American Airlines, Inc.
100 Park Avenue
New York 17, New York

April 4, 1951

TO THE DIRECTORS OF AMERICAN AIRLINES, INC.:

Attached is a draft copy of the minutes of the meeting of March 21, 1951, together with an envelope for your convenience in returning them with your comments.

C. W. Jacob

Secretary

2nd Draft
CWJ:kc

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 the Carlton Suite of the Ritz-Carlton Hotel, New York, New York on Wednesday, March 21, 1951, at 10:00 o'clock a.m., Eastern Standard 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 W. Benedict
Edward H. Butler
Amon G. Carter
Charles S. Cheston
Thomas M. Conroy
John W. Farley
Charles T. Fisher, Jr.
A. N. Kemp
O. W. Mosier
Edgar M. Queeny

being a quorum of the Board of Directors.

Also present at the request of the directors were R. E. S. Deichler, Vice President - Sales, W. J. Hogan, Vice President and Treasurer, and Malcolm A. MacIntyre of general counsel for the corporation.

Directors, Bruce, Douglas, Evans, Miller and Smith were unable to attend the meeting.

The Temporary Chairman, Mr. A. N. Kemp, presided and the Secretary kept the records of the meeting.

1. The Temporary Chairman said he was informed that C. R. Smith, President of the corporation now on leave of absence with the United States Air Force, expected to return to the corporation on or about April 1, 1951. The minutes of the special meeting held on February 16, 1951 were submitted to the directors. Upon motion duly made and seconded, the minutes of the February meeting were approved.

2. The Temporary Chairman brought up for discussion filling the vacancy on the Board of Directors, brought about by the action of the directors in increasing the number of authorized directors at the meeting held on February 16, 1951. Mr. James Jackson of New York, director of Guardian Life Insurance Company of America, Reynolds Spring Company and Old Ben Coal Corporation, was nominated to fill the existing vacancy. After discussion and upon unanimous vote of the directors, Mr. James Jackson was elected a director of the corporation to hold directorship until the next annual meeting of the stockholders and until his successor is elected and qualified.

3. The Treasurer presented and explained financial statements of the corporation as of February 28, 1951.

4. The Treasurer presented a statement of capital expenditures authorized by the management since the last meeting of the Board of Directors, totaling $38,765 for American Airlines, Inc. and $62 for American Airlines de Mexico, S. A.

The Temporary Chairman recalled that at the meeting held November 15, 1950 the directors had approved expenditures of $3,500,000 for three Douglas DC-6A cargo airplanes, subject to negotiation of suitable delivery dates. The Treasurer said it had now been determined that the three aircraft, including radio and necessary spares, could be obtained at a cost of $3,217,362 for estimated delivery September-November 1952. On motion duly made and seconded, the expenditure of $3,217,362 was unanimously approved.

5. Mr. Harry Grumpelt, partner, Arthur Young & Company, entered the meeting by invitation of the directors. The Temporary Chairman and the Treasurer presented and discussed the annual report for 1950, including the certificate of audit by Arthur Young & Company. Upon inquiry, Mr. Grumpelt stated that he had no comments to make except as contained in the certificate of Arthur Young & Company and that the company's accounts were in good condition. On motion duly made and seconded, it was

> RESOLVED that the form of annual rport submitted to the meeting and hereby ordered filed with the records thereof, amended to reflect the election of James A. Jackson to the Board of Directors, be and hereby is approved and ordered to be mailed to the stockholders of the corporation.

6. The Secretary submitted draft of the Notice of Annual Meeting to be held on May 15, 1951, draft of the Proxy Statement and form of Proxy. Mr. MacIntyre said that because of the wage stabilization it was desirable to modify the employee stock option program which was recommended to the stockholders at the meeting held on February 16, 1951 and that the proposed modifications were contained in the draft of the Proxy Statement before each director. He also pointed out that the proposal reflected in the Notice of Meeting and Proxy Statement for the elimination of the class of stock known as Employees' Stock required the specific action of the Board of Directors declaring advisable an appropriate amendment to the Charter to accomplish that effect. After consideration, the following resolutions were duly offered and unanimously carried:

> RESOLVED that the Board of Directors of this corporation deems and declares it advisable that the Certificate of Incorporation as heretofore amended be further amended so as to eliminate from its authorized stock the class of stock designated as Employees' Stock by striking off the provisions of Article Fourth of such Certificate of Incorporation and substituting in lieu thereof a new Article Fourth to read as follows:
>
> > "Here paste in minutes the quoted portion of Certificate of Amendment" ;
>
> and further

RESOLVED that the annual meeting of stockholders of this corporation be called, among other purposes, for the purpose of considering a proposed amendment to its Certificate of Incorporation and the other purposes set forth in the Form of Notice of Annual Meeting presented hereto and ordered filed with the records hereof; and further

RESOLVED that the resolutions heretofore adopted by this Board of Directors at the meeting thereof held February 16, 1951 recommending an Employees' Stock Option Plan be and hereby are rescinded except to the extent some such resolutions place a minimum price of $11.70 or 85% of the highest market price on the date of grant, whichever is higher, upon the remaining 107,000 shares of authorized but unissued Common Stock heretofore reserved by action of the stockholders in May, 1951 for issuance as then authorized; and further

RESOLVED that the close of business on March 29, 1951 be and hereby is fixed as the date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting of stockholders to be held May 15, 1951; and further

RESOLVED that the officers of the corporation be and hereby are authorized and directed to mail to all Common Stockholders of record at the close of business at March 29, 1951 a Notice of Annual Meeting, Proxy and Proxy Statement substantially in the form presented to the meeting and hereb ordered filed with the records thereof but subject to such changes therein, by and with advice of counsel, deemed necessary or appropriate for compliance with the Securities and Exchange Act of 1934; and further

RESOLVED that the proposals in respect to Common Stock options reflected in the Notice of Meeting, Proxy and Proxy Statement approved for mailing to the stockholders be and hereby are adopted for submission to such stockholders, subject to such changes in description thereof as may, by and with advice of counsel, be and hereby are deemed appropriate by the officers to conform to the requirements of the Securities and Exchange Act of 1934.

