



AMERICAN AIRLINES SYSTEM

CABLE ADDRESS AMAIR

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To: The Directors

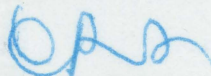
Walter Winchell announced some weeks ago that the American Overseas-Pan American merger would be approved, within ten days from that time. That being entirely impossible, due to the mechanics of getting out one of these decisions, the story was without foundation, as time has since proved.

Mr. Winchell discussed the merger again last evening, indicating faint hope that it would be approved, pointing to the political consequences of TWA's having employed Clark Clifford.

I do not consider either of Mr. Winchell's announcements very convincing and I see no need to worry about them.

TWA has had all along a very weak case; that was quite evident in its presentation. It seems to be generally conceded that either Hughes or TWA has employed Clifford. That is additional evidence that it does not consider its basic case to be strong.

It would be my view that TWA has weakened, rather than strengthened, its case by the employment of Clifford, whether such employment be direct or indirect.


C. R. Smith

VIA AIR MAIL