January 7, 1952

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 December 5, 1951. A stamped addressed envelope is enclosed for your convenience in returning the minutes with your comments.

Walter H. Johnson, Jr.
Secretary
A regular meeting of the Board of Directors of American Airlines, Inc. was held in the Board of Directors’ Room located on the Seventh Floor of 100 Park Avenue, New York, New York, on Wednesday, December 5, 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 Benedict
James Bruce
Edward Butler
Amon Carter
Charles Cheston
Thomas Conroy
James Douglas
Silliman Evans
John W. Parley
Charles T. Fisher, Jr.
James Jackson
C. R. Smith

being a quorum of the Board of Directors.

Also present at the request of the Directors were R. E. S. Deichler, Vice President, W. J. Hogan, Vice President and Treasurer, C. W. Jacob, Vice President, William Littlewood, Vice President, M. G. Beard of the Engineering Department and Malcolm A. MacIntyre of General Counsel for the corporation.

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

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

As hereinafter noted, Director Bruce entered the meeting after it had been called to order.
1. The Secretary stated that the minutes of the previous meeting held October 19, 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 the October meeting were approved.

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

3. The Treasurer presented a statement of capital expenditures approved since the last meeting of the Board of Directors, amounting to $45,754 for the corporation and $146 for American Airlines de Mexico, S.A.

   Upon recommendation of the Chairman, the Directors approved the following capital expenditures:

   (a) Purchase and installation of snow blockage kits $129,003

   (b) Conversion of three DC-6 sleeper type airplanes to air coaches $126,470

   (c) Purchase and installation of Pratt & Whitney Siamese engine exhaust stacks, carburetor heat muffs and additional residual heat doors on all CV-240 type airplanes

      (Original authorization approved by Directors on May 16, 1951, was $379,000)

      Additional authorization $64,780

Mr. Bruce entered the room at this point and thereafter participated in the meeting.

At the request of the Chairman, Mr. Littlewood reviewed the latest developments and progress made in the field of transport aircraft and aircraft engines and presented estimates of future expected developments.

Mr. Beard then discussed the comparative characteristics of the DC-6, the DC-6B and the DC-7 airplanes.

Reporting on behalf of the Finance Committee which held its meeting earlier in the day, Mr. Cheston reviewed the company's present and antici-
pated financial status and recommended that the equipment program as submitted to the Directors should be approved. Whereupon, after discussion and motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED that the authorization heretofore given for the expenditure of approximately $31,000,000 for thirty (30) DC-6B and DC-6A aircraft be and hereby is reduced to eleven (11) DC-6B and DC-6A aircraft for $12,900,000 plus allowance for escalation as approved; and further

RESOLVED that the President or any Vice President and the Secretary or any Assistant Secretary be and hereby are authorized to enter into contracts with Douglas Aircraft Company for twenty-five (25) DC-6 aircraft designed for Wright 3350 compound engines at an initial price of $1,590,000 (inclusive of engines and propellers) and for additional or all engines and other related parts either with Douglas Aircraft Company or others, such contract or contracts to contain such reasonable price escalation provisions and other terms and conditions as may be deemed appropriate provided only the initial prices, in the aggregate, for such twenty-five (25) aircraft and all related engines and parts shall not exceed $48,700,000.

4. At the request of the Chairman, Mr. MacIntyre presented and explained a prospectus which had been prepared for filing with the Securities and Exchange Commission to register 750,000 shares of the corporation’s $1 par value common stock which had been set aside for the exercise of stock options pursuant to the stock option program previously approved by the directors. A revised draft of such plan was also presented to the meeting. Whereupon after discussion and on motion duly made and seconded, the following resolutions were adopted:

RESOLVED that the resolutions, heretofore adopted by the Board of Directors at the meeting held October 19, 1951, in respect to stock options to executives and to employees generally, be and hereby are rescinded; and further

RESOLVED that as an incentive and to encourage stock ownership by employees of the Company in the manner contemplated by Section 130A of the Revenue Act
of 1950 and not to provide an increase in compensation not otherwise permitted by wage or salary stabilization regulations or restrictions, the President of the Corporation be and hereby is authorized to grant options, substantially in form as submitted to the meeting and ordered filed with the records thereof, to executive and supervisory personnel of the Company and its subsidiaries up to 107,000 shares of authorized but unissued Common Stock, in the amounts and to the individuals selected by the Stock Allotment Committee of this Board of Directors hereof designated for such purpose, and up to an aggregate of 500,000 shares of authorized but unissued Common Stock to other employees of the company who had, on October 31, 1951, been employed by the Company for twelve calendar months and are not on leave of absence, allotted on the following basis:

Non-Pilot Personnel
October Compensation (excluding overtime and adjusted for vacations, etc.)