RESOLVED that Messrs. H. E. Benedict, C. R. Smith and William J. Hogan be and they hereby are constituted a proxy committee and that they shall be named as proxies in the proxies to be mailed to the stockholders of this corporation with the Notice of Annual Meeting and Proxy Statement; and further

RESOLVED that the officers of the corporation be and hereby are authorized and directed to mail to all Preferred Stockholders of record at the close of business on March 29, 1951, and to make available on that date to all holders of 3% Sinking Fund Debentures of the corporation, copies of the annual report as heretofore approved, and ordered to be filed with the records of the meeting; and further

RESOLVED that Henry Bauer and A. A. Paradis be and hereby are appointed to serve as judges of election at the annual meeting of stockholders of the corporation to be held May 15, 1951.

7. The Temporary Chairman brought up for discussion the matter of settlement or fixing of permanent air mail rates for the company and called on the Secretary and Mr. MacIntyre to discuss the matter. Mr. MacIntyre stated that under new regulations of the Civil Aeronautics Board, information obtained at conferences with respect to mail pay rates, so far as it concerns the future course of action or position of the Civil Aeronautics Board or its staff with respect to the facts or issues discussed, is classified as confidential information. No participants in the conferences may disclose such information except in the necessary course of business and may not deal in securities of their company during the conferences and for a limited period thereafter. The regulations further provide that, whether they attended the conferences or not, officers and directors are deemed participants so as to be within the restrictions mentioned and must file compliance certificates when the restricted period ends, although directors dealing in securities are exempted if they show that they did not in fact have knowledge of such information. He stated that such interpretation of the regulations would be confirmed in writing to each director and officer and that, upon his recommendation, the officers would indicate to the directors during any discussion of mail pay conferences to what extent, if any, confidential information was being furnished to them. Mr. Jacob

then stated that actual conferences with the staff of the Civil Aeronautics Board involving confidential information had just started this week and that nothing had transpired of a confidential nature which needed to be disclosed. He stated that the conferences might be productive in arriving at a settlement of the pending mail rate case for a permanent rate retroactive to April 1, 1948 although it had been obvious for some time that any such settlement would involve concessions either as to the future or as to the past or perhaps as to both. He recommended that authority be given the management to agree to mak e such settlement as might in their view be the best that could be obtained in the course of the conferences. After discussion and upon motion duly made, seconded and unanimously carried, the following resolution was adopted:

> RESOLVED that the President or any two of the Management Committee of Messrs. O. M. Mosier, W. J. Hogan and C. W. Jacob, Vice Presidents, be and they hereby are authorized in their discretion to take any and all action for purposes of securing permanent rates of compensation for the carriage of air mail which in their judgment is in the best interest of the corporation.

8. Mr. MacIntyre reported that the United States Supreme Court on March 5, 1951 denied the petition for certiorari sought by certain employees of American Overseas Airlines, Inc. to review the decision of the Court of Appeals in New York unanimously approving the action of the President and the Civil Aeronautics Board in authorizing the sale of American Overseas Airlines to Pan American World Airways.

9. The Secretary reported that in accordance with decision of the Civil Aeronautics Board in the Southern Service to the West Case, inviting certain interchange arrangements, the corporation had consummated contracts as follows, providing for through service by lease and interchange of aircraft:

a. Miami to New Orleans via National,
New Orleans to Dallas/Fort Worth via Delta,
Dallas/Fort Worth to Los Angeles and San Francisco via American.

b. Houston to San Antonio via Braniff,
San Antonio to El Paso via Continental,
El Paso to Los Angeles and San Francisco via American.

He explained the nature of such agreements which are contingent on approval by the Civil Aeronautics Board. After discussion and upon motion duly made and seconded, the action of the management in entering into such agreements was ratified and approved.

10. Mr. Carter presented certain charts and plans of the New Fort Worth Airport now under construction.

11. The Treasurer presented and explained a series of charts showing the trend of revenues and expenses and the corporation's position in relation to the industry.

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

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Secretary

APPROVED:

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Temporary Chairman

Summary of the Minutes of a Regular Meeting of the Board of Directors of American Airlines, Inc. held on April 18, 1951

1. The Secretary stated that the minutes of the previous meeting held on March 21, 1951 had been mailed to each director and presented a summary of action taken. The minutes of March 21 were approved.

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

3. A report was submitted, showing that management had approved since the last meeting of the directors capital expenditures totaling $234,743 for American Airlines, Inc. and $1,041 for American Airlines de Mexico.

4. The regular quarterly dividend was declared on the $3.50 Preferred Stock, payable June 1, 1951 to stockholders of record on May 15.

5. W. F. Calliott and Wm. J. Corbett were authorized to sign checks drawn on the disbursing bank accounts; the authority to open and maintain Imprest Accounts was amended to add The National City Bank of New York and Mellon National Bank and Trust Company of Pittsburgh.

6. The Chairman reported on various business matters of the corporation.

7. It was decided to hold the regular monthly meetings on the third Wednesday of each month in the office of the corporation at 100 Park Avenue, New York, and to hold the regular monthly meeting of October 1951 in Mexico City.