



AMERICAN AIRLINES

CABLE ADDRESS AMAIR

REGIONAL OFFICES

AMON CARTER FIELD • FORT WORTH, TEXAS

29 October 1953

Mr. Amon Carter, Sr.
Fort Worth Star Telegram
Fort Worth, Texas

Dear Mr. Carter:

At Mrs. Deakins's request I am sending you ten copies of the letter to employees. One of these letters has an attachment and that is the form in which it will reach those employees who live in Fort Worth or Tarrant County and work for American Airlines in the same area. The ones without the attachment are what will be sent to the employees who live in Dallas, regardless of where they work, or work in Dallas regardless of where they live.

The mailing to employees goes out today by first class mail to the homes of the employees.

I am glad that you were able to be in New York while this policy statement was being formulated and could add your thinking to it. Jim Aston also helped us to work on it, as you know, and it has received his approval as well as yours before being mailed.

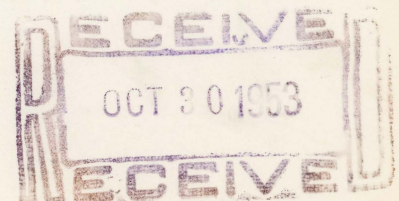
I hope you enjoyed your trip and that it wasn't too tiring.

With best regards, I am,

Sincerely yours

Melvin D. Miller
Regional Vice President

MDM/ew
Attachments





AMERICAN AIRLINES

CABLE ADDRESS AMAIR

100 PARK AVENUE • NEW YORK 17, NEW YORK • MURRAY HILL 3-9000

October 29, 1953

To: The Employees of American Airlines, Dallas, Texas

You work in Dallas and represent American Airlines. There has apparently been some misunderstanding regarding American in Dallas, which, in my opinion, should not and would not exist if all the facts were known. Therefore, the purpose of this communication is to provide you with facts regarding our Dallas operations and policies.

American Airlines has never played "favorites" among the cities we are privileged to serve. We have no policies in Dallas which we are not willing to discuss in Fort Worth. We have no policies in Fort Worth which we are not willing to discuss in Dallas. Our policy is consistent and we adhere to it.

Dallas for a long time has been one of the most important cities on the system of American Airlines. The people of Dallas have used our service increasingly and their patronage has contributed to our success. We are grateful to them for this support, and we will continue to serve them well.

Many of you aided in planning and building the Southern Transcontinental Route, starting in the days when my office was at Love Field. This service was eventually to bring to Dallas a great frequency of air service and establish it as a major air gateway. Since then American has consistently promoted the route and increased the service. American pioneered most of the trunk air routes from Dallas, including routes now operated by other airlines.

American was first to bring Dallas the great modern air transports, the Douglas DC-3, the Douglas Sleeper, the first four-engine DC-4, then the Airfreighter and the current Douglas DC-6. The Douglas DC-7, probably the last piston engine transport before jet propulsion, is now being readied for service.

Unfortunately, there has been far too much rumor and hearsay, but, from long experience with the people of Dallas, I am convinced that they have a spirit of integrity and fair dealing. They will, in the long run, judge American Airlines on the basis of the record. I am entirely willing that we be judged on that basis.

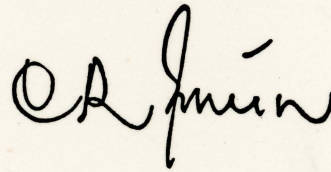
American Airlines provides Love Field with excellent service. The number of daily seats, excluding Fort Worth flights, exceeds 1600 outbound and 1600 inbound. Travelers boarding at Dallas use about 400 of these daily. About 600 seats are used by through or connecting non-local passengers. The remainder,

more than 600 each day at Love Field, go empty.

This means American gives Dallas abundant service. No major city in the country has better air service.

You can be proud of the service American gives Dallas. We operate a fine airline. No other company operates a better one. Business is growing in the area. There is no time for controversy. So continue to use your experience and ability in the development of Dallas aviation. Let that be the symbol of our service.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "C. R. Smith". The signature is written in dark ink and is positioned centrally below the typed name.

C. R. Smith
President

1. WHAT HAS AMERICAN AIRLINES CONTRIBUTED TO AVIATION IN DALLAS?

American Airlines pioneered air transportation in Texas and in Dallas. It has done much to make Dallas the important aviation center that it is.

