

AMERICAN AIRLINES, INC.

100 Park Avenue

New York, N. Y.

July 5, 1951

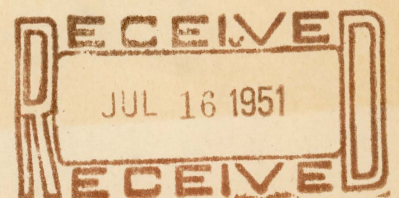
TO THE DIRECTORS OF AMERICAN AIRLINES, INC.:

I am attaching a copy of the draft of the minutes of the Board of Directors' meeting held June 20, 1951.

A stamped addressed envelope is enclosed for your convenience in returning the minutes with your comments.

Walter H. Johnson, Jr.

Secretary



DRAFT
7/3/51

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
AMERICAN AIRLINES, INC.

A regular meeting of the Board of Directors of American Airlines, Inc. was held in Room 142 of the Biltmore Hotel, Madison Avenue and Forty Third Street, New York, New York, on Wednesday June 20, 1951, at 10:00 o'clock a.m., Eastern Daylight Saving Time, pursuant to due notice to all of the directors of the corporation in accordance with the by-laws.

There were present at the meeting:

Harold T. Ames
Harry E. Benedict
James Bruce
Charles S. Cheston
Thomas M. Conroy
James H. Douglas
John W. Farley
James A. Jackson
A. N. Kemp
Robert W. Miller
O. M. Mosier
C. R. Smith

being a quorum of the Board of Directors.

Also present at the request of the Directors were W. J. Hogan, Vice President and Treasurer, C. W. Jacob, Vice President, and M. A. MacIntyre of General Counsel for the corporation.

Directors Rutler, Carter, Evans, Fisher and Queeny were unable to attend the meeting.

The President presided and the Secretary kept the minutes of the meeting.

1. The Secretary presented a summary of action taken at the previous meeting of the Directors, held May 16, 1951. Upon motion duly made and seconded, the minutes of the said meeting were approved.

2. The Treasurer presented and explained financial statements of the corporation as of May 31, 1951.

3. The Treasurer presented a statement of capital expenditures authorized by the management since the last meeting of the Board of Directors, totaling \$133,139 for the corporation and \$2,173 for American Airlines de Mexico.

Upon the recommendation of the Chairman, the Directors authorized the purchase and installation of CB-16 engine conversion kits for the conversion of 250 DC-6 R2800-34M engines at a cost of \$1,635,000. Delivery of said conversion kits will commence in December, 1952 and be completed by July of 1955.

4. The Treasurer recommended that the Chemical Bank and Trust Company of New York be added to the list of banks in which the corporation is authorized to open and maintain payroll bank accounts. After consideration and upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED that bank accounts of this corporation be opened and maintained, to be designated:

AMERICAN AIRLINES, INC. PAYROLL ACCOUNT

with the following banks:

The Chase National Bank of the City of New York
Chemical Bank & Trust Company - New York

and

AMERICAN AIRLINES, INC. PAYROLL ACCOUNT NO. 2

with the following bank:

The Chase National Bank of the City of New York
and

AMERICAN AIRLINES, INC. SPECIAL PAYROLL ACCOUNT

with the following bank:

The Chase National Bank of the City of New York

subject to the limitations and conditions contained in these resolutions, and that funds of this corporation will be deposited therein by checks of this corporation, payable to the order of "American Airlines, Inc. Payroll Account", "American Airlines, Inc., Payroll Account No. 2" or "American Airlines, Inc. Special Payroll Account", as the case may be; and be it further

RESOLVED that the aforementioned banks hereby are instructed never to receive for deposit in said "American Airlines, Inc. Payroll Account", "American Airlines, Inc. Payroll Account No. 2" or said "American Airlines, Inc. Special Payroll Account", any checks, drafts, or orders for the payment of money drawn or endorsed to the order of this corporation by any other corporation, firm or person; and be it further

RESOLVED that the funds of this corporation on deposit in the Payroll Account, Payroll Account No. 2 and the Special Payroll Account maintained in the name of the corporation with The Chase National Bank of the City of New York and Chemical Bank & Trust Company, New York, pursuant to resolutions heretofore adopted by the Board of Directors of this corporation, shall hereafter be subject to withdrawal only in accordance with checks, drafts, or other orders for the payment of money drawn on said account and signed in the name of the corporation by any one of the named individuals or persons holding the following offices:

