



AMERICAN AIRLINES INC.

REPORT ON THE ANNUAL MEETING OF STOCKHOLDERS

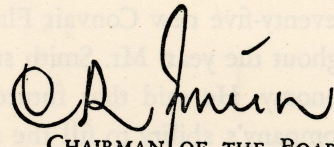
May 18, 1948

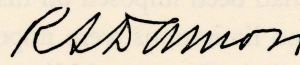
TO OUR STOCKHOLDERS:

On May 18, 1948, American Airlines held its Annual Meeting of the Stockholders. Again this year it was conducted in open forum discussion to give each of the attending Stockholders an opportunity to question the Management of your Company on present and future operations. For the benefit of those who unfortunately were unable to attend, we are sending you this report of the meeting.

In addition to this report, you will find two insertions which we are pleased to present because they contain information on important developments in the growth of your Company.

Sincerely yours,


CHAIRMAN OF THE BOARD


PRESIDENT

June 11, 1948

REPORT ON THE ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders was held at the office of the corporation in Wilmington, Delaware, on May 18, 1948. There were represented at the meeting in person, or by proxy, 4,204,582 shares, or approximately 65 percent of the 6,452,835 shares of common stock outstanding and entitled to vote. In comparison approximately 59 percent of the shares were represented at last year's meeting.

All of the directors nominated, listed in the proxy statement for the meeting, were elected by unanimous vote. The names and principal occupation of the directors accompany this resumé of the meeting.

Messrs. Arthur Young & Company were appointed as auditors for the year ending December 31, 1948.

Mr. C. R. Smith, Chairman of the Board, reviewed letters and comments received from stockholders. One letter protested that the provision for payment of retirement pensions to officers of the company constitutes a threat to our free enterprise system. A stockholder present, Mr. John J. Gilbert, stated that this assertion might be true in the case of some companies although he did not believe it to be warranted as to the American Airlines retirement plan. He pointed out that the American Airlines retirement plan, approved by the stockholders in 1942, is designed for the benefit of all employees, not officers only and provides for proportionately higher pensions to the lower salaried employees.

Mr. Gilbert also suggested consideration be given to instituting regional annual meetings for stockholders to be held at convenient key locations. Mr. Smith stated that consideration will be given the suggestion to determine if that will be feasible in the light of their cost.

Mr. Smith invited questions or comments of stockholders with respect to American's annual report for the past year. Several good suggestions were received as to the form and content of future annual reports.

One question related to the company's earnings prospects. Mr. Smith said that American's re-equipment program will give it the most efficient airline fleet in the United States and that this will substantially increase the opportunity for profitable operation. All of the fifty new Douglas DC-6 Five Star Flagships are expected to be in service early in June, 1948. Service with the first of the fleet of seventy-five new Convair Flagships also starts in June and will be accelerated with deliveries throughout the year. Mr. Smith stated that excellent progress is being made with respect to operating economy. He said that future profit outlook is dependent upon the total available traffic and the company's ability to fill the airplanes.

Mr. Harry Grumpelt, representing Arthur Young & Company, stated in response to inquiry that no limitations had been imposed on his firm in their audit of the company's books. Mr. Smith said that similarly no limitations were imposed on Arthur Andersen & Company's examination of the subsidiary, American Overseas Airlines, Inc., and this fact was confirmed by Arthur Andersen & Company subsequent to the meeting.

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The Annual Meeting of the Board of Directors was held in New York, May 19, 1948. A list of the officers of the corporation as elected at that meeting is attached hereto.

DIRECTORS OF AMERICAN AIRLINES, INC.

<u>Name</u>	<u>Occupation</u>
HAROLD T. AMES - - - - -	President, The LaPorte Corporation
HARRY E. BENEDICT - - - - -	Chairman of the Board, Palos Verdes Corporation
EDWARD H. BUTLER - - - - -	Editor and Publisher, Buffalo Evening News
AMON G. CARTER - - - - -	President and Publisher, Fort Worth Star-Telegram
CHARLES S. CHESTON - - - - -	Director of various industrial and financial corporations
THOMAS M. CONROY - - - - -	Executive Vice President, Central Trust Company of Cincinnati
RALPH S. DAMON - - - - -	President, American Airlines, Inc.
SILLIMAN EVANS - - - - -	Publisher, The Nashville Tennessean
JOHN W. FARLEY - - - - -	Partner, Herrick, Smith, Donald, Farley & Ketchum, Attorneys
CHARLES T. FISHER, JR. - - - - -	President, National Bank of Detroit
THOMAS S. HAMMOND - - - - -	Chairman of the Board, Whiting Corporation
A. N. KEMP - - - - -	Chairman of the Board, Pacific Mutual Life Insurance Company
ROBERT W. MILLER - - - - -	President, Pacific Lighting Corporation
ORVAL M. MOSIER - - - - -	Vice President, American Airlines, Inc.
EDGAR M. QUEENY - - - - -	Chairman of the Board, Monsanto Chemical Company
C. R. SMITH - - - - -	Chairman of the Board, American Airlines, Inc.

OFFICERS OF AMERICAN AIRLINES, INC.

