FROM AMERICAN AIRLINES

FOR IMMEDIATE RELEASE

C. R. Smith, president of American Airlines, Inc., told stockholders at the annual meeting in Wilmington, Del., today (May 15) that present earnings indicate that the payment of a dividend this year will be warranted.

While declaring that the policy of the company must be to retain a substantial portion of its annual earnings to cover increased capital expenditures and increased depreciation, Mr. Smith said, "We would like, as soon as amount and stability of earnings will permit, to have our common stock on a quarterly dividend basis. That may be possible in 1952."

He pointed out, however, that capital expenditures for 1951 will total $32,000,000, including $29,000,000 for 17 new Douglas DC-6B aircraft.

"Those expenditures will be greater than earnings and depreciation for the year," he said. "Substantial capital additions are also anticipated for 1952."

He pointed out also that the replacement cost of operating equipment now in service is at present $63,000,000 greater than the original book value.

"This means that the company must provide $63,000,000 more than is presently derived from the depreciation reserve to provide for the full replacement of the existing fleet," he said.

Commenting on earnings, Mr. Smith said that the volume of business for April and for the first half of May has continued at a high level and earnings have continued to be favorable.

- more -

"With careful control of expenditures and increasing volume of business, costs have remained comparable with last year on a ton-mile basis," he continued. "All elements of cost continue to increase and any forecast of operating profit for the future should take that trend into consideration."

The stockholders reelected the 17 members of the Board of Directors.

Elimination of 500,000 shares of authorized but unissued employes stock was approved on the ground that the Revenue Act of 1950 removed advantages which would have originally accrued to the holders under the option plan.

Another proposal for employee stock, however, was approved. Reservation of another 500,000 shares for issue generally among employeswas authorized. These would be "restricted stock options" within the meaning of the Revenue Act of 1950 so as to enable the holders to take advantage of the tax benefits accorded by the act.

A total of 107,000 shares previously approved by the stockholders was also authorized for allocation among executive and supervisory personnel.

- AA -

HS51551