President
Treasurer
Assistant Treasurers

or when such checks, drafts or other orders for the payment of money do not exceed \$1,000.00 when signed with the facsimile signature of W. J. Hogan, Treasurer, or L. E. Glasgow, Assistant Treasurer or P. G. Larie, Assistant Treasurer, or V. J. Long, Assistant Treasurer of the corporation impressed upon such instrument (regardless of how or by whom the same is impressed on such instrument, and without inquiry as to the circumstances of issue or disposition of the proceeds thereof), the said banks being entitled to honor and to charge this corporation for all such checks, drafts, or other orders for the payment of money, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens from time to time filed with the said banks by the authorized officer of this corporation; and be it further

RESOLVED that the Secretary, Assistant Secretaries or Treasurer of this corporation be authorized to file with said depositaries a certified copy of the foregoing resolutions, together with the specimen signatures of the officers and agents hereby authorized manually to sign checks, drafts, or other orders for the payment of money drawn in the name of this corporation upon said accounts, and facsimile signatures of W. J. Hogan, Treasurer, or L. E. Glasgow, Assistant Treasurer, or P. G. Larie, Assistant Treasurer, or V. J. Long, Assistant Treasurer of this corporation, as same will be impressed upon such instrument (regardless of how or by whom the same is impressed on such instrument, and without inquiry as to the circumstances of issue or disposition of the proceeds thereof), and that except as herein specifically modified the resolutions with respect to said accounts and the limitations upon deposits to be made in said Payroll Account, Payroll Account No. 2 and Special Payroll Account shall remain in full force and effect until repealed or modified by the Board of Directors of this corporation and until notice of such modification or repeal has been given to said depositaries.

5. At the request of the Chairman, Mr. Mosier stated that the East Side Terminal Corporation, of which this Corporation holds 15% of the outstanding stock, will shortly enter into a lease with the Triborough Bridge and Tunnel Authority which will provide for the construction by the Authority of a terminal building and a lease thereof to the Terminal Corporation for an initial term of 20 years with a five year renewal option involving a cost for land acquisition and construction of approximately \$5,500,000. Mr. Mosier further stated that the Authority, as a condition to executing the lease, insisted that the fixed and additional rent, as well as rent for any renewal term, be guaranteed by Terminal Corporation's stockholders with each guarantor's liability being limited in accordance with its stock ownership. Mr. Mosier submitted to the meeting the form of such guaranty and the form of the lease to which it pertains, which forms were ordered filed with the records of the meeting.

Mr. Mosier further stated that as part of the transaction this company should make a contribution to the capital of Manhattan Air Terminals, Inc., this Corporation's wholly-owned subsidiary, in the amount of its advances to the said subsidiary to date, together with accrued interest thereon, and to make additional contributions in an amount which together with the principal amount of such advances to date, viz: \$671,185., will not exceed \$825,000., said amount being the total of the amounts which this Corporation has been previously authorized to advance to Manhattan Air Terminals, Inc. All the stock of Manhattan Air Terminals, Inc. is then to be sold to the Triborough Authority at approximately cost including such contribution to capital.

Mr. Mosier further stated that a new lease for a 21-year term was being negotiated between Central Air Terminal, Inc. and the owners of the Airlines Terminal Building, 80 East 42nd Street, New York City, where the Corporation and certain other air carriers have maintained ticket counters and airport limousine arrival and departure facilities for the past 11 years. As in the case of the original lease executed in 1939, the stockholders of Central Air Terminal, Inc., including this Corporation, will be required to guarantee payment of rental under the lease which will amount to approximately \$268,000 per annum plus 50% of any increase in real estate taxes on the building over those obtaining during the 1950-1951 tax year.

Mr. Mosier further stated that plans had been made for additional terminal facilities to be located in a building to be constructed on the southeast corner of 42nd Street and 10th Avenue which will serve airport limousine operations between Manhattan and the Newark Airport and that the terms of a lease of the terminal premises had been substantially agreed upon. The lease to be entered into by West Side Airlines Terminal Corpo-

ration, the stock of which is owned by this Corporation and six other air carriers, will be for a term of 20 years at an annual rental of \$55,000 per annum plus 80% of real estate taxes on the property. Mr. Mosier stated that authority was desired to enable the Corporation, together with the other stockholders of Central Air Terminal, Inc. and West Side Airlines Terminal Corporation, to guarantee the tenant's obligations under the leases relating to the Airlines Terminal Building and the proposed West Side Airlines Terminal Building, respectively.