<table>
<thead>
<tr>
<th>Pilot Personnel</th>
<th>Status October 31, 1951</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-pilot less than one year</td>
<td>$301</td>
<td>25</td>
</tr>
<tr>
<td>Co-pilot one year but less than four</td>
<td>$301-450</td>
<td>50</td>
</tr>
<tr>
<td>Co-pilot four years but less than seven</td>
<td>$451-600</td>
<td>75</td>
</tr>
<tr>
<td>All other co-pilots and 1st pilots</td>
<td>$601-750</td>
<td>100</td>
</tr>
<tr>
<td>Over $750</td>
<td>Over $750</td>
<td>125</td>
</tr>
</tbody>
</table>

all such options to be granted on the same day at a uniform price to be set at 95% (adjusted to the next highest multiple of 25¢) of the highest sales price on the New York Stock Exchange on such day provided, however, that the President shall have the right to increase the down payments required in respect to options granted to employees generally to 100% of the option price and extend the time for deduction thereof from compensation paid to such employees and to make such modifications, waivers or changes in or of any terms and conditions of the foregoing options other than price, as may, upon advice of counsel, be deemed appropriate or required by law; and further

RESOLVED that in connection with the grant of options to executive and supervisory personnel and to employees generally, the officers be and hereby are authorized to execute warranties to the appropriate wage and salary control agencies that no amount in respect of the transfer of any stock pursuant to exercise of any such option will be claimed as a cost or expense under any law or regulation; and further
RESOLVED that the officers of the Company be and hereby are authorized to make such applications and undertake such qualifications as may be deemed appropriate or necessary in connection with the grant of options to executive and supervisory personnel as well as to employees generally to qualify under the Blue Sky laws of the respective states in which such personnel may be resident or employed; and further

RESOLVED that the officers of the Corporation be and the same hereby are, authorized to execute and file with the New York Stock Exchange a listing application, together with such other agreements, documents and exhibits as may be required in connection therewith, for the listing by the Corporation on official notice of issuance, of up to 500,000 shares of Common Stock of the Corporation, on which options have been authorized to be granted to employees generally pursuant to authorization of the stockholders at the meeting thereof held in May, 1951, and of such additional number of shares of authorized but unissued Common Stock of the Corporation as would enable the Corporation to issue upon conversion of its presently outstanding 3-1/2% Cumulative Convertible Preferred Stock at such new conversion price as may result from the grant of options to executives and supervisory personnel in the aggregate amount of 250,000 shares of Common Stock as heretofore authorized by the Board of Directors and the stockholders, and that C.R. Smith, William J. Hogan and Malcolm A. McIntyre, or any of them, are hereby authorized to execute and file said documents with, and to appear before, the Committee of Stock List of said Exchange, for the prosecution of said application, with power to make such changes in said application or any agreements relative thereto, that may be necessary to comply with the listing requirements of said Exchange; and further

RESOLVED that Schroder Trust Company, New York, New York, and Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, present Transfer Agent and Co-Transfer Agent, respectively, for the outstanding shares of this Corporation's Common Stock of $1 par value be, and they hereby are, appointed Transfer Agent and Co-Transfer Agent, respectively, for the issuance and transfer of certificates for an additional 500,000 shares of such Common Stock; and be it further
RESOLVED that the said Transfer Agent and Co-Transfer Agent, be, and they hereby are, authorized to countersign for original issue, when signed by, or bearing the facsimile signature of, the President or a Vice President and the Secretary or an Assistant Secretary of this Corporation and, when registered by the Registrar or Co-Registrar, to deliver certificates for not exceeding 500,000 shares of Common Stock of $1 par value upon the exercise of options to purchase such shares, granted and to be granted by the Corporation pursuant to the authority given to the Board of Directors by resolution adopted on May 15, 1951, at the annual meeting of the stockholders; and be it further

RESOLVED that the Guaranty Trust Company of New York, New York, N. Y., and The First National Bank of Chicago, Chicago, Illinois, the present Registrar and Co-Registrar, respectively, for the registration of certificates for the outstanding shares of this Corporation's Common Stock of $1 par value be, and they hereby are, appointed Registrar and Co-Registrar, respectively, for the registration of certificates for an additional 500,000 shares of such Common Stock; and be it further

