

# AMERICAN AIRLINES, Inc.

## Notice of Annual Meeting

To the Common Stockholders of

AMERICAN AIRLINES, INC.:

Notice is hereby given that the annual meeting of the stockholders of American Airlines, Inc., a Delaware corporation, will be held at the statutory office of the corporation, Corporation Guarantee and Trust Company, 927 Market Street, Wilmington, Delaware, May 17, 1949, at 11:00 o'clock A.M., Daylight Saving Time, for the following purposes:

- (a) To receive the annual report of the corporation to its stockholders for the year ended December 31, 1948, a copy of which report accompanies this notice of meeting sent to all Common Stockholders of the corporation. Stockholders will not be asked to take any action with reference to the annual report.
- (b) To elect sixteen directors of the corporation to serve for the ensuing year, or until their successors are elected and qualified.
- (c) To elect independent auditors for the corporation for the year to end December 31, 1949.
- (d) To consider and act upon any other business which may properly come before the meeting, or any adjournment or adjournments thereof.

The close of business, March 29, 1949, has been fixed as the date of record for determining the stockholders of the corporation entitled to receive notice of and to vote at said annual meeting, and only holders of Common Stock of record as of said date are so entitled to notice and to vote. The transfer books of the corporation will not be closed.

The proxy forwarded to you herewith is being solicited by the management of the corporation. Both the management and the Board of Directors recommend, and at the present time it is intended, in the absence of contrary direction, that each of the persons named in the proxy will vote at the annual meeting (a) for the election as members of the Board of Directors of the sixteen nominees whose names are mentioned in the accompanying Proxy Statement; and (b) in favor of the election of Messrs. Arthur Young & Company as independent auditors for the corporation for the year ending December 31, 1949.

The management of the corporation knows of no other business to be acted upon at said meeting, but as to any other business properly to come before the meeting, each of the persons named in the proxy will vote in accordance with his best judgment.

You are urged to attend the meeting in person or by proxy. If you do not expect to attend said meeting and desire to have the stock registered in your name represented and voted, the management of the corporation requests that you date, fill in, execute and mail said proxy promptly in the enclosed envelope addressed to American Airlines, Inc., c/o Schroder Trust Co., 46 William Street, New York 5, New York. No postage is required if mailed in the United States.

By Order of the Board of Directors,

C. W. JACOB, *Secretary.*

Dated at New York, N. Y.  
March 29, 1949.

# AMERICAN AIRLINES, Inc.

## PROXY STATEMENT

### *Annual Meeting of Stockholders — 1949*

*To the Common Stockholders of*  
AMERICAN AIRLINES, INC.:

There is set forth below information concerning the proxy being forwarded to you herewith and the matters to be acted upon under the authority of said proxy at the annual meeting of the stockholders of the corporation, to be held at the statutory office of the corporation, Corporation Guarantee and Trust Company, 927 Market Street, Wilmington, Delaware, May 17, 1949.

#### METHOD AND EXPENSE OF PROXY SOLICITATION

Holders of Common Stock of the corporation who cannot be present in person and who wish their stock to be represented and voted at said meeting, are requested by the management to date, fill in, execute and return the form of proxy forwarded herewith in the enclosed envelope, which requires no United States postage. Such proxy is revocable by you at any time prior to the voting of the share or shares represented thereby, and the form itself reserves to you the right to attend such meeting and vote your stock in person.

This proxy is solicited by and on behalf of the management of the corporation. All expenses of making this solicitation are being paid by the corporation. It is contemplated that the original solicitation of proxies by mail may be supplemented by telephone, telegraph and personal solicitation by officers and employees of the corporation. The anticipated cost of such additional solicitation, if made, will not exceed \$1,000. Requests will also be made of brokerage houses and other nominees and fiduciaries to forward material at the expense of the corporation to the beneficial owners of stock held of record by such persons.

#### OUTSTANDING STOCK AND VOTING RIGHTS

The corporation, as of March 1, 1949, had outstanding 6,452,835 shares of Common Stock, comprising the only voting securities entitled to vote at said meeting.

#### PURPOSES OF MEETING

The matters to be acted upon at the annual meeting are:

- (a) To receive, without taking any action upon, the annual report of the corporation to its stockholders for the year ended December 31, 1948, a copy of which report accompanies the notice of meeting sent to all Common Stockholders.

- (b) To elect sixteen directors to serve the corporation for the ensuing year, or until their successors are elected and qualified.
- (c) To elect independent auditors for the corporation for the year ending December 31, 1949.
- (d) To consider and act upon any other business which may properly come before the meeting, or any adjournment or adjournments thereof.