American Airlines is the pioneer in air transportation in Dallas. It is justifiably proud of its position in the community and of the work which made that possible. American Airlines and its predecessor companies, Texas Air Transport, Southern Air Transport, American Airways and others, have been serving Dallas for more than twenty-five years.

These companies pioneered most of the principal air routes to Dallas when there was little business and no profit. Many of the routes now operated by other airlines were inaugurated and pioneered by American.

These routes were pioneered by the companies of American:

1. Dallas to Waco, San Antonio and Brownsville.
2. Dallas to Houston and Galveston.
3. Dallas to Amarillo.

(These three routes are now operated by Braniff Airways)

4. Dallas to Shreveport, Jackson, New Orleans, Birmingham and Atlanta.

(This route now operated by Delta Air Lines was operated by American for several years)

5. Houston to New Orleans and Atlanta.

(Eastern now operates over this route)

6. Dallas to El Paso and Los Angeles.
7. Dallas to San Francisco.
8. Dallas to Washington and New York.
9. Dallas to Mexico City.

(These routes continue to be operated by American)

10. Dallas to Chicago

(American was one of the pioneers of this route. National Air Transport (United) operated the first mail flights over the route. Braniff and American operate over the route now.)

Of the ten routes pioneered by American, it continues to operate five of them. The others were lost when the air mail contracts were canceled in 1934.

1. continued

American Airlines has a position of importance in the Dallas community. It will be recognized that American has earned that position by courageous pioneering, by recognition of community obligations, and by the rendition of good service.

American Airlines has provided Dallas with service with the most modern airplanes available.

American has consistently been the leader in the industry in modernizing its fleet. Today the entire fleet of American used in scheduled passenger service is of modern design, produced in the postwar period. No other company in the industry has a comparable record. As a result of this equipment program, Dallas has had the benefit of the most modern aircraft, usually well ahead of other communities of greater size.

2. DOES AMERICAN AIRLINES HAVE A MONOPOLY OF AIR TRANSPORTATION TO AND FROM DALLAS?

American Airlines, Inc. operates under the authority of a certificate of public convenience and necessity issued by the Federal Government, through the Civil Aeronautics Board. Air transportation is a "regulated" business and the Civil Aeronautics Board regulates scheduled air transportation in a manner similar to the regulation of railroads by the Interstate Commerce Commission.

Your other local public service companies, like the light and gas company, the public transit system and the telephone company are regulated in a similar manner by their own special regulatory agencies.

Such regulated public service companies are authorized to provide public service within a defined area. The regulatory board controls the usual business right to set prices, to concentrate on profitable areas, or to abandon unprofitable trade. In return, public services are protected against uncontrolled wildcat competition. This is the traditional U. S. regulatory process, designed to ensure that the public is well and adequately served.

Look at the map of the air transport routes and the answer is obvious. Air transportation is a highly competitive business. American Airlines has no more of a monopoly of service than has any of the principal air carriers.

Braniff has the only principal route to Houston and the only unrestricted route to San Antonio. It has the only direct service to Denver and Kansas City. Delta has the only direct service to Shreveport, Jackson, Birmingham, New Orleans and Atlanta.

There is no directly competitive service from Dallas to some of the cities served by American, just as there is not directly competitive service from Dallas to some of the cities served by the other airlines of Dallas.

You most often hear the charge of "monopoly" from the competitors of American for they hope to profit by securing routes pioneered and operated by

2. continued

American. The customers usually like American because its service is of a high type throughout the principal population centers and the excellence of that service has attracted the majority of the travelers.

There are alternative ways of going from Dallas to New York and American Airlines has no monopoly on the service. You can go by Braniff to Kansas City or Chicago and thence to New York by United or TWA. Or by Delta to Atlanta and Eastern to New York. Or by Delta to Indianapolis and TWA to New York.

Through the Braniff route to Amarillo, with connecting service from TWA, competitive service is available to both Los Angeles and to San Francisco.

Not only is American Airlines not a monopoly; it has never acted like a monopoly. Over the years it has given Dallas excellent service both in quantity and quality.

American Airlines provides Dallas with a pattern of service which ranks high among all of the principal cities of the nation.

3. OTHER AIRLINES ARE ASKING FOR AUTHORITY TO OPERATE ROUTES FROM DALLAS PARALLELING AMERICAN. WHO DECIDES SUCH QUESTIONS?

