



AMERICAN AIRLINES, INC.

100 PARK AVE., NEW YORK 17, N. Y.

REPORT OF THE ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of the stockholders of American Airlines, Inc. was held May 20, 1952 at the statutory office of the company in Wilmington, Delaware.

Stockholders owning 5,077,464 shares were present in person or by proxy. That represents 77½% of the shares outstanding and entitled to vote.

Thank you for the confidence indicated by the number of shares represented. Our sincere appreciation, both to those who could attend the meeting and to those who submitted their proxy.

The following directors, named in the proxy statement, were re-elected:

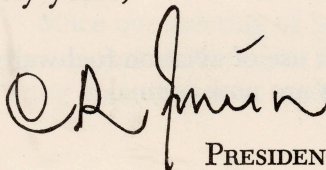
HAROLD T. AMES	SILLIMAN EVANS
HARRY E. BENEDICT	JOHN W. FARLEY
JAMES BRUCE	CHARLES T. FISHER, JR.
EDWARD H. BUTLER	JAMES A. JACKSON
AMON G. CARTER	A. N. KEMP
CHARLES S. CHESTON	ROBERT W. MILLER
THOMAS M. CONROY	O. M. MOSIER
JAMES DOUGLAS	EDGAR M. QUEENY
C. R. SMITH	

Messrs. Arthur Young & Company were re-appointed as independent auditors of the corporation.

There follows a statement of the questions asked at the meeting and the answers given thereto.

Attached is a summary of a recent speech made in Cleveland, Ohio, by Mr. William Hogan, Vice President and Treasurer of American Airlines, which reviews present business and expense trends as they affect the operation of your company.

Sincerely yours,


PRESIDENT

June 5, 1952

ANNUAL MEETING OF STOCKHOLDERS

THESE QUESTIONS WERE ASKED BY STOCKHOLDERS AT THE ANNUAL MEETING
IN WILMINGTON, ON MAY 20



Question:

How is the shortage of aviation fuel affecting the scheduled flights of the company?

Answer:

We are presently allocated for one week's operation 19% of the fuel we actually used during the month of March. We now have more schedules than we had in the month of March. To maintain full operation we would require each week more than 25% of the fuel we used in March. On the basis of the present allocation we will be able to operate about 80% of the flights we had scheduled. That is resulting in a substantial loss of business and the resulting financial loss is substantial. We are hopeful that the order of Petroleum Administration for Defense (PAD) will not need to be continued beyond its present date of expiration, June 3, and that full operation can begin on that date. Whether or not that will be possible will be dependent on return to work, increased production and greater fuel availability.

(Note: All restrictions on use of aviation fuel were lifted June 3. Operations are now normal.)

Question:

Would you comment on the airport problem, in the Metropolitan area of New Jersey and New York, and elsewhere, as it affects the operation of the company?

Answer:

Newark Airport has been closed since February 11 and most of Northern New Jersey is consequently without airline service. This is a situation which cannot continue, for Newark Airport is important to the community and to the nation, on the basis of economics and the national defense. All elements of aviation have joined together to form a program for the reduction of noise and an increase in safety for the residents of the area. I believe that this program will have public acceptance and that Newark will be re-opened, on a limited basis until a new runway is provided. We have comparable problems in other sections of the country but I believe that we will find their solution; we are all working diligently toward that end.

Question:

Your stockholders represent a large and inter-



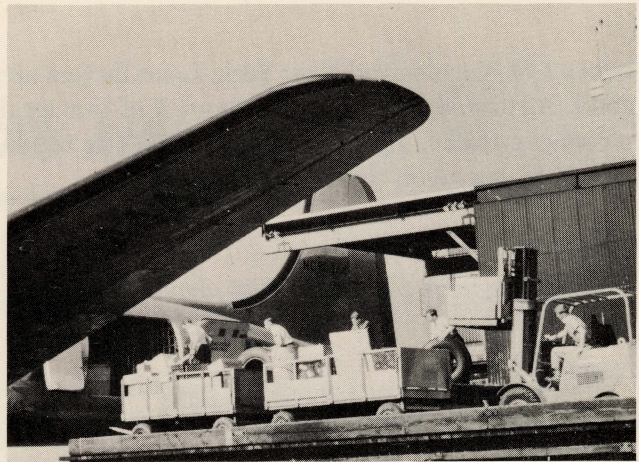
ested group. They should be a good source of business for the company. Why can they not be given an identification card, so they will be known when they travel? Why cannot those with good credit ratings be able to purchase their transportation and be billed for it later?

Answer:

I very much doubt that the privileges we could extend to a stockholder which we would not need to extend to others would be sufficient to warrant the cost of the identification cards and the expense of always relating these cards to the present stockholders. Many of the cards issued by other companies give the holder the right to visit the plant. I doubt that we need specific cards for that purpose for we are constantly showing people through our plants and are glad to do so whenever it does not interfere with the operation.

With respect to credit: Air transportation is a regulated, public service business. We are not, by law, permitted to discriminate between individuals or groups. It would not, in our opinion, be possible to have a credit plan which would be restricted to stockholders.

We have now an Air Travel plan, which provides credit, for individuals or firms with good credit rating, and the plan includes provision for a suitable deposit, such as is usual with many other credit plans. We have investigated, several times, the institution of a general credit plan, and have watched



with interest the result of credit plans inaugurated by other forms of transportation. Many of those now have been cancelled. One of our problems is the high cost of accounting. When profit margins are low, and they are low in air transportation, there is often the possibility that accounting costs and credit losses will more than equal the profit from the transaction. On the basis of our analysis to date we could not now be willing to recommend a general "charge account" system for the selling of air transportation.

Question:

Regional meetings of the stockholders have been recommended, last year and again this year; what will be done about them?

Answer:

Following the annual meeting of next year we will hold a regional meeting in New York. Whether or not that will be continued, or extended, will depend largely upon the success of the meeting in New York.

Question:

What are the results of your program for the further development of Airtourist travel?

Answer:

Since our meeting of last year we have doubled the amount of Airtourist service. We are now operating four flights in each direction each day be-



tween Los Angeles and New York. Load factors are good. Airtourist traffic is now about $\frac{1}{8}$ of our total passenger traffic. In addition, about 7 $\frac{1}{2}$ % is represented by travel on the Family Fare Plan.

Question:

What are your plans about jet airplanes?

Answer:

Jet airplanes, while fast, are still uneconomical. Jet airplanes now in production could not, in our opinion, be operated on a fare basis which would attract the volume of traffic required for their support. It is not our intention to buy jet airplanes until they are much more economical. The trend is in the right direction but the goal is not in sight. At present it looks like it will be 1958 or 1959 before many jets are in commercial service in the domestic field.

Question:

I notice that many of the stockholders who have written to the management have raised a question about the cost of the annual report, and its worth. What is its cost?

Answer:

Our annual report, when compared with the cost of others, is quite modest in total expenditure. We save a good deal by maintaining a uniform format for the cover year after year and by avoiding unusual expenses for lithography.

Question:

The stockholders, at the last annual meeting, approved the issuance of stock options to employees of the company. What has been done to put that program into effect?

Answer:

There have been many reasons which, in our opinion, have precluded the issuance of the options prior to this time, but I believe that we now have the answers to the problems involved and it is our intention to offer the options to employees in the near future.

(Note: The options were offered on May 21, 1952.)