RESOLVED that for the original issue of certificates for such 500,000 shares of Common Stock of $1 par value, the said Registrar and Co-Registrar are hereby authorized and directed to countersign and record in their registration records, when presented to them for such purpose by Schroder Trust Company, Transfer Agent, or Continental Illinois National Bank and Trust Company of Chicago, Co-Transfer Agent, and redeliver to the Transfer Agent or Co-Transfer Agent not exceeding 500,000 shares of the Common Stock of $1 par value reserved for issuance upon the exercise of options to purchase such shares granted and to be granted by the Corporation pursuant to the authority given to the Board of Directors by resolution adopted on May 15, 1951, at the annual meeting of the stockholders; and be it further

RESOLVED that said Registrar and Co-Registrar are hereby authorized and directed to register transfers of such certificates upon the cancellation of certificates for like amount of stock for the same class, and, when presented to it for such purpose by said Transfer Agent or Co-Transfer Agent, to countersign and redeliver the certificates to the Transfer Agent or Co-Transfer Agent and to keep the necessary records in connection therewith; and further
RESOLVED that the President or any Vice-President and the Secretary or any Assistant Secretary of the Company be, and each of them hereby is, authorized and empowered in the name of the Company and under its corporate seal or otherwise, to make application to the Securities Commissions or other proper authorities of the States of Arkansas, California, Indiana, Massachusetts, New York, Pennsylvania, Rhode Island and Tennessee and such other states as may be required by law or good practice for the registration or qualification under the securities or Blue Sky laws of such state of the shares of Common Stock of the Company to be offered to employees of the Company in such respective states and of the options to purchase such shares, and for the registration or qualification of the Company as a broker or dealer or foreign investment company, all as may be required by the laws of such respective states, and to execute and deliver or file with the appropriate authorities, in the name of the Company and under its corporate seal or otherwise, all applications, certificates, affidavits, agreements, consents, instruments and documents of any sort (including the irrevocable consent of the Company to accept service of process on an authorized officer or official of each such state in suits, proceedings and actions arising out of any violation of the securities or Blue Sky laws of such state) necessary or appropriate to carry out the above, and to pay all filing fees, charges and expenses and take all other steps incidental thereto; and further

RESOLVED that AMERICAN AIRLINES, INC., a corporation of Delaware, does hereby agree that suits and actions may be commenced against it for any cause arising out of sale or offer of sale by it in the proper courts of any county in the State of Arkansas, in which a cause of action may arise or in which the plaintiff may reside by the service of any process or pleading authorized by the laws of the State of Arkansas on the Arkansas Bank Commissioner. Said service of process in such cases shall be as valid and binding as if due service had been made personally on the proper officers of this corporation. Nothing herein contained shall subject said corporation to the jurisdiction of the State of Arkansas otherwise than herein expressly agreed and nothing herein shall deprive said corporation of the right which it may have to remove any suit to the Federal Court; and

WHEREAS, this corporation has applied or is about to apply to the Commissioner of Corporations of the State of California for a permit authorizing it to sell securities of its own issue in the State of California; now, therefore,
BE IT RESOLVED that pursuant to the provisions of the Corporate Securities Law of the State of California, the Commissioner of Corporations of the State of California, and his successor or successors in said office, be and he is hereby appointed the true and lawful attorney of this corporation upon whom all process in any action or proceeding against it arising out of or in connection with the sale of any security of its own issue may be served with the same effect as if this corporation were organized or created under the laws of the State of California and had been lawfully served with process therein, and that service upon such attorney shall be deemed to be personal service upon this corporation.

BE IT FURTHER RESOLVED that William J. Hogan whose address is 100 Park Avenue, New York 17, New York, be and he is designated as the person to whom a copy of every process served upon said Commissioner of Corporations in any action or proceeding brought or pending against this corporation in the said State of California shall be forwarded by mail, in accordance with the provisions of said Corporate Securities Law of said State of California.

BE IT FURTHER RESOLVED that the President or any Vice-President and the Secretary or any Assistant Secretary of this corporation be and they are authorized and directed to execute and acknowledge, as the act and deed of this corporation and in its corporate name, a power of attorney in writing in substantially the form presented to the meeting and ordered filed with the records thereof; and further

RESOLVED that any Vice-President and the Secretary or any Assistant Secretary of this corporation be, and they hereby are, authorized to execute and file an application for a permit authorizing this corporation to sell and issue its securities with the Commissioner of Corporations of the State of California; and

WHEREAS this corporation proposes to make application to the Securities Commission of Indiana for registration of securities to be sold in the State of Indiana, and/or for registration as a dealer in securities in said State of Indiana, and therewith to file consent to service of process upon the Secretary of State of Indiana, in accordance with the provisions of The Indiana Securities Law; now, therefore

