



この世界は、
飛ぶ虎の世界の
行かなくては行かない世界
飛ぶ虎の世界

COMMON

SEE REVERSE FOR
CERTAIN DEFINITIONS

レスコックは、フライン
グとその地位にあります。ホ
ンコン、新しいマーケットの
の人物と目されています。

タイガー社は、この世
界に新しい機材を先導し
て、お客様の要求に応

フライング・タイ

グの経験をもと
に、この会社であ
るべきです。

ONE SHARE OF

BY

COUNTERSIGNED:

AUTHORIZED SIGNAL

W.A.F.T. 92709
PAPER 204000 LBS. L.O.
PAPER 204500 LBS.

The Flying Tiger Corporation 1971 Annual Report

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Financial Highlights

	Year Ended December 31	
	1971	1970
	<i>(expressed in thousands)</i>	
Revenues	\$209,550	\$125,511
Net income	\$ 20,378	\$ 10,528
Earnings per common share		
Primary	\$ 2.00	\$ 1.33
Fully diluted	\$ 1.73	\$ 1.22
FTC's stockholders' equity	\$134,673	\$ 53,811
Book value per common share	\$ 11.75	\$ 6.79

Letter to Stockholders

The Flying Tiger Corporation had an excellent year in 1971. A number of important milestones were reached.

- Our revenues passed the \$200 million mark.
- Our net income passed the \$20 million level.
- Our total assets, stockholders' equity and book value per common share all reached new highs.

These results were achieved by sound planning and execution. Every member of our employee family contributed to our success.

In last year's report we explained the reasons behind the creation of the holding company and the acquisition of North American Car Corporation. The results for 1971 demonstrate, we believe, the soundness of our concept. Both major subsidiaries—The Flying Tiger Line and North American Car—contributed to our revenue and profit growth in 1971.

The Flying Tiger Line reached the highest level of revenues and earnings in its 26-year history. Commercial freight—domestic and international—increased from \$54.9 million to \$78.9 million. This increase more than offset a decrease in international mail revenue which dropped from \$29.9 million in 1970 to \$21.4 million in 1971.

Although MAC (Military Airlift Command) revenues rose from \$30.6 million in 1970 to \$34.1 million in 1971, it is expected that both MAC and international mail, which is military related, will drop in 1972 as the Vietnam War continues to wind down. It is management's judgment, based on the company's past experience with peacetime MAC business and our expectation of peacetime defense commitments, that the company's combined revenues from MAC and international mail are unlikely to fall below forty percent of the 1971 level in a full peacetime environment. Further, we are confident that we will continue to experience offsetting increases from commercial freight.

While we have always taken justifiable pride in our service to the nation in war and peace, we nevertheless have worked to eliminate our reliance upon military contracts for our success. We are achieving this goal.

Since joining Flying Tiger in January 1971, North American Car has made excellent progress. During the year \$36.1 million of new equipment was placed on lease. Through a program of improved and increased maintenance we are rapidly upgrading the condition of our fleet. The basic business of providing service leases of specialized rail equipment to industrial shippers has shown growth over the years and the future looks excellent. In addition to its heavy participation in this area, North American Car has taken steps to exploit many new opportunities in the vast field of leasing.

In the fourth quarter, North American Car purchased National Equipment Rental, Ltd. (NER), a diversified lessor of aircraft, computers and industrial and general office equipment. As a result of these expanded opportunities, the capital budgets of North American Car and NER for 1972 have been increased to \$77 million, nearly double last year's total.

Every year has its opportunities and its problems. In 1971 we faced a sluggish U.S. economy and an international monetary crisis. The West Coast dock strike created an increased demand for Tiger international service but limited the growth of a segment of its domestic business. 1972 should be a better year for the economy and we hope to participate in this improvement.

Our optimism about the future is grounded on the quality of our management and our employees. The spirit of the men and women who inhabit the world of Flying Tiger has always been extraordinarily high. With modern management tools and sound profit planning our people will continue to achieve excellent results.

