

TENNESSEAN NEWSPAPERS, INC.

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SILLIMAN EVANS
PRESIDENT AND PUBLISHER

THE NASHVILLE TENNESSEAN

FOUNDED 1812

MORNING AND SUNDAY

434 Camilo Avenue
Coral Gables, Florida

Mr. C. R. Smith
President
American Airlines
Executives Offices
New York City, N. Y.

My dear C. R.:

Since the Board meeting, I have had time to better think through about the refinancing plan. I have changed my mind. I believe, in the present situation, that it would be better to follow a plan generally along the lines that you proposed at the meeting.

I am by no means an expert on stock issues, but I have serious doubts in my mind that the public will so readily assimilate a new stock issue as those with the better knowledge of financing, to be sure than I have, think it will do. I believe it will be hurtful to the Company if the sale of the stock lags and it would be an irreparable injury if it failed. Irrespective of what people who know earnestly believe, I do not think conditions are as stable as the prices on the market would indicate. My reasoning is not important. To express my reasons would take too much of your time.

Undoubtedly a large number of the present shareholders may not want to and many of them may be unable purchase the new issues. The small shareholder who has probably two or three hundred shares or less, and is unable to buy the new issues, will forever be an enemy of the company if, by our action, the value of his stock is broadly diluted.

With all kind regards, I am,

Sincerely,

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