BE IT RESOLVED that any Vice-President, and the Secretary or any Assistant Secretary be and they are hereby authorized (with continuing authority until hereafter rescinded) for and
in behalf of said corporation to execute and file with
the Secretary of State of Indiana, in the form prescribed
by said Secretary of State, the irrevocable consent of
this corporation that suits and actions growing out of the
violation of any provision of The Indiana Securities Law
may be commenced against it in the proper court of any
county in the State of Indiana in which a cause of action
may arise, or in which the plaintiff in such action may
reside, by the service of any process or pleading, author-
ized by the laws of said State of Indiana, on the said
Secretary of State of Indiana, such consent stipulating
that such service of process or pleading on such Secretary
of State of Indiana shall be taken and held in all courts
to be as valid and binding as if due service had been made
upon this corporation itself; and further

RESOLVED that pursuant to the provisions of Chapter
110A of the General Laws, as amended, of the Commonwealth
of Massachusetts, this Corporation hereby appoints the
Secretary of the Department of Public Utilities of the
Commonwealth of Massachusetts, or his successor in office,
to be its true and lawful Attorney, in and for said Common-
wealth, upon whom all lawful processes in any action or
proceeding against said Corporation in said Commonwealth
relative to or connected with an act or acts as broker may
be served, in like manner and with the same effect as if
this Corporation existed therein. And this Corporation
hereby stipulates and agrees that any lawful process against
it, which is served on its said Attorney, shall be of the
same legal force and validity as if served on this Corpora-
tion. This appointment, and the authority of said Attorney,
shall continue in force so long as any liability remains
outstanding against this Corporation in said Commonwealth;
and the President or any Vice-President and Secretary or any
Assistant Secretary are hereby authorized to execute in the
name of the Corporation, and under its corporate seal, a
certificate of authority or power of attorney to the said
Secretary of the Department of Public Utilities, in conform-
ity with this Resolution and the laws of said Commonwealth;
and further

RESOLVED that the President or any Vice-President and
the Secretary or any Assistant Secretary respectively of
American Airlines, Inc. be authorized and directed to execute
for and on behalf of said corporation for the purpose of being
registered with the Pennsylvania Securities Commission as a
Dealer, an irrevocable Power of Attorney, appointing the
Pennsylvania Securities Commission to be its true and lawful attorney and authorized agent upon whom all lawful process may be served in any action or proceedings against said corporation in the Commonwealth of Pennsylvania, arising out of doing the business of Dealer in the Commonwealth of Pennsylvania or from violations of the Pennsylvania Securities Act; and also to stipulate and agree for and on behalf of said corporation that such service of process and similar service of pleadings and notices in such actions shall be taken and held in all courts to be as valid and binding as if due service had been made upon the corporation itself according to the laws of the Commonwealth of Pennsylvania or any other State; and further

RESOLVED that this corporation appoint and constitute the Director of Business Regulation of the State of Rhode Island and his successor in office its true and lawful attorney upon whom all lawful process in any action or legal proceeding against this corporation, arising out of its activities as a Broker in securities or out of any violation of the provisions of Chapter 121 of the General Laws of Rhode Island, as amended, entitled "Regulation of the State of Securities," may be served with the same effect as if this corporation were a resident of the State of Rhode Island and this corporation hereby stipulates and agrees that such service upon said Director of Business Regulation of the State of Rhode Island and his successor in office shall be of the same legal force and validity as if this corporation were located in the State of Rhode Island and had been lawfully served with process therein, and that this corporation hereby further stipulate and agree that the authority herein contained shall continue in force so long as any such liability remains outstanding against this corporation within the State of Rhode Island; and

WHEREAS, under and by virtue of Chapter 31, of the Public Acts of Tennessee, passed September 27, 1913, and approved the same day, this company is required to file its written consent, irrevocable, that actions may be commenced against it in the proper court of any county in the State of Tennessee, and stipulating and agreeing that such service of process on the Commissioner of Insurance and Banking shall be taken and held, in all courts to be valid and binding as if due service had been made upon the company itself according to the laws of Tennessee, or any other State, and requiring that said written consent shall be authenticated by the seal of this corporation and by the signature of the President and Secretary hereof, and shall also be accompanied by a duly certified copy of the order or resolution of the Board of Directors authorizing the President and Secretary to execute the same. Therefore be it
RESOLVED that the President or any Vice-President, and Secretary or any Assistant Secretary, of this corporation be authorized for and on behalf of this corporation to enter into a written agreement with the State of Tennessee as required by Section 4 of said Chapter 31 of said Acts of Tennessee, passed September 27, 1913, and approved on the same day, and fully bind the company thereby, in as full and ample a manner as if by said act provided, and that said agreement when so entered into shall be in every respect binding on this corporation and that said officers be instructed and authorized to authenticate said agreement by affixing the corporate seal of this corporation to said written agreement aforesaid and that a duly certified copy of this resolution accompany said written agreement.

