

AMERICAN AIRLINES, INC.

Agenda for Annual Directors' Meeting
April 18, 1946

- ✓ 1. Selection of a temporary Chairman.
- ✓ 2. Report of the proxy committee on the annual meeting of stockholders held on April 17, 1946.
- ✓ 3. Election of officers to serve during the ensuing year.
- ✓ 4. Reading of the minutes of the Directors' meeting of March 20, 1946. (See Pages 1-3).
- ✓ 5. Financing program.
- ✓ 6. Request for authority to file listing application with New York Stock Exchange covering split-up stock.
- ✓ 7. Request for modification of instructions to stock transfer agent and registrar.
- ✓ 8. Presentation of financial statements of the corporation as of February 28, 1946.
- ✓ 9. Purchase and sale of U. S. Government obligations.
- ✓ 10. Capital Expenditures:
 - ✓ (a) Report of expenditures approved by management.
 - ✓ (b) Air conditioning equipment.
- ✓ 11. Guarantee of American Overseas Airlines contract for Boeings.
- ✓ 12. Leases:
 - ✓ (a) Airport lease - Ft. Worth
 - ✓ (b) Stewardess training quarters - Tulsa
- ✓ 13. Report on passenger, mail, freight, and express traffic - March 1946. (See Page 4)
- ✓ 14. Request for approval of purchase of additional shares of stock in Aeronautical Radio, Inc.

Summary of the Minutes of the Regular Meeting
of the Board of Directors of American Airlines, Inc.
Held March 20, 1946

There were present at the meeting: Directors Ames, Benedict, Bruce, Carter, Damon, Evans, Farley, Hovey, McLucas, Mosier, Queeny and Smith.

1. The minutes of the previous meeting held February 20, 1946 were approved.
2. A financing program was recommended. Discussion followed particularly with reference to wider distribution of Common Stock. A five for one split was agreed upon and note was taken as to new Common Stock that would be issuable in connection with Employees' Stock, the Mid-Continent offer and an existing option.

The Directors authorized officers of the Corporation to take appropriate steps to secure \$80,000,000 of additional funds during the current year through the sale of convertible Preferred Stock and debentures, management presently favoring \$30,000,000 of convertible Preferred and \$50,000,000 of debentures.

The Directors deemed it advisable that a proposal be submitted at the Annual Stockholders' Meeting to be held April 17, 1946 that Article Fourth of the Certificate of Incorporation be amended to provide for the following changes in the Capital Stock of the company:

<u>Present</u>	<u>Par Value</u>	<u>Authorized Shares</u>	<u>No. of Shares Outstanding</u>
Preferred Stock	\$100	200,000	None
Common Stock	5	2,400,000	1,290,567.69
Employees' Stock	5	100,000	None
			To be Outstanding Before Additional Financing
<u>Proposed</u>	<u>Par Value</u>	<u>Authorized Shares</u>	<u>To be Outstanding Before Additional Financing</u>
Preferred Stock	\$100	600,000	None
Common Stock	1	12,000,000	6,452,838.45
Employees' Stock	1	500,000	None

3. Each of the present members of the Board of Directors were nominated for election as a Director at the Annual Stockholders' Meeting to be held on April 17, 1946. (Charles A. Rheinstrom is also a nominee for election as a director, having been nominated by the Directors in 1945, at the time the Board was increased from 15 to 16 persons.) It was ordered that stockholders be advised that all proxies received by the management proxy committee will, unless limited to the contrary, be voted in favor of the election of such nominees.
4. A resolution was adopted recommending the re-election of Arthur Young & Co.

as auditors for the calendar year 1946 and providing that stockholders be advised in the proxy statement that proxies will be voted, unless limited to the contrary, in favor of the election of Arthur Young & Co.

5. The Directors fixed March 27, 1946 as the record date for determining the holders of Common Stock of the Corporation entitled to receive notice of and to vote at the 1946 Annual Stockholders' Meeting.

Messrs. Benedict, Damon & Smith were constituted a proxy committee to solicit proxies in behalf of the present management.

Messrs. Henry Bauer of the Schroder Trust Company and A. A. Paradis were appointed judges of election to receive and count ballots at the Annual Stockholders' Meeting.

The notice of meeting, proxy and proxy statement were approved and ordered mailed to Common Stockholders.

6. The Directors approved the Certificates of Deposit to be issued to depositors of stock of Mid-Continent Airlines, Inc. and the letter of transmittal to be employed by the stockholders of Mid-Continent Airlines, Inc. in depositing such stock.