Name	Title
C. R. SMITH - - - - -	Chairman of the Board
RALPH S. DAMON - - - - -	President
AMOS CULBERT - - - - -	Vice President
R. E. S. DEICHLER - - - - -	Vice President
L. G. FRITZ - - - - -	Vice President
C. W. JACOB - - - - -	Vice President and Secretary
WILLIAM LITTLEWOOD - - - - -	Vice President
O. M. MOSIER - - - - -	Vice President
REX W. D. SMITH, JR. - - - - -	Vice President
WILLIAM J. HOGAN - - - - -	Treasurer
J. G. FLYNN, JR. - - - - -	Assistant Vice President
W. H. MILLER - - - - -	Assistant Vice President
CARLENE ROBERTS - - - - -	Assistant Vice President
M. T. STALLTER - - - - -	Assistant Vice President
GEORGE C. VAN NOSTRAND - - - - -	Assistant Vice President
P. G. LARIE - - - - -	Comptroller and Assistant Treasurer
W. L. McMILLEN - - - - -	Assistant Secretary and Assistant Treasurer
V. J. LONG - - - - -	Assistant Secretary and Assistant Treasurer
T. O. ENGLISH - - - - -	Assistant Treasurer
C. H. KIBBEE - - - - -	Assistant Treasurer
A. A. PARADIS - - - - -	Assistant Secretary
A. R. BONE, JR. - - - - -	Regional Vice President
W. NELSON BUMP - - - - -	Regional Vice President
L. W. KING - - - - -	Regional Vice President
M. D. MILLER - - - - -	Regional Vice President
C. R. SPEERS, JR. - - - - -	Regional Vice President

TO  STOCKHOLDERS

JUNE, 1948

AMERICAN ENTERS FINAL
STAGE OF LONG-RANGE
DEVELOPMENT PROGRAM

NOW—MORE THAN EVER—TRANSPORT IS *Better by Air . . . Best by American*



The final stage of American Airlines' re-equipment program was entered June 1st when the first of the new Convair Flagships went into service between 15 cities. American will thus soon be the first and only air carrier to offer a completely modern air transport service. This improvement will be felt not only at the major centers but also in the service to smaller cities. It means not only greater timesaving and comfort on long non-stop flights but on the "local" and commuter services as well.

The rapidly-growing demand for Airfreight service is also met by American's re-equipment program. In 1947 our Airfreighters carried 21,718,000 ton-miles of cargo. That was an increase of 34% over the previous year; and in 1948 we expect the load to jump again to about 30,000,000 ton-miles. At the moment American flies 11 DC-4 Airfreighters. Their capacity alone makes your company by far the largest scheduled air cargo carrier in the business, but American also has equivalent amount of additional cargo capacity on its passenger Flagship flights, bringing Airfreight service to many communities not reached by the all-cargo ships. As more Convairs go "on the line," more of the DC-4s they replace will be converted to cargo service. By August, there will be 12 American Airlines Airfreighters; by October, 14; and American has made provision for still more as demand requires.

Here are the ways in which American's service is improved . . . the reasons behind our statement that travel is "Better by Air, Best by American."

More Service Means More Convenient Service—By August the Flagship Fleet will be flying about 200,000 plane-miles daily. This is 12% more than a year ago; and in addition the new fleet also averages more seats per plane. The result, of course, is more service . . . more convenience in going when you want to go.

Greater Speed Means Greater Timesaving—All of American's new Flagships—both the DC-6 Five-Stars and the Convairs—provide 5-mile-a-minute speed. (Which, incidentally, is true of no other entire airline fleet.) This is an increase of as much as 60% in cruising speed. The great range of the DC-6 takes full advantage of this speed on

long flights, cutting coast-to-coast schedules to as little as 10 hr. 10 min. The Convair, for its part, introduces design features which speed loading and unloading, brings new timesaving to even the shortest of flights.

New Comfort Means New Ease of Travel—New comfort features, common to both classes of service on the 5-mile-a-minute fleet include: Control of air pressure within the cabin to virtually eliminate the effects of change in altitude; air conditioning; anti-draft radiant wall heating; bigger windows for better flight-seeing; and specially-designed, very sittable seats.

... And All For The Same Low Fare—American is able to present these improvements in Flagship service without increasing Flagship fares. In fact, the "percent of occupancy" (load factor) needed to pay expenses and return a profit is lower for the Convairs than for either of the slower types they replace. Speed, larger seating capacity (than the DC-3s) and greater ease of maintenance produce this economy in spite of the fact that some of the new features—altitude

control, for instance—add new costs to the operating budget. This increase in efficiency is typical of the American way . . . another result of American's belief that it's good business to provide better and better service at a price that will be a magic-carpet bargain to more and more travelers.

Five-Star Service Means a New Type of Luxury Airtravel—Research—which has been confirmed by actual experience during recent months—indicated some time ago that many airtravelers wanted a second, more luxurious air service. Specifically, they wanted still greater comfort, more "service" refinements and high speed in return for a higher fare. American's Five-Star Service (operated with the magnificent new 52-passenger DC-6s) is proving to be a popular answer to this need. The Five-Star fare is only 9% higher—a much smaller difference than exists between the two classes of rail fares. Five-Star flights are in great demand among those who habitually want the best, and bookings are especially heavy for trips of 500 miles or more.

Never before in air transportation history has so great an improvement in service to passengers and shippers been made under a continuous development program and in such a short space of time. As a result, the inherent values of faster transportation—the ability to do more, to live better, to work more effectively, to produce and distribute at lower cost—take on a new meaning. And Flagship service becomes correspondingly more useful and more used . . . it has come of age as a facility that is necessary in the tempo of an Air Age civilization.

**NOW...MORE THAN EVER...YOU CAN
USE AMERICAN'S SERVICES WITH PROFIT
...RECOMMEND THEM WITH CONFIDENCE
...WE URGE YOU TO DO SO**

