

AMERICAN AIRLINES, INC.

New York

April 25, 1947

TO: THE DIRECTORS

I find that copies of the summary of minutes of directors' meeting for March, 1947, have not been mailed to the directors who were not present at April meeting. That I regret and copy of such summary is attached. For the benefit of those who were not present at the meeting, this summary will give you detailed information concerning the status of American Overseas financing at that time. This report will serve to give you summary of amendments to such financing since the date of the March meeting.

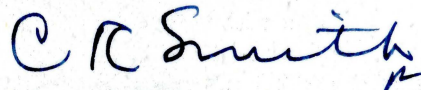
The April meeting of the Directors resulted in the appointment of a Directors' Committee, composed of Messrs. Cheston, Kemp and Conroy, established for the purpose of investigating the financial requirements of Overseas, to discuss such requirements with representatives of American Export Steamship Company, owner of 20% of the stock of Overseas, to discuss the requirements with the managements of American and of Overseas, and to present recommendation with respect to the financing to be accomplished.

I enclose copy of resolution adopted by the Board of Directors of American Overseas this date. This is being sent to you for the reason that it contains a summary of the financing plan now advocated by the Directors' Committee of American, agreeable to American Export Steamship and agreeable to the managements of American and American Overseas. This plan removes the objections of the minority group represented by Mr. Slater and American Export Steamship herein agrees to share responsibility for the financing of American Overseas in approximately pro-rata share with American Airlines. American Export, which owns 20% of Overseas stock, will assume 25% of this \$5,000,000 commitment. American Airlines, which owns 61%, will share 75% of the commitment. Responsibility, thus, is approximate proportion to stock ownership. There will be no stock, warrants or options involved in present tentative agreement. Other minority stockholders will not be required to participate. SEC approval and registration will not be required.

American Export objected to the arrangement approved by the Directors at March meeting, and subsequent negotiations have been for the purpose of providing a plan in which both American and American Export could and would share responsibility for the financing required. This, in our opinion, has been satisfactorily achieved. The plan is agreeable to your Directors' Committee and is recommended by it, by American Export and by the management of the two companies, American and American Overseas.

I send this at the direction and with the approval of the Directors' Committee. If further detailed information is required, please write to me. This matter will be considered by the directors of American at the May meeting. In the interim, it is hoped that funds presently available to Overseas will be sufficient for requirements prior to the American meeting in May. If not, it is agreed that American will advance not more than \$250,000 in interim funds and American Export will advance similar amount. This arrangement has the approval of the Directors' Committee and will obviate the necessity of Special Meeting of the Directors of American, by providing temporarily for the requirements of American Overseas. I hope that this arrangement will meet with the approval of all directors; it is not definitely anticipated that any part of this temporary fund may be required, but it should be available if required.

Sincerely yours,

A handwritten signature in blue ink that reads "C R Smith". The signature is written in a cursive style with a small flourish at the end.

C. R. Smith
Chairman of the Board

Summary of the Minutes of a Regular Meeting
Of the Board of Directors of American Airlines, Inc.
Held March 19, 1947

There were present at the meeting: Directors Ames, Benedict, Bruce, Conroy, Damon, Mosier, Queeny and Smith.

1. The minutes of the previous meeting held February 19, 1947 were approved.
2. The report of the auditors, Arthur Young & Co. as of December 31, 1946, was presented and accepted. The Annual Report for 1946 was approved and ordered to be distributed to stockholders.
3. Mr. Forrest presented and explained financial statements prepared as of January 31, 1947.
4. A report was submitted showing that management had approved, since the last directors' meeting, capital expenditures totaling \$117,191.18 for this corporation and \$4,288.12 for American Airlines de Mexico, S. A.
5. The directors authorized management to maintain the "Reserve for Transition to Peacetime Operations" during the year 1947 and to charge to such reserve any losses occurring by virtue of the cancellation of the contract with Republic Aviation Corporation for Republic Rainbow aircraft.
6. The officers were authorized to purchase up to \$6,000,000 principal amount of income Debentures of American Overseas Airlines, Inc. provided that there be granted to the corporation options to purchase shares of common stock of American Overseas Airlines, Inc. and that the existing indebtedness of American Overseas Airlines, Inc. to this corporation in the amount of \$3,000,000 be applied toward the purchase price of such income Debentures.

The directors approved the action of the officers in advancing \$3,000,000 against demand note of American Overseas Airlines, Inc. with interest at 3% in order to enable American Overseas Airlines, Inc. to meet its bank loans that matured on March 3, 1947 and which were guaranteed by this corporation.

7. The officers were authorized to sell or lease the Hotel Bradford located in Tulsa, Oklahoma.

8. The establishment of a payroll account with the National Bank of Tulsa, Tulsa, Oklahoma and a refund account with the First National Bank and Trust Company, Tulsa, Oklahoma was approved. Messrs. A. A. Willandt, Jr., and S. P. Zubawicz were authorized to sign checks drawn on the operating bank accounts of the corporation.
9. Mr. Wayne L. McMillen was elected an Assistant Treasurer of the corporation.
10. The directors fixed April 16, 1947 as the record date for determining the holders of Common Stock of the corporation entitled to receive notice of and to vote at the 1947 Annual Stockholders' Meeting.

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

The officers were authorized to mail copies of the Annual Report to all Preferred stockholders of record on April 16, 1947 and make available on that date copies of the Annual Report to all holders of 3% Sinking Fund Debentures of the corporation.

Messrs. Henry A. 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.

11. The Chairman discussed an anticipated general passenger fare increase of ten percent and its effect upon the corporation's advertising budget for 1947.
12. Authority was given management to take necessary steps to convey the corporation's interest in Midway Airport to City of Fort Worth, Texas, at cost, and to enter into a new airport lease with the City of Fort Worth, Texas, for a minimum term of twenty (20) years covering the use of Midway Airport as a Class IV or better airport, and providing for credits in the form of prepaid site rentals in an amount equal to the actual cost of the interest of this corporation so conveyed to said City.