The Directors authorized the Schroder Trust Company as agent of the Corporation to receive stock of Mid-Continent Airlines, Inc. as custodian thereof and have same transferred into the name of its nominee and issue Certificates of Deposit.

7. The Directors authorized the purchase of 20 long-range four-engine aircraft from the Republic Aircraft Corporation at \$1,200,000 per airplane.
8. The Treasurer presented financial statements prepared as of January 31, 1946.
9. The report of the auditors, Arthur Young & Co. as of December 31, 1945 was presented and accepted. The Annual Report for 1945 was approved and ordered to be distributed to stockholders.
10. The Directors authorized construction of a hangar on the Logan Airport, Boston, Mass. at a cost of \$300,000.00.
11. The Treasurer presented a comparative report on traffic carried over the routes of the corporation for the month of February, 1946.
12. The Directors authorized organization of Manhattan Air Terminals, Inc. under laws of the State of New York with an initial capital of \$1,000.00 to be represented by 1,000 shares of \$1.00 par value Common Stock. It is planned that such corporation will make commitments for land and buildings for use as an air terminal in the New York Metropolitan area.

Management was authorized to loan up to \$200,000 to Manhattan Air Terminals, Inc. and, in their discretion, to offer to other air lines participation in the ownership and direction of the affairs of such company.

13. The Directors authorized Mr. J. C. McCormick to countersign checks drawn on operating bank accounts and rescinded authorization heretofore given to Mr. W. F. Calliott.
14. The resignation of Mr. Hugh L. Smith as a Vice President of the Corporation was accepted with regret. Mr. Smith continues in service as Resident Manager, Tulsa, Oklahoma.
15. The Chairman reported the loss of a DC-3 airplane owned by the Corporation on March 3, 1946 near San Diego, California, with resulting fatalities to five crew members and employees of the corporation and to 22 passengers. The Directors adopted a memorial resolution to be tendered to the families of crew members and employees.
16. Mr. Douglas stated that the Civil Aeronautics Board had issued an order designed to prohibit consummation of any further transactions between this Corporation, The Aviation Corporation or any subsidiary thereof pending reduction by the Aviation Corporation of its Common Stock holdings in this Corporation to not over four percent.

The Chairman explained that negotiations to purchase 100 Model 240 twin-engine aircraft from Consolidated Vultee Aircraft Corporation had not been completed, and that the management would take no further steps to negotiate a purchase agreement until The Aviation Corporation had reduced its Common Stock holdings in the Corporation to four percent or the order of the Civil Aeronautics Board had been modified.

American Airlines, Inc.

Passenger, Mail, Express and Airfreight Traffic Statistics

March, 1946

	<u>March</u> <u>1946</u>	<u>March</u> <u>1945</u>	<u>% Increase</u> <u>or Decrease</u>	<u>3 Months</u> <u>1946</u>	<u>3 Months</u> <u>1945</u>	<u>% Increase</u> <u>or Decrease</u>
<u>Passengers</u>						
Revenue Miles Flown in Passenger Service	4,590,310	3,495,705	31.3	12,924,259	9,522,447	35.7
Revenue Miles Flown - Total	4,755,649	3,714,668	28.0	13,391,981	10,105,556	32.5
Revenue Passengers Carried	149,514	96,130	55.5	402,966	250,091	61.1
Revenue Passenger Miles Flown	81,175,007	59,847,083	35.6	231,101,708	157,469,594	46.8
Seat Miles Operated	95,572,225	66,797,687	43.1	263,496,734	180,358,428	46.1
Passenger Load Factor	84.9%	89.6%		87.7%	87.3%	
Average Haul Per Passenger	54.3	62.3		57.4	63.0	
<u>Mail</u>						
Tons Carried	833	1,846	-52.2	2,691	5,221	-48.5
Ton-Miles Flown	626,709	1,260,205	-50.3	1,881,461	3,476,101	-45.9
<u>Express</u>						
Tons Carried	652	1,252	-48.0	1,640	3,309	-50.5
Ton-Miles Flown	353,348	602,202	-41.4	820,207	1,536,061	-46.7
<u>Airfreight</u>						
Tons Carried	347	191	81.7	858	482	78.0
Ton-Miles Flown	234,813	118,000	99.0	567,965	255,801	122.0
<u>Payload</u>						
Average Revenue Load Carried Per Mile	3,993	4,228		3,972	4,112	
Weight Load Factor	74.4%	82.9%		77.1%	81.4%	