#### **ELECTION OF DIRECTORS**

Sixteen directors are to be elected at the forthcoming annual meeting, whose term of office shall be until the next succeeding annual stockholders' meeting to be held on the Tuesday preceding the third Wednesday in May, 1950, or until their successors are elected and qualified. It is the intention of the management that proxies, in the absence of contrary direction, will be voted in favor of the following nominees as directors of the corporation: Harold T. Ames, Harry E. Benedict, James Bruce, Edward H. Butler, Amon G. Carter, Charles S. Cheston, Thomas M. Conroy, Silliman Evans, John W. Farley, Charles T. Fisher, Jr., Thomas Stevens Hammond, A. N. Kemp, Robert W. Miller, Orval M. Mosier, Edgar Monsanto Queeny and C. R. Smith. All of the foregoing nominees are now directors of the corporation and have been previously elected to such office by the security holders except James Bruce who was elected a director of the corporation at a meeting of the Board of Directors held March 16, 1949 to fill the vacancy created by the resignation of Ralph S. Damon on January 19, 1949. The election of Mr. Bruce as a director by the Board of Directors on March 16, 1949 is subject to approval by the Civil Aeronautics Board of an interlocking relationship that exists by virtue of the fact that Mr. Bruce is also currently a director of the American-Hawaiian Steamship Company. Such approval is expected since the Civil Aeronautics Board previously approved the same interlocking relationship of Mr. Bruce in 1945. Mr. Bruce served as a director of the corporation from May 4, 1938 to September 17, 1947. During the last five years, Mr. Bruce was Vice President of the National Dairy Products Corp. until the summer of 1947 when he was appointed Ambassador to the Argentine Republic, a position he still holds.

Such proxies may, however, in the event of the inability of any of the foregoing to serve as such directors or in the event of contingencies not presently foreseen over which the management has no control, be voted for the election of different persons to the Board of Directors. The management has no specific persons under consideration at this time for election to any such directorship in the event of any such inability or contingency.

#### **INFORMATION RELATIVE TO NOMINEES**

The present members of the Board of Directors have nominated the sixteen above-mentioned persons for election.

The names of the nominees, their principal occupations, the year in which each first became a director of the corporation and the amount, respectively, of 3% Sinking Fund Debentures, 3½% Cumulative Convertible Preferred Stock, and Common Stock of the corporation beneficially owned by them or by their associates, are as follows:

*Ames 18 May*

Securities Beneficially Owned Directly or Indirectly, as of March 1, 1949 (a)

Name	Occupation	First Became a Director	3% Sinking Fund Debentures	3½% Convertible Preferred Stock	Common Stock
Harold T. Ames.....	President, The La Porte Corporation (Manufacturer of juvenile vehicles)	1939	None	None	3,000 (b) ✓
Harry E. Benedict.....	Chairman of the Board, Palos Verdes Corporation (Real estate development)	1936	None	None	2,100 ✓
James Bruce.....	Ambassador to the Argentine Republic	1938	None	None	1,100 ✓
Edward H. Butler.....	Editor and Publisher, Buffalo Evening News	1941	None	None	1,250 (c) ✓
Amon G. Carter.....	President and Publisher, Fort Worth Star-Telegram	1938	None	None	66,800 (d)
Charles S. Cheston.....	Director of various industrial and financial corporations	1947	None	None	4,000 (e) ✓
Thomas M. Conroy.....	Executive Vice President, Central Trust Company of Cincinnati	1947	None	None	200 ✓
Silliman Evans.....	Publisher, The Nashville Tennessean	1938	None	None	500 ✓
John W. Farley.....	Partner, Herrick, Smith, Donald, Farley & Ketchum, Attorneys	1941	None	None	100 (f) ✓
Charles T. Fisher, Jr.....	President, National Bank of Detroit	1948	None	None	1,000 (g) ✓
Thomas S. Hammond.....	Chairman of the Board, Whiting Corporation (Manufacturers of machinery)	1940	None	100	50 ✓
A. N. Kemp.....	Chairman of the Board, Pacific Mutual Life Ins. Co.	1941	None	None	2,500 ✓
Robert W. Miller.....	President, Pacific Lighting Corporation	1948	None	None	100 ✓
Orval M. Mosier.....	Vice President, American Airlines, Inc.	1941	None	None	5,500 ✓
Edgar M. Queeny.....	Chairman of the Board, Monsanto Chemical Company	1940	None	800	15,000 ✓
C. R. Smith.....	President, American Airlines, Inc.	1934	None	20	3,900 (h) ✓

- (a) The foregoing statement as to the beneficial ownership of the corporation's securities by the several nominees is, as to each, based upon information furnished by him. The corporation has no direct means of verifying the correctness thereof.
- (b) In addition 100 shares of Preferred Stock and 2,000 shares of Common Stock are owned by an associate of Mr. Ames.
- (c) In addition 1,870 shares of Common Stock are owned by associates of Mr. Butler.
- (d) In addition 30,000 shares of Common Stock, 300 shares of 3½% Convertible Preferred Stock and \$500,000 principal amount of 3% Sinking Fund Debentures are owned by the Amon G. Carter-Star Telegram Employees Fund of which Mr. Carter is President.
- (e) In addition 165 shares of Common Stock are held by an associate of Mr. Cheston.
- (f) Owned through holding company.
- (g) \$550,000 principal amount of 3% Sinking Fund Debentures are owned by an associate of Mr. Fisher.
- (h) As of March 1, 1949, Mr. Smith still retained options to purchase 167,500 shares of Common Stock of American Airlines, Inc. at \$11.70 per share after having assigned to others options to purchase 82,500 shares.

