

AMERICAN AIRLINES, INC.

100 Park Avenue

New York 17, N.Y.

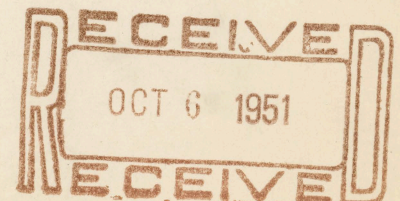
October 4, 1951

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 September 19, 1951.

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

Walter H. Johnson, Jr.
Secretary



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 136 of the Biltmore Hotel, Madison Avenue and 43rd Street, New York, New York, on Wednesday, September 19, 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
Amon G. Carter
Charles S. Cheston
Thomas M. Conroy
James H. Douglas
Silliman Evans
John W. Farley
Charles T. Fisher, Jr.
James A. Jackson
A. N. Kemp
O. M. Mosier
C. R. Smith

being a quorum of the Board of Directors.

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

Directors Butler, Miller and Queeny were unable to attend the meeting.

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

1. The Secretary stated that the minutes of the previous meeting held July 18, 1951 had been mailed to each director and presented a summary of action taken at such meeting. Upon motion duly made and seconded, the minutes of July 18, 1951 were approved.

2. The Treasurer presented and explained financial statements of the company prepared as of August 31, 1951.

3. The Treasurer presented a statement of capital expenditures approved since the last meeting of the Board of Directors, amounting to \$227,416 for American Airlines, Inc. and \$11,119 for American Airlines de Mexico, S. A.

The Chairman referred to the future aircraft requirements for the company, calling attention to the detailed analysis of that requirement, and estimates relating to the financing thereof, mailed to the directors prior to the meeting, a copy of which was ordered filed with the records of the meeting. The Treasurer discussed financing of the proposed purchases. After discussion, and on motion duly made and carried, it was then

RESOLVED, that the President or any Vice President be and each of them hereby is authorized to enter into a contract with Douglas Aircraft Company for the purchase of twenty-one (21) DC-6 type aircraft and related spare parts for an approximate price of \$24,000,000 and on such other terms and conditions, including, without limiting the generality thereof, an escalation of such price based on increases in costs of materials and labor not exceeding 15% above the price levels existing at the date of execution, as the officer executing such contract deems appropriate, and the Secretary or an Assistant Secretary be and each of them hereby is authorized to attest and affix the corporate seal to any such contract so executed by the President or any Vice President, and further

RESOLVED, that the authority heretofore granted to purchase three (3) DC-6A aircraft by resolution adopted November 15, 1950 is hereby extended to include the purchase of DC-6B aircraft in lieu of DC-6A aircraft.

The Chairman then referred to the problems arising in connection with government charter operations. The Chairman and Mr. Jacob recommended that equipment for this function be purchased. After discussion and on motion duly made and carried, it was

RESOLVED, that the officers of this corporation be and hereby are authorized to purchase two (2) DC-4 type aircraft at prices not exceeding in the aggregate \$1,200,000; and be it further

RESOLVED, that the action of the officers in having purchased and contracted for modification of a Douglas DC-4 type airplane at a cost of \$603,700, be and it hereby is ratified and approved.

Upon the recommendation of the Chairman, the Directors authorized an expenditure of \$117,747.90 to provide for increased gross weight on the DC-6 aircraft owned by the corporation.

