



# AMERICAN AIRLINES SYSTEM

AMERICAN AIRLINES, INC. • AMERICAN OVERSEAS AIRLINES, INC.

SOUTHERN BUILDING • WASHINGTON 5, D. C.

OFFICE OF THE  
CHAIRMAN OF THE BOARD  
AMERICAN AIRLINES, INC.

April 23, 1946

TO THE DIRECTORS:

We have not at any of the recent meetings discussed the advisability of continuing the Executive Committee; we should have done that.

As I take it, the purpose, and the only purpose, for the formation of an Executive Committee is to afford the opportunity of passing upon matters, on behalf of the Directors, in the interim between meetings of the Directors. Executive Committees are, I believe, found most often in those corporations which have considerable time intervening between their established directors meetings.

Under usual conditions, in order to have an Executive Committee function with effectiveness, it seems necessary that you have:

1. Full power for the Executive Committee to act on behalf of the directors; as a matter of fact, as I understand it, you usually delegate to the Executive Committee the same powers, in the interim between meetings, as is available to the Board of Directors. An Executive Committee without full power to act would be without ability to perform the purpose for which it was created.
2. A small group, usually not more than five in total.
3. Members of that group usually reside in the vicinity of the headquarters of the organization; this in order to permit them to assemble without undue loss of time in travel. If they do not reside in convenient locations, it may become just as easy to have a meeting of a majority of the Board as it is to have a meeting of the Executive Committee.

Whether or not we require continuation of the Executive Committee is, of course, for the Board to determine. I believe that our need for an Executive Committee is lessened by the establishment of the policy that we will meet once a month. So far as the management is concerned, the establishment of an Executive Committee,

with full power and with convenient location of members, would be of aid. On the other hand, I believe that the experience of most corporations is that the establishment of Executive Committees leads to formation of the habit of taking matters up with the Committee and asking for decision on things which might just as well have been passed upon by the Board as a whole, at a regular meeting.

This matter will be on the agenda for discussion at the next meeting.

*C. R. Smith*

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Chairman of the Board

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