The Civil Aeronautics Board must approve any change in the route of an airline. This can be done only after a public hearing to receive the facts and arguments on both sides. The hearing is followed by recommendations to the Board by a Trial Examiner, legal briefs, and oral argument before the Board in Washington. Then the Board will either grant or deny the petition.

It now seems probable that hearings will start in 1954 to consider applications for additions to the route pattern out of many cities, including Pittsburgh, Atlanta, Tulsa, Oklahoma City, Houston, Fort Worth, and Dallas. Ordinarily the elapsed time between hearing and final decision is from one to two years.

When the Dallas service hearing is held, American will, in the same case, be an applicant to stop at Pittsburgh, to enter Houston and New Orleans and to provide additional service between Dallas and San Antonio.

4. DOES AMERICAN AIRLINES PROVIDE DALLAS WITH AN ADEQUATE SERVICE?

The best index of adequate service is the use made of the service, sales compared with the availability of total service offered.

During the month of August, 1953, American Airlines operated an average of 1,633 seats per day outbound from Love Field, Dallas. Of the 1,633 seats, 407 of them were sold to passengers enplaning in Dallas, 25% of the total seats available for sale. Three hundred and fifty of the 1,633 seats were sold to passengers originating outside of Dallas (in other cities) who were flying through Dallas enroute to some other destination. Two hundred and forty-five of the 1,633 seats were sold to passengers originating at other cities, making connections at Love Field from other flights. Six

4. continued

hundred and thirty-one of the 1,633 seats were unsold. This 631 seats is equivalent to the capacity of 12 DC-6 airplanes, each with a capacity of 52 passengers, all seats empty through lack of demand for space.

American Airlines operates to and from Dallas (Love Field) more seats per 1000 of population than to any other of the 20 largest United States cities it serves.

The proportion of empty seats leaving Dallas is greater than the system average. For example, in August 1953, Dallas had 38% of the seats unsold. This compares with 26% at Los Angeles, 31% at Chicago, 34% at New York and 33% for the system as a whole.

The August figures constitute an average volume month.

This does not mean that business is off at Dallas. The number of local passengers carried by American from Dallas and Fort Worth since Fort Worth's airport opened five months ago was 6,200 more than for the same period last year.

5. WHY DID AMERICAN AIRLINES MOVE SCHEDULES FROM LOVE FIELD?

Because American Airlines is morally and legally obligated to provide an adequate service for Fort Worth, as it is obligated to provide an adequate service for Dallas.

The certificate authorizing the service requires that the operator provide an adequate service to the communities listed in the certificate. American Airlines is required to provide an adequate service for Fort Worth, and Dallas, as it is required to provide an adequate service for Memphis, Rochester, Tucson, Boston and the other cities listed in the certificate.

In 1947, when the Douglas DC-6 service was started, Fort Worth's old airport, Meacham Field, became inadequate in area and facilities for the operation of multiple schedules with large airplanes. Since 1947 the operation of American Airlines in the area of Dallas and Fort Worth was necessarily concentrated at Love Field, and a high proportion of the patrons of the service from the Fort Worth area were required to come to Dallas for convenient schedules.

When Fort Worth's new airport, Carter Field, had been completed, the citizens of Fort Worth requested that an adequate service be provided in keeping with their right and with the obligation of the carrier under the franchise. The majority of the area (Dallas-Fort Worth) flights were at Love Field. Love Field had not only the schedules which in normal course would have gone to Love Field but, in addition, several flights which would normally have gone to Fort Worth, had its old airport been adequate. With the opening of the new airport, with the necessity to provide Fort Worth with a reasonable number of schedules, and with the concentration of service then existing at Love Field, it was necessary to move some flights to Fort Worth. There was no other way of fulfilling American's obligations.

6. HOW WAS IT DETERMINED WHAT NUMBER OF SCHEDULES WOULD BE MOVED FROM LOVE FIELD?

The number and type of schedules constituting an adequate service is determined, in the long run, by the demand for service, the facilities, and the ticket sales measured against seats operated.

For the reason that both Dallas and Fort Worth local traffic had for a long time been intermingled at Love Field, no entirely accurate figures on local (Dallas and Fort Worth) demand was available.

The division was made on the basis of a calculation which included the population of the two cities together with such historical data about demand for service as were available. On this basis it appeared feasible that about 65% of the schedules serving the Dallas-Fort Worth area should serve Love Field. A somewhat similar calculation was made for the Dallas Chamber of Commerce which concluded that Love Field should have service on not less than 65% of the area schedules. Shortly after the opening of Fort Worth's new airport a check showed that 67% of the area schedules served Love Field. Since that time the percentage has not varied substantially.