Thereupon, after full discussion, by motion duly made, seconded and unanimously carried, it was:

RESOLVED that the President or any Vice President be, and each of them hereby is, authorized to enter into such agreement or agreements with other air transportation companies and with East Side Airlines Terminal Corporation in connection with the Terminal Corporation's agreement with Triborough Bridge and Tunnel Authority upon such terms and conditions as such officer may, by and with advice of counsel, deem appropriate in order to assure the construction by the Triborough Authority of a terminal building costing, including land acquisition, approximately \$5,500,000 and the lease of the building to the said Terminal Corporation and the sublease of substantial space therein to a satisfactory group of air transportation companies, including this Corporation; and further

RESOLVED that the form of Lease between East Side Airlines Terminal Corporation and Triborough Bridge and Tunnel Authority, dated as of June 20, 1951, and the form of Guarantee of said Lease, dated as of June 20, 1951, which forms of Lease and Guarantee were submitted to this meeting, are approved, and that the President or any Vice President be, and each of them hereby is, authorized to execute and deliver on behalf of this Corporation said Guarantee in substantially the form submitted to this meeting of said Lease in substantially the form submitted to this meeting; and further

RESOLVED that the President or any Vice President of this Corporation be, and each of them hereby is, authorized to take any and all such action as may be necessary or appropriate to effect a contribution to the capital of this Corporation's wholly-owned subsidiary, Manhattan Air Terminals, Inc., in the principal amount of \$671,185, said sum being the amount advanced by this Corporation to Manhattan Air Terminals, Inc. as of June 19, 1951, together with accrued interest thereon to the date when such contribution is effected, and to make additional contributions to the capital of Manhattan Air Terminals, Inc. in an amount which, together with the aforesaid principal amount of \$671,185, will not exceed \$825,000; and further

RESOLVED that the President or any Vice President be, and each of them hereby is, authorized to execute and deliver on behalf of this Corporation a Guaranty of Lease pursuant to which this Corporation, together with each of the other stockholders of Central Air Terminal, Inc., guaranty the obligations of Central Air Terminal, Inc. as tenant, under an Agreement of Lease which it proposes to enter into with respect to certain premises in the Airlines Terminal Building, 80 East 42nd Street, New York 17, New York, said Agreement of Lease to be for a term of 21 years at an annual rental of approximately \$268,000 plus 50% of any increase in real estate taxes on the premises of which the demised premises are a part, over and above such taxes for tax year 1950-1951; and further

RESOLVED that the President or any Vice President be, and each of them hereby is, authorized to execute and deliver on behalf of this Corporation, a Guaranty pursuant to which this Corporation, together with each of the other stockholders of West Side Airlines Terminal Corporation, guaranty the obligations of West Side Airlines Terminal Corporation as tenant, under an Agreement of Lease which it proposes to enter into with respect to certain premises in the proposed West Side Airlines Terminal Building, 42nd Street and 10th Avenue, New York, N.Y., said Agreement of Lease to be for a term of 20 years at an annual rental of \$55,000 plus 80% of the real estate taxes on the premises of which the demised premises are a part.

6. At the request of the Chairman Mr. Mosier presented and discussed tentative plans for the October meeting of the Directors which will be held in Mexico City. Following discussion the tentative program as submitted was approved.

7. The Chairman stated that the Avco Manufacturing Corp., holder of 257,690 shares of the \$1 par value common stock of the corporation, or approximately 4% of the outstanding common shares, had disposed of all its holdings through a secondary offering which was completed on June 12, 1951 at an offering price of \$15.625 a share.

8. At the request of the Chairman Mr. Deichler reported on traffic trends, increased railroad pullman fares, plans for promoting air cargo, and passenger service matters.

9. The Chairman discussed the current United Air Lines pilot strike and reviewed the status of negotiations between the corporation and the Air Lines Pilots Association for a new contract.

10. There was a discussion of the necessity of holding the regular meeting of the Directors in August, and it was decided that such meeting will not be held.

There being no further business to come before the meeting, it was on motion duly made and seconded, adjourned.

Secretary

APPROVED:

Chairman