AMERICAN AIRLINES SYSTEM
CABLE ADDRESS AMAIR

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January 11, 1950

To: The Directors

At the last meeting of the Finance Committee, November 16, 1949, the officers presented statements relating to the financial position of the company, including statement of present cash position and estimate of future cash position. Attention was directed to the need for investment of those funds and the need to reduce the overall charge on the company for interest. We recommended that a part of the cash available be invested in the 3% Debentures.

The Finance Committee authorized the purchase of $3,450,000. par value debentures, at average price not to exceed 96, no single purchase to exceed 96-3/4. Added to the $600,000. already purchased at that time, the total purchase would be $4,050,000., equivalent to sinking fund requirements for three years, at $1,350,000. per year.

We are glad to report that these debentures have been purchased, at an average cost of 94.44; 1.56 points below the authorization given by the Finance Committee. We have on hand now $4,050,000. of these bonds.

We have an obligation to make this purchase public within reasonable time. It will be released to the papers for the morning of January 16, according to announcement attached hereto. In the meantime it should be treated in confidence.

C. R. Smith

VIA AIR MAIL