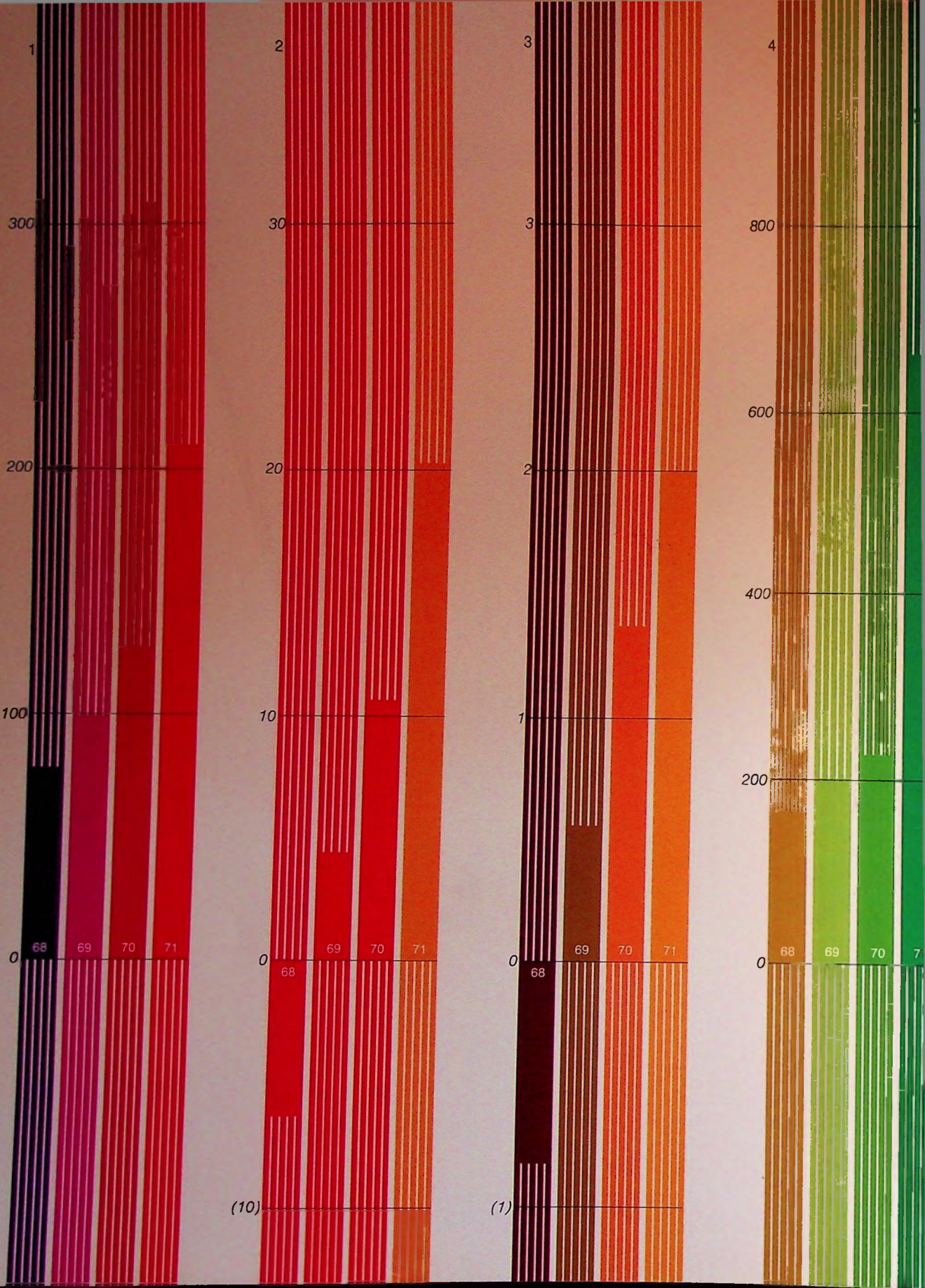


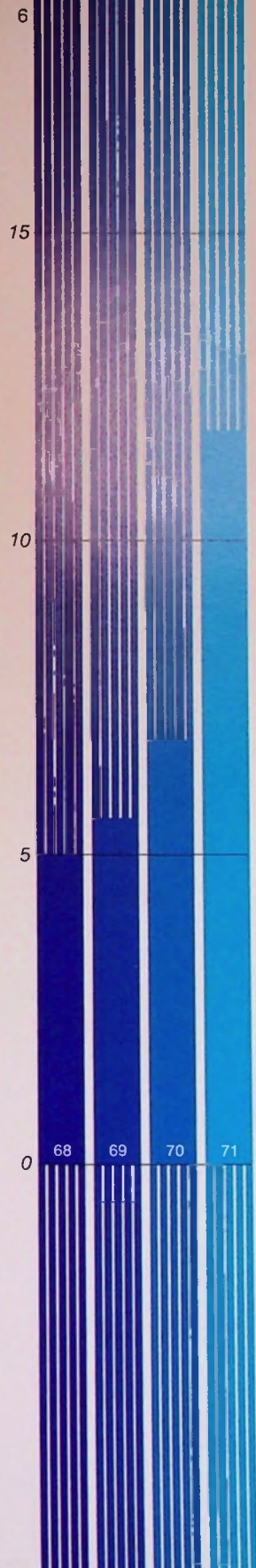
Robert W. Prescott

Robert W. Prescott
President

Wayne M. Hoffman

Wayne M. Hoffman
Chairman of the Board





The Flying Tiger Corporation

In 1971 The Flying Tiger Corporation grossed \$209 million in revenues, a 67 percent increase over the \$125 million reported in 1970. Net income for 1971 totaled \$20.4 million or \$2.00 per share, a 94 percent increase over the \$10.5 million or \$1.33 per share the prior year. On a fully diluted basis, 1971 earnings were \$1.73 per share compared with \$1.22 in 1970.

