

International Operation

Subsequent to the preparation of this report, an agreement has been reached whereby, subject to governmental approval, your Company will acquire control of American Export Airlines, Inc. This we feel would be an important step in the development of United States international air transportation under the American flag. Application has been made to the Civil Aeronautics Board for the approval of this transaction. American Airlines is asking for authority to purchase treasury stock of American Export Airlines, carrying control of that company — 51.4 per cent — for \$3,000,000, which will be paid into American Export Airlines' treasury.

American Export Airlines, one of the two present American flag trans-oceanic commercial air carriers, has operated over the North Atlantic trade route since 1942 and is the holder of two temporary certificates of public convenience and necessity issued by the Civil Aeronautics Board. It has applications pending for international trunk lines originating in Washington, New York, Boston and Chicago, serving, principally, important points in Europe.

Upon governmental approval, your Company proposes to utilize American Export Airlines as a separate entity for international operations outside the North American continent.

March 25, 1944