

AMERICAN AIRLINES, *Inc.*

Notice of Annual Meeting

To the Common 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, 927 Market Street, Wilmington, Delaware, May 18, 1948, at 11:00 o'clock A.M., Daylight Saving Time, for the following purposes:

- (a) To receive the annual report of the corporation to its stockholders for the year ended December 31, 1947, a copy of which report accompanies this notice of meeting sent to all Common Stockholders of the corporation. Stockholders will not be asked to take any action with reference to the annual report.
- (b) To elect sixteen directors of the corporation to serve for the ensuing year, or until their successors are elected and qualified.
- (c) To elect independent auditors for the corporation for the year to end December 31, 1948.
- (d) 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, April 15, 1948, has been fixed as the date of record for determining the stockholders of the corporation entitled to receive notice of and to vote at said annual meeting, and only holders of Common Stock of record as of said date are so entitled to notice and to vote. The transfer books of the corporation will not be closed.

The proxy forwarded to you herewith is being solicited by the management of the corporation. Both the management and the Board of Directors recommend, and at the present time it is intended, in the absence of contrary direction, that each of the persons named in the proxy will vote at the annual meeting (a) for the election as members of the Board of Directors of the sixteen nominees whose names are mentioned in the accompanying Proxy Statement; and (b) in favor of the election of Messrs. Arthur Young & Company as independent auditors for the corporation for the year ending December 31, 1948.

The management of the corporation knows of no other business to be acted upon at said meeting, but as to any other business properly to come before the meeting, each of the persons named in the proxy will vote in accordance with his best judgment.

You 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, fill in, execute and mail said proxy promptly in the enclosed envelope addressed to American Airlines, Inc., c/o Schroder Trust Co., 46 William Street, New York 5, New York. No postage is required if mailed in the United States.

By Order of the Board of Directors,

Dated at New York, N. Y.
March 25, 1948.

C. W. JACOB, *Secretary.*

AMERICAN AIRLINES, Inc.

PROXY STATEMENT

Annual Meeting of Stockholders — 1948

To the Common Stockholders of
AMERICAN AIRLINES, INC.:

There is set forth below information concerning the proxy being forwarded to you herewith and the matters to be acted upon under the authority of said proxy at the annual meeting of the stockholders of the corporation, to be held at the statutory office of the corporation, Corporation Guarantee and Trust Company, 927 Market Street, Wilmington, Delaware, May 18, 1948.

METHOD AND EXPENSE OF PROXY SOLICITATION

Holders of Common Stock of the corporation who cannot be present in person and who wish their stock to be represented and voted at said meeting, are requested by the management to date, fill in, execute and return the form of proxy forwarded herewith in the enclosed envelope, which requires no United States postage. Such proxy is revocable by you at any time prior to the voting of the share or shares represented thereby, and the form itself reserves to you the right to attend such meeting and vote your stock in person.

This proxy is solicited by and on behalf of the management of the corporation. All expenses of making this solicitation are being paid by the corporation. It is contemplated that the original solicitation of proxies by mail may be supplemented by telephone, telegraph and personal solicitation by officers and employees of the corporation. The anticipated cost of such additional solicitation, if made, will not exceed \$1,000. Requests will also be made of brokerage houses and other constituents, nominees and fiduciaries to forward at the expense of the corporation material to the beneficial owners of stock held of record by such persons.

OUTSTANDING STOCK AND VOTING RIGHTS

The corporation, as of March 15, 1948, had outstanding 6,452,835 shares of Common Stock, comprising the only voting securities entitled to vote at said meeting.

PURPOSES OF MEETING

The matters to be acted upon at the annual meeting are:

- (a) To receive, without taking any action upon, the annual report of the corporation to its stockholders for the year ended December 31, 1947, a copy of which report accompanies the notice of meeting sent to all Common Stockholders.
- (b) To elect sixteen directors to serve the corporation for the ensuing year, or until their successors are elected and qualified.