4. The Chairman then referred to the discussion held at the previous meeting in July concerning the proposed revision in the financing of the Retirement Benefit Plan of the corporation. Mr. Conroy reporting on behalf of the Finance Committee, which had considered the matter, stated that the Finance Committee had reviewed the proposal to set up a split funding arrangement for the company pension plan and the changing over from group annuity to deposit administration contract with John Hancock Mutual Life Insurance Company and the appointment of J. P. Morgan & Company as trustee for that portion of the funds to be deposited in the future with trustee, and that the Finance Committee recommended that the Board take favorable action on such changes and instruct trustee to invest all the first year's contribution in equity securities with broad investment policy being form-
annually
ulated/by this corporation. Mr. Hogan also summarized the basic proposal and referred to the report of Mr. Calvert, consulting actuary, dated August 4, 1951, which had been submitted to all directors and a copy of which was ordered filed with the records of the meeting. After discussion and on motion duly made and carried, Mr. Cheston not voting, it was

RESOLVED, that supplementing the authority to negotiate heretofore granted by resolution adopted July 18, 1951, the President or any Vice President be and each of them hereby is authorized to execute and the Secretary or Assistant Secretary of the corporation to attest and affix the corporate seal to a deposit administration contract with John Hancock Mutual Life Insurance Company and a Pension Trust Agreement with J. P. Morgan & Co., Inc. as Trustee, all as part of modifications in the funding of the Retirement Benefit Plan of the corporation heretofore authorized.

5. The Treasurer recommended that authority to open and maintain Imprest Bank Accounts and Refund Accounts of the corporation be amended to confer discretionary authority on certain officers of the corporation as explained by Mr. MacIntyre. Whereupon after discussion and on motion duly made and seconded it was:

RESOLVED, that the resolutions heretofore adopted on April 18, 1951 with respect to the opening of Imprest Accounts with certain banks be and hereby are rescinded; and be it further

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

"AMERICAN AIRLINES, INC. - IMPREST ACCOUNT"

with the following named banks:

The National City Bank of New York
55 Wall Street
New York, New York

Mellon National Bank and Trust Company
Pittsburgh, Pennsylvania

The Cleveland Trust Company
Cleveland, Ohio

Corn Exchange Bank Trust Company
Commodore Branch
New York, New York

The First National Bank of Chicago
Chicago, Illinois

Republic National Bank of Dallas
Dallas, Texas

Security-First National Bank of Los Angeles
Seventh and Grand Branch
Los Angeles, California

State Street Trust Company
Boston, Massachusetts

The Chase National Bank
6 Lombard Street - E. C. 3
London, England

and such other bank or banks as may from time to time be so designated in writing by the President and the Treasurer, or any Vice President, or by the Treasurer and any Vice President or an Assistant Treasurer, subject to the limitations and conditions contained in these resolutions; that funds of the corporation may be deposited therein by check of this corporation or other remittance to the credit of American Airlines, Inc. - Imprest Account; and be it further

RESOLVED, that the aforesaid banks hereby are instructed not to receive for deposit in any such Imprest Account checks, drafts or orders for the payment of money drawn or endorsed to the order of the corporation; and be it further

RESOLVED, that all checks, drafts, or other instruments for the payment of money made or drawn by this corporation upon an Imprest Account so maintained with any of the aforesaid banks shall be signed, in the name of this corporation, by its Treasurer and an Assistant Treasurer, jointly, or by either the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President, two signatures being required upon every such check; provided that checks for not more than \$1,000 United States currency each (or the equivalent thereof at the time such checks are presented for payment in the currency of the country in which an Imprest Account is maintained) for the withdrawal of funds from any such Imprest Account, or such different amount not exceeding \$2,500 United States currency each (or the equivalent thereof at the time such checks are presented for payment in the currency of the country in which an Imprest Account is maintained) as may, from time to time, be authorized in writing to the aforesaid banks by the President and the Treasurer, or any Vice President, or by the Treasurer and any Vice President or an Assistant Treasurer may be signed individually and without countersignature by any one of the aforesaid officers or by any one of such other officers, agents, or individuals as may from time to time be authorized in writing by the Treasurer and an Assistant Treasurer, jointly, or by either one of them and the President or a Vice President, two signatures being required upon every such authorization; provided further that checks for not more than \$2,500 United States currency each (or the equivalent thereof at the time such checks are presented for payment in the currency of the country in which an Imprest Account is maintained) for the withdrawal of funds from any such Imprest Account may be signed by any Regional Vice President or an Assistant Treasurer of this corporation and countersigned by any one of the individuals currently authorized in writing to sign checks for not more than \$1,000 each as aforesaid, two signatures being required on every such check; and be it further

