mail the definitive copies of the proxy-soliciting material to the stockholders as soon after that date as possible, and will probably have the same printed the latter part of this week.

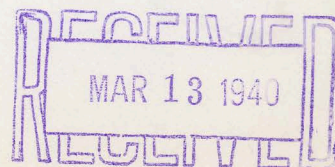
If there are any changes or corrections which you wish to suggest, it will therefore be appreciated if you will communicate with me promptly.

Yours very truly,

Rd Pruitt

General Counsel
American Airlines, Inc.

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AMERICAN AIRLINES, INC.

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NOTICE

OF

ANNUAL MEETING OF STOCKHOLDERS

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BUSINESS REPLY ENVELOPE

NO POSTAGE STAMP NECESSARY IF MAILED IN THE UNITED STATES

4C.-POSTAGE WILL BE PAID BY-

AMERICAN AIRLINES, INC.

Room 1201

30 BROAD STREET

NEW YORK, N. Y.

FIRST CLASS

PERMIT No.

(Sec. 510, P.L.&R.)

NEW YORK, N. Y.



NOTICE OF THE ANNUAL MEETING
of the Stockholders of
AMERICAN AIRLINES, INC.

*To the Stockholders of
American Airlines, Inc.:*

Notice is hereby given that the annual meeting of the stockholders of American Airlines, Inc., a Delaware corporation, will be held at the statutory office of the corporation, Corporation Guarantee and Trust Company, No. 927 Market Street, Wilmington, Delaware, on Wednesday, April 17, 1940, at 11 o'clock A. M. Eastern Standard Time, for the following purposes:

1. To receive the annual report of the corporation to its stockholders for the year ended December 31, 1939, a copy of which report accompanies this notice of the meeting sent to all stockholders.
2. To elect directors of the corporation for the ensuing year.
3. To appoint auditors for the corporation for the year 1940.
4. To approve a new by-law for the corporation, subject to the approval of stockholders, as set forth in the Proxy Statement dated March , 1940.
5. To consider and act upon any other business which may properly come before the meeting or any adjournment or adjournments thereof.

The close of business March 18, 1940 has been fixed as the date of record for determining stockholders entitled to notice of and to vote at said annual meeting, and only stockholders of record as of said record date are entitled to receive notice of and to vote at said annual meeting of the stockholders. The transfer books of the corporation will not be closed.

The attached proxy is being solicited by the management of the corporation, and at the present time it is intended that each of the persons named in the proxy will vote at the annual meeting for the election of twelve directors whose names are mentioned in the enclosed proxy statement, or, in the event of contingencies, for the election of such different or additional persons to the Board as will maintain the existing management of the corporation.

All stockholders are urged to attend the meeting in person or by proxy. If you do not expect to attend said meeting and desire to have the stock registered in your name represented and voted, the management of the corporation requests that you date, sign and mail the attached proxy promptly. No postage is required.

By order of the Board of Directors,

H. K. RULISON, *Secretary.*

Dated at New York, N. Y.,
March —, 1940.

3 MAR 9 1940

P R O X Y

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a stockholder of AMERICAN AIRLINES, INC., a Delaware corporation, does hereby constitute and appoint C. R. Smith, Charles A. Rheinstrom and Harry E. Benedict, and each of them, with full power to each of them to substitute another for himself, the agent, attorney and proxy of the undersigned, for and in the name, place and stead of the undersigned, to attend the annual meeting of the stockholders of American Airlines, Inc. to be held at the statutory office of the corporation, No. 927 Market Street, Wilmington, Delaware, on Wednesday, the 17th day of April, 1940, at 11 o'clock A. M., or any adjournment or adjournments thereof, hereby authorizing said proxies and each of them to vote all of the stock of said corporation standing in the name of the undersigned at said meeting, or any adjournment or adjournments thereof, according to the number of shares which the undersigned would be entitled to vote if personally present, (a) for the election of directors to serve the corporation for the ensuing year, (b) for the appointment of auditors for the corporation for the year 1940, (c) upon the proposed new by-law more fully described in the Proxy Statement and the Notice of Meeting, and (d) upon such other matters as may properly come before the meeting. The undersigned hereby instructs said proxies to vote in favor of the appointment of.....as auditors of the corporation for the year 1940, and it is understood that if specific instructions to the contrary are not given, the undersigned's stock will be voted for the appointment of Messrs. Arthur Young & Company as auditors for the corporation for the year 1940.