Handwritten notes:
A. J. ... 96800
S. T. ... 58000
D. W. ... 41000
R. H. ... 41000
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- (c) To elect independent auditors for the corporation for the year ending December 31, 1948.
- (d) To consider and act upon any other business which may properly come before the meeting, or any adjournment or adjournments thereof.

ELECTION OF DIRECTORS

Sixteen directors are to be elected at the forthcoming annual meeting, whose term of office shall be until the next succeeding annual stockholders' meeting to be held on the Tuesday preceding the third Wednesday in May, 1949, or until their successors are elected and qualified. It is the intention of the management that proxies, in the absence of contrary direction, will be voted in favor of the following nominees as directors of the corporation: Harold T. Ames, Harry E. Benedict, Edward H. Butler, Amon G. Carter, Charles S. Cheston, Thomas M. Conroy, Ralph S. Damon, Silliman Evans, John W. Farley, Charles T. Fisher, Jr., Thomas Stevens Hammond, A. N. Kemp, Robert W. Miller, Orval M. Mosier, Edgar Monsanto Queeny and C. R. Smith. All of the foregoing nominees are now directors of the corporation and have been previously elected to such office by the security holders except Robert W. Miller, who was elected a director of the corporation at a meeting of the Board of Directors held on January 21, 1948, to fill the vacancy created by the resignation of James Bruce on September 17, 1947, and Charles T. Fisher, Jr., who was elected a director of the corporation at a meeting of the Board of Directors held on March 17, 1948, to fill the vacancy created by the resignation on that date of Walter Scott McLucas. During the past five years Mr. Miller served on the staff of the Commanding General of the Western Flying Training Command until Spring 1945, at which time he resumed his service as President of the Pacific Lighting Corporation. Mr. Fisher has for the past five years been President of the National Bank of Detroit.

Such proxies may, however, in the event of the inability of any of the foregoing to serve as such directors or in the event of contingencies not presently foreseen over which the management has no control, be voted for the election of different persons to the Board of Directors. The management has no specific persons under consideration at this time for election to any such directorship in the event of any such inability or contingency.

INFORMATION RELATIVE TO NOMINEES

The present members of the Board of Directors have nominated the sixteen above-mentioned persons for election.

The names of the nominees, their principal occupations, the year in which each first became a director of the corporation and the amount, respectively, of 3% Sinking Fund Debentures, 3½% Cumulative Convertible Preferred Stock, and Common Stock of the corporation beneficially owned by them or by their associates, are as follows:

Name	Occupation	First Became a Director	Securities Beneficially Owned Directly or Indirectly, as of March 4, 1948(a)		
			3% Sinking Fund Debentures	3½% Convertible Preferred Stock	Common Stock
Harold T. Ames.....	President, The La Porte Corporation (Manufacturer of juvenile vehicles)	1939	None	None	3,000(b)
Harry E. Benedict.....	Chairman of the Board, Palos Verdes Corporation (Real estate development)	1936	None	None	2,100
Edward H. Butler.....	Editor and Publisher, Buffalo Evening News	1941	None	None	1,250(c)

Securities Beneficially Owned Directly or Indirectly, as of March 4, 1948 (a)

<u>Name</u>	<u>Occupation</u>	<u>First Became a Director</u>	<u>3% Sinking Fund Debentures</u>	<u>3½% Convertible Preferred Stock</u>	<u>Common Stock</u>
Amon G. Carter.....	President and Publisher, Fort Worth Star-Telegram	1938	None	300	64,800(d)
Charles S. Cheston.....	Director of various industrial and financial corporations	1947	None	None	300(e)
Thomas M. Conroy.....	Executive Vice President, Central Trust Company of Cincinnati	1947	None	None	200
Ralph S. Damon.....	President, American Airlines, Inc.	1935	None	None	5,000(f)
Silliman Evans.....	Publisher, The Nashville Tennessean	1938	None	None	500
John W. Farley.....	Partner, Herrick, Smith, Donald, Farley & Ketchum, Attorneys	1941	None	None	100(g)
Charles T. Fisher, Jr.	President, National Bank of Detroit	1948	None	None	None(h)
Thomas S. Hammond.....	Chairman of the Board, Whiting Corporation (Manufacturers of machinery)	1940	None	100	50
A. N. Kemp.....	Chairman of the Board, Pacific Mutual Life Ins. Co.	1941	None	None	5,000
Robert W. Miller.....	President, Pacific Lighting Corporation	1948	None	None	100
Orval M. Mosier.....	Vice President, American Airlines, Inc.	1941	None	None	6,000
Edgar M. Queeny.....	Chairman of the Board, Monsanto Chemical Company	1940	None	200	15,000
C. R. Smith.....	Chairman of the Board, American Airlines, Inc.	1934	None	None	3,000(i)