Schedules and service will tend to fluctuate as the demand for service fluctuates. That will require periodic adjustment of schedules.

7. WOULD IT BE FEASIBLE TO PROVIDE MORE SERVICE TO BOTH DALLAS AND FORT WORTH BY LANDING EACH AIRPLANE AT BOTH CITIES?

No. This would lengthen running times on flights from both cities. An extra landing of a DC-6 type airplane adds 30 to 40 minutes elapsed time to the schedule. This was not so inconvenient to the traveler when we were operating smaller short-range airplanes such as the DC-3. Before American retired DC-3s we were able to stop most flights at both Fort Worth and Dallas.

The DC-6 and DC-7 are long-range, high-speed aircraft designed to fly many hundreds of miles nonstop. It would defeat the purpose for which the airplanes were designed if we had to stop at each of two airports about 12 miles apart.

The double stop would add at least 30 minutes to the running time of flights. Fort Worth passengers going east would take off from Fort Worth and land again at Dallas. Dallas passengers going west from Love Field would be delayed at Fort Worth.

Many through passengers on the planes have no interest in stopping at either city and would be delayed by the double stop. They would soon gravitate to other routings in order to bypass Dallas and Fort Worth. This would decrease the volume of traffic over the route and result in lowering the frequency of air service now available to Texans.

8. CAN THE SCHEDULES BE BETTER ADJUSTED TO SERVE THE CITIZENS OF DALLAS?

Dallas is an important city about midway between New York and Los Angeles on one of the principal transcontinental routes. Its situation is somewhat similar to that of Chicago, Kansas City and St. Louis, also important intermediate cities on transcontinental routes.

The air service at each of these cities, including Dallas, is a composite of schedules fixed for the convenience of three different groups of travelers:

1. Those living in or visiting the community.
2. Those living in some other community and passing through enroute to some other destination.
3. Those living in some other community and transferring at the local airport from an inbound flight to one departing.

The airport at Dallas and the schedules at the Dallas airport are supported by the total of these three groups. That is the principal reason for the multiplicity of schedules at Love Field. The number of schedules now at Love Field could not be supported by local Dallas business alone.

During a test period, four weeks ended August 22, 1953, the composition of the passenger traffic of American Airlines at Love Field was:

41% of the boarding passengers originated in Dallas

35% originated by air in other communities but were passing through Dallas

24% originated by air elsewhere but were transferring to some connecting flight at Love Field

100%

If all of the schedules at Love Field were patterned on local convenience they would be satisfactory to 41% of the passengers.

Schedules patterned on local convenience alone would be inconvenient for many of the 59% (35% plus 24%) of the passengers originating outside of Dallas. And in that case, many of the passengers would not come through Dallas. The services they support would not be available to Dallas. There is great competition between the different transcontinental routes for the "through" passenger and the route through Dallas must offer comparable convenience for the "through" passenger if he is to be persuaded to travel on the Southern Transcontinental.

At all intermediate cities on a transcontinental route the schedules at the local airport must be a composite which will be the most convenient for the greatest number of passengers, otherwise the city cannot maintain a position as a traffic center and gateway. Within that limitation the schedules

8. continued

should be so arranged as to provide the utmost of convenience to the local patron.

American Airlines has daily 35 arrivals at Love Field and 34 departures, exclusive of flights terminating at Fort Worth. This pattern is formed after painstaking analysis of such elements as times, principal destinations, points of origin and traffic connections.

We should and will continue to do our best to maintain a "balance" of schedules to and from Fort Worth and Dallas. But irrespective of the meticulous care with which we arrange schedules, there will be some times of the day and night to some particular destination where there may be a more convenient schedule from one airport or the other. We have found that to be true in all metropolitan areas where more than one airport is available within reasonable distance from the cities.

The total of the service from the two airports in the area is bound to offer a wider range of convenience to the patrons than will the single total of service from either of the two individual airports.

9. HOW SHOULD SERVICE TO DALLAS BE QUOTED?

The policy on this was stated carefully in the instructions that were prepared before the opening of Fort Worth's new airport. They are unchanged.

Persons inquiring for information or reservations should have quoted to them the departure or arrival times at the airport nearest to their intended point of departure or arrival. Obviously, a person living in Dallas or going to Dallas should have quoted to him flights at Love Field.