The undersigned hereby revokes any proxy or proxies heretofore given to vote said shares.

Dated this _____ day of _____, 1940. _____ (SEAL)

Stockholders who are present at the meeting may withdraw their proxy and vote, if they so desire, in person. Your address is recorded on the books of the corporation as shown above. If incorrect, please insert your correct address. When signing as attorney, administrator, trustee or guardian, please give your full title as such.

PROXY STATEMENT

AMERICAN AIRLINES, INC.

LAGUARDIA FIELD

NEW YORK CITY, NEW YORK

TO THE STOCKHOLDERS OF
AMERICAN AIRLINES, INC.

The following information concerning the enclosed proxy, and concerning the matters to be acted upon under the authority of said proxy, is submitted pursuant to the requirements of Regulation X-14 of the Rules and Regulations under the Securities Exchange Act of 1934.

All stockholders who cannot be present at the annual stockholders' meeting to be held at the statutory office of the corporation, 927 Market Street, Wilmington, Delaware, April 17, 1940, and who wish their stock to be represented and voted at said meeting are requested by the management to sign and return the enclosed form of proxy, which requires no postage.

1. This proxy is revocable by you at any time, and the form itself reserves to you the right to attend such meeting and to vote your stock in person.

2. This proxy is solicited by and on behalf of American Airlines, Inc. and its present management.

3. All of the expenses of making this solicitation have been or are to be borne by American Airlines, Inc. including legal fees in connection with the preparation of this initial proxy statement and the accompanying proxy and notice of the stockholders' meeting, and the cost of printing, assembling, and mailing such notices, proxies, and proxy statements. It is estimated that such expenses, including telephone charges set forth in the next paragraph, will amount to approximately \$2,500.

In addition to the solicitation of proxies through the use of the mails, the management may utilize, without expense to the corporation, other than the regular charges for such telephone calls as are made, the services of its officers, directors, and Transfer Agent in soliciting proxies through personal contact or telephone calls. It is not anticipated that any regular or specially engaged employees of the company will be used in connection with such solicitations.

4. Fifteen directors are to be elected at the forthcoming annual meeting. It is the intention of the management that proxies, unless limited to the contrary, will be voted in favor of the following nominees: C. R. Smith, Silliman Evans, Ralph S. Damon, Amon G. Carter, James Bruce, Harry E. Benedict, Chandler Hovey, David S. Ingalls, Harold T. Ames, Charles A. Rheinstrom, H. K. Rulison, Francis A. Callery, Thomas Stevens Hammond, Walter Scott McLucas, Edgar Monsanto Queeny, ^{and} ~~all~~ of whom except Messrs. Rulison, Hammond, McLucas and Queeny are now directors of the Corporation.

The present members of the Board of Directors have nominated all of the foregoing nominees for re-election to the Board of Directors.

Information is hereinafter given as to the securities of this corporation now owned beneficially by the various nominees for the office of Director of this corporation.

Messrs. C. R. Smith, R. S. Damon and C. A. Rheinstrom, who are nominees for directors of the corporation, received in the year 1939 the three highest aggregate remunerations paid by the corporation and its subsidiaries, directly or indirectly, to any director, officer or employee of the corporation.

The aggregate amount of remuneration received by Mr. C. R. Smith, President of the corporation, during the year 1939, amounted to \$25,000 and in addition the Board of Directors of the corporation, on November 27, 1939, granted to Mr. Smith an option to purchase from the corporation 466 shares of the authorized and unissued capital stock of the corporation at a price of \$12.50 per share. The 466 shares covered by this option are a portion of the 25,000 previously reserved for option and sale to officers and supervisory employees of the corporation pursuant to authorization of the stockholders of the corporation and had been previously optioned at a price of \$12.50 per share to other officers and supervisory employees of the corporation who forfeited the right to exercise said options because of the termination of their employment by the corporation. The Board of Directors of the corporation, on November 27, 1939, authorized the granting of this additional option on said 466 shares to Mr. C. R. Smith. At the date of the granting of this option the market price of the shares of stock of this corporation on the New York Stock Exchange was approximately \$37 per share.