- (a) The foregoing statement as to the beneficial ownership of the corporation's securities by the several nominees is, as to each, based upon information furnished by him. The corporation has no direct means of verifying the correctness thereof.
- (b) In addition 105 shares of Preferred Stock and 2,000 shares of Common Stock are owned by associates of Mr. Ames.
- (c) In addition 1,870 shares of Common Stock are owned by associates of Mr. Butler.
- (d) In addition 32,000 shares of Common Stock and \$500,000 principal amount of 3% Sinking Fund Debentures are owned by associates of Mr. Carter.
- (e) In addition 200 shares of Common Stock are held by associates of Mr. Cheston.
- (f) In addition 6,610 shares of Common Stock are owned by associates of Mr. Damon.
- (g) Owned through holding company.
- (h) \$550,000 principal amount of 3% Sinking Fund Debentures are owned by an associate of Mr. Fisher.
- (i) As of March 4, 1948 Mr. Smith still retained options to purchase 227,000 shares of Common Stock of American Airlines, Inc. at \$11.70 per share after having assigned to others options to purchase 23,000 such shares.

Of the foregoing nominees only Harold T. Ames, Ralph S. Damon and C. R. Smith owned beneficially, directly or indirectly, any securities of American Overseas Airlines, Inc. As of March 4, 1948, an associate of Mr. Ames owned 100 shares of Common Stock; Mr. Damon owned 50 shares of Common Stock and 150 shares were owned by associates of Mr. Damon; Mr. Smith owned 2,002 shares of Common Stock.

INTEREST OF DIRECTORS OR NOMINEES FOR DIRECTORS IN TRANSACTIONS OF THE CORPORATION

No director or nominee for the position of director, nor any associate thereof, had any interest in any transaction of the corporation or of its subsidiaries during the past year or has any interest in any proposed transaction of the corporation or of its subsidiaries except as follows:

By a Credit Agreement, dated June 20, 1947, certain commercial banks undertook to make credit available to American Overseas Airlines, Inc., a majority-owned subsidiary of the corporation, in the total amount of \$12,000,000. On the same date, the corporation entered into a Subordination Agreement with American Overseas Airlines, Inc., American Export Lines, Inc. and the same banks, whereby the corporation agreed to extend credit to its subsidiary in an aggregate amount of \$3,750,000, and to subordinate such advances to any loans made by the banks pursuant to the Credit Agreement. Messrs. A. N. Kemp, Charles T. Fisher, Jr., Charles S. Cheston, Edgar M. Queeny, and Thomas M. Conroy are, respectively, directors of The Chase National Bank of the City of New York and the California Bank, Los Angeles, California; National Bank of Detroit; The Philadelphia National Bank; Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri; and The Central Trust Company, Cincinnati, Ohio, which participated with other banks in such agreements. Mr. Walter McLucas, who resigned as a director of the corporation on March 17, 1948, is a director of the National Bank of Detroit. As of March 1, 1948, the corporation had advanced to its subsidiary \$1,500,000 of its commitment under the Subordination Agreement.

