

AMERICAN AIRLINES, INC.
New York, N. Y.

October 20, 1947

TO: DIRECTORS OF AMERICAN AIRLINES

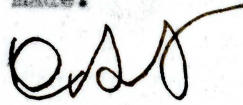
The pilots of American Overseas returned to duty at 10:00 A.M., October 18. Negotiations on completion of the contract commenced after the first flight took off, and were completed this afternoon, October 20.

The company took the position that the pilots must return to work before negotiations were re-instituted, and that position was sustained throughout. The contract signed with the pilots involved just exactly the provisions to which the company had agreed the day before the strike, not a single thing more. The strike was a difficult one, one without apparent rhyme or reason.

The Civil Aeronautics Board has increased the temporary mail rate of American. The temporary rate from January 1, 1946 to June 30, 1947 is at the rate of 40¢ per airplane mile. This will give total revenue for that period of about \$3,200,000., against about \$1,400,000. we have charged up on the books. This will increase income for the period by about \$1,800,000. and this will, soon, be received in cash.

The temporary rate for the period beginning June 30, 1947 is less attractive; \$.75 per ton mile across the Atlantic and 35¢ per mile within Europe; an increase from present rates but still insufficient. We will continue to press for higher rate for that period and I believe that it will be justified, and secured, although this will take time.

Schedules on Overseas are beginning at the rate of 15 per week; against 24 per week we were operating prior to the strike. We had, all along, intended to cut down to 15 after Christmas but have decided to put the reduction in now. Personnel has been substantially reduced, by about 1/3, and further reductions will be made.



C. R. SMITH

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