The aggregate amount of remuneration received by Mr. R. S. Damon, Vice President of the corporation, for the year 1939 amounted to \$20,000.

The aggregate amount of remuneration received by Mr. C. A. Rheinstrom, Vice President of the corporation, in the year 1939 amounted to \$17,000.

The corporation's subsidiaries, Century Properties Company and Ontario Airways, Limited, paid no salaries or compensation in the year 1939 to the officers or directors of the corporation.

6. The foregoing nominees, as of the close of business March 5, 1940, were beneficially the owners respectively of the following shares of capital stock of this corporation: Edgar Monsanto Queeny, 200 shares; Walter Scott McLucas, 10 shares; C. R. Smith, 1570 shares; Harry E. Benedict, 900 shares; Amon G. Carter, 5000 shares; Harold T. Ames, 827 shares; R. S. Damon, 300 shares; H. K. Rulison, 333 shares; James Bruce, 100 shares; C. A. Rheinstrom, 286 shares; Francis A. Callery, 100 shares; Thomas Stevens Hammond, none; Chandler Hovey, 110 shares; David S. Ingalls, 110 shares; and Silliman Evans, 10 shares.

7. The aggregate amount of the remuneration paid during the last fiscal year ended December 31, 1939 by the corporation and its subsidiaries directly, or indirectly through any affiliate of the corporation or otherwise, to the directors and officers of the corporation, considered as a group, was \$114,999.95. In addition options heretofore granted to certain officers and directors of the corporation were exercised during the fiscal year ending December 31, 1939 to the extent of 500 shares at \$12.50 per share.

8. In addition to the election of a Board of fifteen Directors, there will be brought up for consideration at the annual stockholders' meeting, or any adjournment thereof, the appointment of auditors for the corporation to make the annual audit for the year 1940. It is the intention of the management that proxies, unless limited to the contrary, will be voted in favor of the appointment as auditors for the corporation for the year 1940 of Arthur Young & Company.

9. There will also be submitted to the stockholders for approval an additional by-law to be numbered as Section 2 of Article VII to read as follows:

"Each director and officer of the corporation shall be indemnified by the corporation against expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the corporation (whether or not he continues to be a director or officer at the time of incurring such expenses), except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable or to have been derelict in the performance of his duty as such director or officer. The foregoing right of indemnification shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law."

As set forth in the notice of annual meeting, it is proposed to submit such proposed new by-law to the stockholders for their approval and only if such approval is obtained will such by-law become effective. The by-law

is designed to require that, in the event a suit is brought against a person by reason of his being or having been a director or officer of the corporation, the corporation shall pay the expenses reasonably incurred by such person in connection with the matter unless such person shall have been held liable. There is no intention of relieving the directors and officers from the duties and responsibilities of their offices. The directors and officers have no knowledge of any law suit or threatened law suit to which any director or officer is or may be a party as such.

10. The management knows of no business to be acted upon at the annual meeting of the stockholders on April 17, 1940, or at any adjournment or adjournments thereof, other than that referred to herein. If other business comes up for action at said meeting the management will vote proxies in regard thereto in so far as the same are not limited to the contrary.

By order of the Board of Directors.

Dated at New York City, New York, March 5, 1940.

C. R. SMITH, *President*.

H. K. RULISON, *Secretary*.

LIST OF PROPOSED DIRECTORS FOR AMERICAN AIRLINES
TO BE PRESENTED AT NEXT MEETING AND NUMBER OF
SHARES OF STOCK OWNED BY EACH:

E. M. QUEENEY	200	Shares
W. S. McLUCAS	10	"
C. R. SMITH	1,570	"
H. E. BENEDICT	900	"
H. T. AMES	827	"
R. S. DAMON	300	"
H. K. RULISON	333	"
JAMES BRUCE	100	"
C. A. RHEIMSTROM	286	"
F. A. CALLERY	100	"
T. S. HAMOND	-0-	
CHANDLER HOVEY	110	"
DAVID INGALLS	110	"
SILLIMAN EVANS	10	"
TOTAL ABOVE	<u>4,856</u>	"
A. G. CARTER	<u>5,000</u>	"
	9,856	Shares