5. Upon recommendation of the Treasurer the following resolutions were duly adopted:

RESOLVED that pursuant to the form of Trust Agreement with J. P. Morgan & Co. Incorporated, as Trustee and hereby authorized to be executed and acknowledged by the President or any Vice-President substantially in the form presented to the meeting and ordered filed with the records thereof, the President be and he hereby is directed to instruct J. P. Morgan & Co. Incorporated that, until further action by this Board of Directors, 95% in book value of the funds held by J. P. Morgan & Co. Incorporated, as Trustee, shall be invested and kept invested in Common Stocks; and

RESOLVED that in connection with the changes authorized to be made in the funding of the Retirement Plan as now constituted and approved, the officers of the Company be and they hereby are authorized to use the entry-age normal and supplemental calculation method in computing its contributions thereto and are hereby authorized to contribute to J. P. Morgan & Co. Incorporated, as Trustee, pursuant to the Trust Agreement to be entered into as a part of such funding in 1951, an amount approximating the difference between the Company's contributions, computed on the foregoing method, and the method heretofore used as a basis for payments to John Hancock Life Insurance Company under the insurance contract presently in effect.

6. The Chairman then presented recommended increases for certain of the officers which Mr. MacIntyre stated were allowed under merit increase regulations.
RESOLVED that the salaries of the following officers be made effective at the following rates and dates:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Rate</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.R. Bone</td>
<td>Regional Vice President</td>
<td>$16,500</td>
<td>12/1/51</td>
</tr>
<tr>
<td>M.D. Miller</td>
<td>Regional Vice President</td>
<td>16,500</td>
<td>12/1/51</td>
</tr>
<tr>
<td>W.N. Bump</td>
<td>Regional Vice President</td>
<td>16,500</td>
<td>12/1/51</td>
</tr>
<tr>
<td>S.G. King</td>
<td>Regional Vice President</td>
<td>16,500</td>
<td>12/1/51</td>
</tr>
<tr>
<td>T.P. Gould</td>
<td>Regional Vice President</td>
<td>16,500</td>
<td>12/1/51</td>
</tr>
<tr>
<td>C.R. Speers</td>
<td>Assistant Vice President-Sales</td>
<td>22,000</td>
<td>1/1/52</td>
</tr>
<tr>
<td>T.L. Boyd</td>
<td>Assistant Vice President-Operations</td>
<td>22,000</td>
<td>12/1/51</td>
</tr>
<tr>
<td>Marvin Whitlock</td>
<td>Assistant Vice President-Materials &amp; Supplies</td>
<td>18,000</td>
<td>12/1/51</td>
</tr>
<tr>
<td>W.H. Johnson</td>
<td>Secretary</td>
<td>16,500</td>
<td>12/1/51</td>
</tr>
<tr>
<td>G.K. Griffin</td>
<td>Vice President-Personnel</td>
<td>22,000</td>
<td>12/1/51</td>
</tr>
</tbody>
</table>

7. Upon recommendation of the Chairman the following resolutions were unanimously adopted:

RESOLVED that any Vice-President and Assistant Secretary be and hereby are authorized to execute and deliver, on behalf of this Corporation, a Guaranty in substantially the form submitted to this meeting and ordered filed with the records thereof, of fixed rent and additional rent payable under a lease dated as of December 1, 1951, to be entered into by and between West Side Airlines Terminal Corporation and 10-42 Corporation and a Supplemental Agreement dated December 1, 1951, to be entered into by and between said corporations, copies of which were submitted to the meeting and hereby ordered filed with records thereof; and further

RESOLVED that the resolution heretofore adopted on June 20, 1951 with respect to the execution and delivery of the Guaranty of the foregoing lease be and hereby is rescinded.

8. The following resolution was next introduced and thereupon duly adopted by the Board of Directors:

WHEREAS the Directors of American Airlines, Inc. desire to express their deep sorrow at the death of Mrs. Lotta E. Mosier, Mother of O. M. Mosier, be it
RESOLVED that the Secretary of the Corporation be instructed to inform Mr. Mosier of the warm sympathy of each of the Directors of American Airlines, Inc.

9. The Chairman reported that negotiations between the corporation and the Air Lines Pilots Association had been completed and that an agreement had been signed on November 5, 1951.

10. A review of traffic trends was given by Mr. Deichler.

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

______________________________
Secretary

APPROVED:

______________________________
Chairman