RESOLVED, that aforesaid banks are hereby authorized to pay such checks when drawn and signed as aforesaid and to receive the same for deposit to the credit of, or in payment from, any holder (including checks drawn to cash, or bearer, or to the individual order of the officer, agent, or individual signing same), whether payable to, or tendered for deposit to the credit of, or in payment of any obligation to, any officer or agent of this corporation, or otherwise; and be it further

RESOLVED, that the foregoing resolutions shall continue in force until formally rescinded and written notice of such rescission is filed with said banks; and be it further

RESOLVED, that the resolutions heretofore adopted on September 17, 1947 with respect to the opening of Refund Accounts with certain banks be and hereby are rescinded; and be it further

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

"AMERICAN AIRLINES, INC. - REFUND ACCOUNT"

with the following named banks:

Irving Trust Company
Lincoln Branch
42nd Street and Park Avenue
New York, New York

First National Bank and Trust Company
325 South Main Street
Tulsa, Oklahoma

and, such other bank or banks as may, from time to time, be so designated in writing by the President and the Treasurer, or any Vice President, or by the Treasurer and any Vice President or an Assistant Treasurer, subject to the limitations and conditions contained in these resolutions; that funds of the corporation may be deposited therein by check of this corporation payable to the order of "American Airlines, Inc. - Refund Account"; and be it further

RESOLVED, that the aforesaid banks hereby are instructed not to receive for deposit in any such Refund Account 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 all checks, drafts or other instruments for the payment of money made or drawn by this corporation upon any such Refund Account shall be signed, in the name of this corporation, by its Treasurer and an Assistant Treasurer, jointly, or by either the Treasurer or an Assistant Treasurer, and countersigned by the President, or a Vice President, two signatures being required upon every such check; provided that checks for not more than \$250 each, or such different amount not exceeding \$500 each as may from time to time be authorized in writing to the aforesaid banks by the President and the Treasurer, or any Vice President, or by the Treasurer and any Vice President or an Assistant Treasurer for the withdrawal of funds from any such Refund Account, may be signed by any one of the aforesaid officers or any ~~any~~ one of such other officers, agents or individuals as may from time to time be authorized in writing by the Treasurer and an Assistant Treasurer, jointly, or by either one of them, and the President or a Vice President, two signatures being required upon every such authorization, and the authority thereby granted to such other officers, agents or individuals acting alone being limited to the signing of checks for not more than \$250 each for the withdrawal of funds from any such Refund Account, or such different amount not exceeding \$500 each as may from time to time be authorized in writing to the aforesaid banks by the President and the Treasurer, or any Vice President, or by the Treasurer and any Vice President or an Assistant Treasurer; and be it further

RESOLVED, that the aforesaid banks are hereby authorized to pay such checks, when drawn and signed as aforesaid, and to receive the same for deposit to the credit of, or in payment from, any holder (including checks drawn to cash, or bearer, or to the individual order of the officer, agent, or individual signing same), whether payable to, or tendered for deposit to the credit of, or in payment of any obligations to, any officer or agent of this corporation, or otherwise; and be it further

RESOLVED, that the foregoing resolutions shall continue in force until formally rescinded and written notice of such rescission is filed with said banks.

6. The Treasurer explained the method of treating profits realized on the acquisition of the corporation's 3% Sinking Fund Debentures during 1950 and requested authority to execute a closing agreement with the Commissioner of Internal Revenue. Whereupon, after discussion and on motion duly made, seconded and unanimously adopted, the following resolution was adopted:

RESOLVED, that William J. Hogan, Vice President and Treasurer, be and he is hereby authorized to act in matters affecting the federal income tax liability of the Company with respect to the exclusion (under Section 22 (b)-9 of the Internal Revenue Code) of income derived in 1950 from the purchase of the Company's debentures and to execute in the Company's behalf a closing agreement with the Commissioner of Internal Revenue (on U.S. Treasury Department Form 906) as to final determination of such matters.