If the times of arrival or departure quoted are not convenient, then the flights from the other airport serving the area should be checked and quoted so that the person making the inquiry may decide according to his convenience.

Carter Field is located midway between Fort Worth and Dallas and is equally accessible by regular limousine from the downtown areas of both cities. The limousine fare is \$1.50 from hotels in each city. Limousine time from downtown Dallas to Love Field is 40 minutes and is 55 minutes to Fort Worth's airport.

Dallas has a majority of the flights, 67% of the total, at its own airport. Also, it has an auxiliary service airport, 15 minutes further away from downtown Dallas by airline limousine, at which is available all the remaining flights serving the area. Dallas people may use this service at their option or convenience.

The people of Dallas have accessible to them, not only the Love Field service, designed for the convenience of Dallas travelers, but the total of the air service provided for the Dallas and Fort Worth metropolitan areas.

10. DOES AMERICAN INTEND TO SCHEDULE THE NEW DC-7 AIRPLANE INTO LOVE FIELD?

Yes, we shall have the DC-7 at both Dallas and Fort Worth some time in the spring of 1954. The exact dates and schedules are still in the planning stage because they depend on deliveries of the aircraft.

11. WHAT IS BEING DONE ABOUT THE NOISE PROBLEM IN DALLAS?

This problem is common to other airports, especially those close to or within city limits. All the airlines are concerned, and are doing everything possible to minimize disturbances that affect metropolitan areas. In Dallas, as in New York where a serious situation exists, the Civil Aeronautics Administration and the airlines have appointed representatives to work with city authorities on the problem. Obviously, American will cooperate to the fullest extent in the undertaking.

12. IS IT TRUE THAT AMERICAN'S ESTABLISHMENT AT FORT WORTH'S NEW AIRPORT DRAINED EMPLOYEES AND PAYROLL AWAY FROM DALLAS?

No. During the current year American Airlines has added 201 employees to the payroll to handle the increased traffic at Dallas and Fort Worth. In this period the number of employees living in Dallas County increased by 182, and the number living in Tarrant County increased by 19. On October 1, 849 of American's employees lived in Dallas County, and 635 in Tarrant County. Seventeen employees live outside these areas.

13. DOES AMERICAN AIRLINES HAVE AN "ECONOMIC" INTEREST IN THE NEW FORT WORTH AIRPORT WHICH WOULD INFLUENCE IT TO PREFER THAT AIRPORT OVER LOVE FIELD?

Each of the trunk airlines serving Dallas (Braniff, Delta and American) has an economic interest in the Fort Worth airport. Each of them aided in the acquisition of land there, and each of them has leased hangar sites at Fort Worth.

Most major airlines have an economic interest in the airports they serve, either by purchase of facilities, or lease, or rental of properties.

The fact that American Airlines has a maintenance facility at the Fort Worth airport does not influence our judgment with respect to schedules for Love Field.

A similar question has been asked about the operation of the airport restaurant at Fort Worth by Sky Chefs, Inc., a company affiliated with American Airlines and controlled by it. It is the business of American to operate an airline and the operation of restaurants or concessions is not a principal part of our business. We do have an obligation to see that good food is provided at the airports, food on the ground and food to be provided for the airplane flights.

Sky Chefs, Inc. operates a national chain of airport restaurants, including in the Southwest Fort Worth, El Paso, Tucson, Phoenix, San Diego, Tulsa and Oklahoma City. The investment of Sky Chefs in the airport restaurant and

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13. continued

the investment of American Airlines in Sky Chefs will have no effect on schedules for either Dallas or Fort Worth. We do not intend to affect our primary business by giving undue weight to a subsidiary enterprise.

OWNERSHIP AND CONTROL OF AMERICAN AIRLINES

American has about 45,000 shareholders, who own about 6,500,000 shares of its common capital stock. These shareholders live in 48 states of the United States and in 19 foreign countries.

No single individual owns as much as 2% of the voting stock. No individual owns or controls the company.

American Airlines is managed by a Board of seventeen Directors, each with equal voting authority. The individuals reside in ten different states. Texas is one of the three states with more than one Director, there being one in Dallas, Mr. James Aston, and one in Fort Worth, Mr. Amon G. Carter.

The policies are formulated by its management and directors as a whole, representing all sections of the country, and solely in the overall interests of the organization, its stockholders, its patrons, and the national scope of its services.

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