Of the foregoing nominees only Harold T. Ames and C. R. Smith owned beneficially, directly or indirectly, any securities of American Overseas Airlines, Inc. As of March 1, 1949, an associate of Mr. Ames owned 100 shares of Common Stock and Mr. Smith owned 2 shares of Common Stock.

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**INTEREST OF DIRECTORS OR NOMINEES FOR DIRECTORS IN  
TRANSACTIONS OF THE CORPORATION**

No director or nominee for the position of director, nor any associate thereof, had any interest in any transaction of the corporation or of its subsidiaries during the past year or has any interest in any proposed transaction of the corporation or of its subsidiaries except as follows: By a Credit Agreement, dated June 20, 1947, certain commercial banks undertook to make credit available to American Overseas Airlines, Inc., a majority-owned subsidiary of the corporation, in the total amount of \$12,000,000. On the same date, the corporation entered into a Subordination Agreement with American Overseas Airlines, Inc., American Export Lines, Inc. and the same banks, whereby the corporation agreed to extend credit to its subsidiary in an aggregate amount of \$3,750,000, and to subordinate such advances to any loans made by the banks pursuant to the Credit Agreement. Messrs. A. N. Kemp, Charles T. Fisher, Jr., Charles S. Cheston, Edgar M. Queeny, and Thomas M. Conroy are, respectively, directors of The Chase National Bank of the City of New York and the California Bank, Los Angeles, California; National Bank of Detroit; The Philadelphia National Bank; Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri; and The Central Trust Company, Cincinnati, Ohio, which participated with other banks in such agreements. In February 1949, American Overseas Airlines, Inc. extended the foregoing Credit Agreement to October 29, 1949 from April 30, 1949 but while otherwise on the same terms and conditions only in the total amount of \$10,000,000 on and after April 30, 1949. The Subordination Agreement has been amended to recognize and consent to such amendment of the Credit Agreement. As of March 1, 1949 the corporation had advanced to its subsidiary \$1,500,000 credit under its Subordination Agreement and the subsidiary had borrowed \$3,000,000 of the credit available to it under the Credit Agreement.

**REMUNERATION PAID DURING THE YEAR ENDED DECEMBER 31, 1948**

With the exception of certain directors' fees paid by American Overseas Airlines, Inc., the corporation's subsidiaries paid no salary, compensation or remuneration of any kind in the year ended December 31, 1948 to any person who served as an officer of American Airlines, Inc., or to any director of the corporation, or to any person nominated for election as a director.

**REMUNERATION PAID TO DIRECTORS AND OFFICERS**

(Directors or three highest paid officers whose aggregate remuneration, exclusive of pension, retirement and similar payments, exceeded \$25,000.00)

(1) Name of individual or identity of group	(2) Capacities in which remuneration was received	(3) Fees, salaries and commissions	(4) Bonuses and shares in profits	(5) Approximate net remuneration applicable after deduction of 1948 Federal Income Taxes	(6) Pension, retirement and similar payments
C. R. Smith.....	Chairman of the Board, Director	\$ 62,167.79	None	\$30,910.06	\$ 2,167.79
R. S. Damon.....	President, Director	43,313.92	None	29,534.58	3,105.35
O. M. Mosier.....	Vice President, Director	26,160.64	None	19,853.12	1,160.64
All directors and officers as a group.....	As officers and directors	498,713.61 (a)	None		17,729.69

(a) This amount exceeds by \$53,243.19 the amount paid to all officers and directors as a group for the preceding fiscal year.

The estimated annual benefits on retirement for the directors and officers named above and for all directors and officers as a group are as follows:

<u>Name or Group</u>	<u>Estimated Annual Benefits on retirement</u>
C. R. Smith .....	\$ 10,000.00
R. S. Damon .....	7,680.84
O. M. Mosier .....	5,016.60
All directors and officers .....	113,220.88

#### ELECTION OF AUDITORS

The independent auditors nominated by the management of the corporation to serve for the ensuing year to end December 31, 1949, are Messrs. Arthur Young & Company, who have made the annual audits for the corporation continuously since its organization in 1934. It is the intention of the management that proxies, in the absence of contrary direction, will be voted in favor of the election of Messrs. Arthur Young & Company as independent auditors for the corporation for the year to end December 31, 1949. If, however, the enclosed proxy is marked against such election, the proxy will be voted in accordance with such specification.

#### OTHER BUSINESS

The management knows of no business to be acted upon at said meeting, or any adjournment or adjournments thereof, other than referred to herein and, subject only to revocation, the shares represented by the management proxies will be voted and, where specification is made by ballot in connection with the election of independent auditors for the corporation, in the space provided in the proxy, the shares will be voted in accordance with such specification. No action will be taken with respect to the annual report. If other business requires action at said meeting, or any adjournment or adjournments thereof, it is intended that holders of the proxies will vote thereon in their discretion.

By Order of the Board of Directors,

C. W. JACOB, *Secretary*

AMERICAN AIRLINES, INC.

Dated at New York, N. Y.  
March 29, 1949.