7. At the request of the Chairman, Mr. Mosier explained the terms of a renegotiated lease agreement covering the premises located at 9 Rockefeller Plaza, New York, which are used for a city ticket office. After discussion and on motion duly made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED that the action of Vice President R.E.S. Deichler in having entered into an agreement of lease on behalf of the corporation for occupancy by the corporation of 1,108 sq. ft. of space located on the ground floor of 9 Rockefeller Plaza, New York, New York, for a term of 10 years commencing June 1, 1952, at an average rental of \$13.61 per sq. ft. per annum or a total rental cost of \$150,820, be and hereby is ratified and approved.

8. The Chairman requested Mr. Mosier to discuss the need for increased expenditures with respect to the maintenance and operation of cargo and passenger facilities at various airports. Mr. Mosier outlined the general scope of the program and a copy of the list by location was ordered filed with the records of the meeting. The officers were thereupon authorized to proceed with expenditures in the amount of approximately \$1,100,000.

9. The Chairman reviewed the status of negotiations between the corporation and the Air Lines Pilots Association for a new contract and submitted to each Director a copy of a letter dated September 17, 1951 which he had written to the pilots outlining the position of the corporation.

10. Upon the recommendation of the Chairman, the following resolution was unanimously adopted:

The Board of Directors of American Airlines, Inc., desiring to record their deep sorrow at the death on August 31, 1951 of

CLARENCE EUGENE FAULK
Chairman of the Board, Delta Air Lines, Inc.

DO RESOLVE

That the Board of Directors of American Airlines, Inc., recognizing the noteworthy contribution to air transportation and national air power made by Clarence Eugene Faulk, do hereby note in their records the passing of a man who was esteemed by his associates, loved by his friends and acknowledged as a leader in a pioneering industry;

That copies of this Resolution be conveyed to his family and to Delta Air Lines, Inc. as an expression of our sympathy in their bereavement.

11. The Chairman said that the Civil Aeronautics Board had rescinded its approval of agreements for through service between Houston, San Antonio and the West Coast over the routes of Braniff, Continental and American, that Continental had been extended from San Antonio to Houston and the Board had invited a new agreement between Continental and American. He stated that such an agreement had been consummated and approved by the Board and that through service has been inaugurated between Houston, San Antonio and the West Coast over the routes of American and Continental. Thereupon, after discussion, the action of the management in entering into such agreement with Continental was ratified and approved.

12. The Chairman reported with regret that Mr. Thomas English had tendered his resignation as Assistant Treasurer of the corporation. After discussion the resignation of Thomas English as Assistant Treasurer was accepted with regret, effective October 1, 1951, and the Treasurer was directed to pay to Thomas English an amount equal to the salary compensation which would have otherwise accrued to him had his services to the corporation continued during the period October 1, 1951 to December 31, 1951, inclusive.

13. Mr. MacIntyre reported that adoption of new regulations had

permitted the corporation to pay to Miss Carlene Roberts the \$5,000 bonus for the year 1951 which had previously been informally approved by the directors and that such payment had been made. The payment of such bonus was unanimously ratified and approved. Mr. MacIntyre also discussed the status of the Stock Option Plan which is the subject of consideration by a special panel appointed by the Economic Stabilization Administration.

14. The Chairman stated that plans had been made for holding the October meeting on October 19 in Mexico City. After discussion, and on motion duly made and carried, it was then

RESOLVED that the regular meeting of the Board of Directors be held in Mexico City on October 19th at such time and place as may be specified by the Secretary in the Notice of the Meeting thereof.

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

APPROVED:
