



# AMERICAN AIRLINES INC.

CABLE ADDRESS AMAIR

100 EAST 42nd STREET · NEW YORK 17, NEW YORK · MURRAY HILL 5-3900

August 5, 1946

To: The Directors

You will remember that Mr. E. L. Cord has been credited with disposing of his stock in American Airlines. I have written to Mr. Cord, asking for the facts, and have heard from him.

You will remember that I told you that I had discussed the requirements of our financing program with Mr. Cord, prior to the time that final arrangements were consummated. Mr. Cord was not at the time in agreement that the program which we proposed represented the most advantageous program available. I am sure that Mr. Cord still believes that we could have and should have done things somewhat differently.

When the final program was decided upon, Mr. Cord told me that the arrangement proposed was more advantageous to future preferred stockholders than to past and present common stockholders; that he considered the preferred to be a better investment than the common, taking into consideration the dividend yield and the future opportunity of conversion.

Mr. Cord sold some of his common and invested the proceeds in preferred; he purchased \$500,000. American preferred, at full price and still retains it. In addition to this investment he still retains 40,000 shares of common.

These are the facts and I believe that they sensibly dispute the assertion that Mr. Cord has lost interest, either in air transportation or in American Airlines.

C. R. Smith

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