REMUNERATION PAID DURING THE YEAR ENDED DECEMBER 31, 1947

With the exception of certain directors' fees paid by American Overseas Airlines, Inc., the corporation's subsidiaries paid no salary, compensation or remuneration of any kind in the year ended December 31, 1947 to any person who served as an officer of the corporation and who received remuneration totaling more than \$20,000 during the year ended December 31, 1947, or to any director of the corporation, or to any person nominated for election as a director.

A. TOTAL REMUNERATION PAID TO DIRECTORS AND OFFICERS AS A GROUP

The aggregate remuneration in respect of fees and salaries paid to all directors and officers of the corporation, as a group, was \$445,470.42.

In addition to the above remuneration, aggregate payments were made in the amount of \$13,867.42 pursuant to the corporation's Retirement Benefit Plan and Group Insurance Plan for the benefit of all directors and officers who were entitled to participate therein. Payments made by the corporation applicable to the Retirement Benefit Plan, together with the contributions of the directors and officers participating, entitle them to an aggregate annual retirement benefit presently estimated to be \$94,575.88.

B. DIRECTORS OR THREE HIGHEST PAID OFFICERS RECEIVING IN EXCESS OF \$20,000

<u>Name and Capacity</u>	<u>Total Remuneration Received</u>	<u>Approximate Net Remuneration After Deduction of 1947 Federal Income Taxes Applicable to Remuneration Received</u>	<u>Payments by Corporation Under Contributory Pension Plan and Under Group Insurance Plan for Account of Person Named Herein</u>	<u>Estimated Annual Benefits on Retirement</u>
C. R. Smith, Chairman of the Board and Director	\$60,081.68	\$27,752.25	\$2,029.99	\$10,000.00
R. S. Damon, President and Director	40,340.81	21,574.75	1,566.99	7,680.84
O. M. Mosier, Vice President and Director	25,000.00	15,637.75	1,040.06	5,028.60
William Littlewood, Vice President....	25,000.00	15,637.75	941.18	6,192.12

**C. PERSONS OTHER THAN DIRECTORS AND OFFICERS RECEIVING
IN EXCESS OF \$20,000**

The corporation paid an aggregate sum of \$88,750.00 to the law firm of Douglas, Proctor, MacIntyre & Gates for legal services rendered to the corporation as general counsel, an aggregate sum of \$107,750.00 to the law firm of Covington, Burling, Rublee, Acheson & Shorb for legal services rendered to the corporation, and an aggregate sum of \$33,425.00 to Amman and Whitney for engineering services rendered to the corporation.

The remuneration, including salary and director's fees, paid solely by the corporation's subsidiary, American Overseas Airlines, Inc., to its Vice President and General Manager was \$30,000.00, exclusive of contributions made by that corporation on his behalf to the Employees' Retirement Benefit Plan and Group Insurance Plan totaling \$729.89. The remuneration, paid solely by American Overseas Airlines, Inc., to its Vice President and European General Manager was \$27,000.00. No other employee of American Overseas Airlines, Inc. or any other subsidiary of American Airlines, Inc. received compensation in excess of \$20,000.00.

ELECTION OF AUDITORS

The independent auditors nominated by the management of the corporation to serve for the ensuing year to end December 31, 1948, are Messrs. Arthur Young & Company, who have made the annual audits for the corporation continuously since its organization in 1934. It is the intention of the management that proxies, in the absence of contrary direction, will be voted in favor of the election of Messrs. Arthur Young & Company as independent auditors for the corporation for the year to end December 31, 1948. If, however, the enclosed proxy is marked against such election, the proxy will be voted in accordance with such specification.

OTHER BUSINESS

The management knows of no business to be acted upon at said meeting, or any adjournment or adjournments thereof, other than referred to herein, and no action will be taken with respect to the annual report. If other business requires action at said meeting, or any adjournment or adjournments thereof, it is intended that holders of the proxies will vote thereon in their discretion.

By Order of the Board of Directors,

C. W. JACOB, *Secretary*

AMERICAN AIRLINES, INC.

Dated at New York, N. Y.
March 25, 1948.