

Summary of the Minutes of a Special Meeting
of the Board of Directors of American Airlines, Inc.
Held June 7, 1946 at 7:00 P.M.

There were present at the meeting: Directors Ames, Benedict, Butler, Damon, Evans, Hammond, McLucas, Mosier and Smith.

The Chairman stated that after adjournment of the directors' meeting held in the morning of the same day, Representatives for the proposed underwriters had indicated that certain of the proposed underwriters were unwilling to go ahead with the underwriting of the Preferred Stock as approved by the directors. Such Representatives had indicated that the proposed underwriters were willing to underwrite 400,000 shares of $3\frac{1}{2}\%$ Cumulative Convertible Preferred Stock on the basis of a conversion price of \$21 instead of \$23, with an initial public offering price of \$102, the corporation to receive \$100 per share. The directors agreed it was desirable to proceed promptly with the overall financing program on the revised basis and authorized necessary action.

American Airlines, Inc.

Passenger, Mail, Express and Airfreight Traffic Statistics

July, 1946

	July 1946	July 1945	% Increase or Decrease	7 Months 1946	7 Months 1945	% Increase or Decrease
<u>Passengers</u>						
Revenue Miles Flown in Passenger Service	5,250,807	3,999,886	31.3	32,683,989	24,661,504	38.1
Revenue Miles Flown - Total	5,406,022	4,256,027	27.0	33,912,020	26,138,149	29.7
Revenue Miles - DC-3	4,334,808	4,256,027	1.9	30,485,548	26,138,149	16.6
Revenue Miles - DC-4	1,071,214	-	-	3,426,472	-	-
Revenue Passengers Carried	225,478	116,883	92.9	1,220,660	690,567	76.8
Revenue Passenger Miles Flown - Total	115,198,618	72,216,450	59.5	653,454,813	426,084,039	53.4
Revenue Passenger Miles - DC-3	71,303,346	72,216,450	(1.3)	512,655,112	426,084,039	20.3
Revenue Passenger Miles - DC-4	43,895,272	-	-	140,799,701	-	-
Seat Miles Operated - Total	139,183,367	78,488,244	77.3	761,889,209	473,938,184	60.8
Seat Miles - DC-3	85,634,536	78,488,244	9.1	591,922,352	473,938,184	24.9
Seat Miles - DC-4	53,548,831	-	-	169,966,857	-	-
Passenger Load Factor - System	82.8	92.0	-	86.4	89.9	-
Passenger Load Factor - DC-3	83.3	92.0	-	87.2	89.9	-
Passenger Load Factor - DC-4	82.0	-	-	83.2	-	-
Average Length of Haul Per Passenger	511	618	(17.3)	535	617	(13.3)
<u>Mail</u>						
Tons Carried	722	1,711	(57.8)	6,031	12,223	(50.7)
Ton-Miles Flown	483,734	1,211,242	(60.1)	4,055,543	8,384,424	(51.6)
<u>Express</u>						
Tons Carried	675	918	(26.4)	4,518	7,370	(38.7)
Ton-Miles Flown	313,497	435,792	(28.1)	2,280,813	3,444,483	(33.8)
<u>Airfreight</u>						
Tons Carried	809	211	283.4	3,437	1,650	108.3
Ton-Miles Flown	449,932	122,887	266.1	2,077,646	1,030,397	101.6
<u>Payload</u>						
Average Revenue Load Carried Per Mile	4,653	4,271	8.9	4,285	4,248	0.9
Weight Load Factor	64.0	82.6	-	72.7	82.7	-
) denotes decrease						

Number of Stockholders of American Airlines, Inc.

		<u>Number of Common Stockholders</u>
March 31, 1946	Before distribution of 211,000 shares by The Aviation Corporation	17,993
April 15, 1946	After distribution of 211,000 shares by The Aviation Corporation, but before 5 for 1 stock split	18,323
April 30, 1946	After 5 for 1 stock split	21,323
June 30, 1946		27,386
July 31, 1946		29,805

AMERICAN AIRLINES, INC.

JUNE FINANCING

1946

Managing Underwriters: Kidder, Peabody & Co., Lehman Brothers,
Glore, Forgan & Co., Emanuel, Deetjen & Co.

Date of Sale to Under-
writers: June 10, 1946

Amount Received exclu-
sive of accrued
interest and
dividends: \$79,500,000

Prices to American
Airlines: Preferred Stock - \$100 per share
Bonds - 98-3/4% of par

Description: Preferred Stock - 3 1/2% Cumulative, Convertible into
Common Stock at \$21 per share
Bonds - 3%, 20 year Debenture due
June 1, 1966; 50% Sinking Fund,
beginning June 1, 1951

Public Offering: Date - June 11, 1946
Preferred Stock - \$102 per share
Bonds - 100% of par

Distribution: Preferred Stock - (Syndicate closed July 9, 1946)
Approximately 325,000 shares sold
at \$102.
After closing of Syndicate, stock
was reported to sell in open market
as low as \$95 per share. Quoted
today, August 16, 1946, 98-1/8-5/8.
About 3,600 stockholders as of
July 23, 1946. Five largest
holders as of July 23:

1. Brown Bros., Harriman & Co.	10,364 shares
2. Kuhn, Loeb & Co.	8,550 shares
3. Merrill Lynch, Pierce, Fenner & Beane	8,538 shares
4. Carothers & Clark	7,500 shares
5. Dillon, Read & Co.	4,700 shares

Bonds - (Syndicate closed June 26, 1946)
Underwriters kept \$20,000,000 for
their own retail purposes.
Sales by Underwriters at par:

Kidder, Peabody	-	\$1,036,000
Other Underwriters	-	<u>4,909,000</u>
Total	-	\$5,945,000

Underwriters allocated \$20,000,000
of bonds to "Group Account" for
distribution by dealers other than
Underwriters. Sales for "Group
Account" at par:

To Equitable Life	
Assurance Society	- \$10,000,000
To All Other Accounts	<u>1,685,000</u>
Total	<u>\$11,685,000</u>
Total Sales at par	\$17,630,000

On June 24, 25, 26, 1946, Kidder, Peabody & Co., as Agent for Underwriters
and Group Account placed the balance of \$23,370,000 with 63 accounts at
96.35 to yield 3.25%. Two largest sales were \$10,000,000 to the Equitable
Life and \$2,000,000 to the Mutual Life. Immediately thereafter a free
market existed - quoted August 16, 1946: $96\frac{1}{2}-\frac{3}{4}$.