1. Revenue
(expressed in millions)
2. Net Income
(expressed in millions)
3. Primary Earnings Per Share*
(expressed in dollars)
4. Assets
(expressed in millions)
5. Stockholders' Equity
(expressed in millions)
6. Book Value Per Common Share*
(expressed in dollars)

* Reflects 3 for 2 stock distribution in 1972 and the five percent stock dividend declared March 1972.



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The Flying Tiger Line Inc.

Officers

Wayne M. Hoffman
Chairman of the Board

Robert W. Prescott
President

Joseph J. Healy
Sr. Vice President, Commercial Group

Edgar A. Pinke
Sr. Vice President, Operations Group

David J. Barish
Vice President, Finance

Anna Chennault
Vice President, International Affairs

Donald Chickering
Vice President, Marketing

James Colburn
Vice President, Operations

L. R. Emerson
Vice President, Sales & Service

William Gelfand
Vice President, Contract Administration

Charles I. Hopkins, Jr.
Vice President, Personnel Relations

John F. McDonald
Vice President, Maintenance & Engineering

Edwin H. Rees
Vice President, Public Relations

George A. Zettler
Vice President, Asia

Wayne E. Partridge
Secretary & General Attorney

Rolf Bodenburg
Treasurer

R. J. Valenta
Corporate Controller

Stuart M. Warren
Assistant Secretary

Myer Feldman
Assistant Secretary

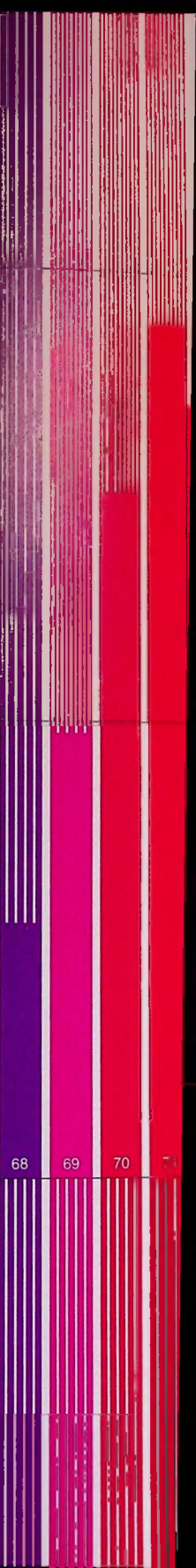
J. W. Rosenthal
Assistant Secretary



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In 1971 The Flying Tiger Line registered the highest revenues and operating income in its history, and established itself among the most profitable airlines in the U. S. Its revenues for the year were \$145 million compared with \$125 million in 1970, a 16% increase; and operating income was \$27.1 million, 24% higher than the \$21.8 million reported in 1970. These results were achieved during a year in which the airline industry reported marginal earnings.

Logging 570 million revenue ton miles over its 17,500-mile route system stretching from Boston to Bangkok, Tigers emerged in 1971 as one of the leading carriers in the world. Substantial increases were experienced in international and domestic freight ton miles carried, and the average yield per ton mile rose from 16 cents to 16.8 cents.

In its second full year of scheduled international commercial operations, Tigers gained a strong position in the key Asian markets of Japan, Taiwan, Hong Kong and Korea. It flew 323 million revenue ton miles internationally, an increase of 11% over 1970. Total international revenue rose 16.1%, from \$57.3 million in the prior year to \$66.5 million in 1971.

While mail revenues declined 40%, revenues from international commercial freight rose 65% and revenues from domestic commercial freight rose 29%. Part of the increase in revenues from international operations resulted from the West Coast dock strike during the second half of the year. In responding to heavy demands for airlift to and from the U.S. during the strike, Tigers increased daily utilization time in the fourth quarter to 11.3 hours per aircraft. This was an increase of 1.1 hours per plane over the daily average utilization in the comparable quarter in 1970. This increase was equivalent to the addition of nearly two DC8-63F aircraft to the fleet for the quarter.

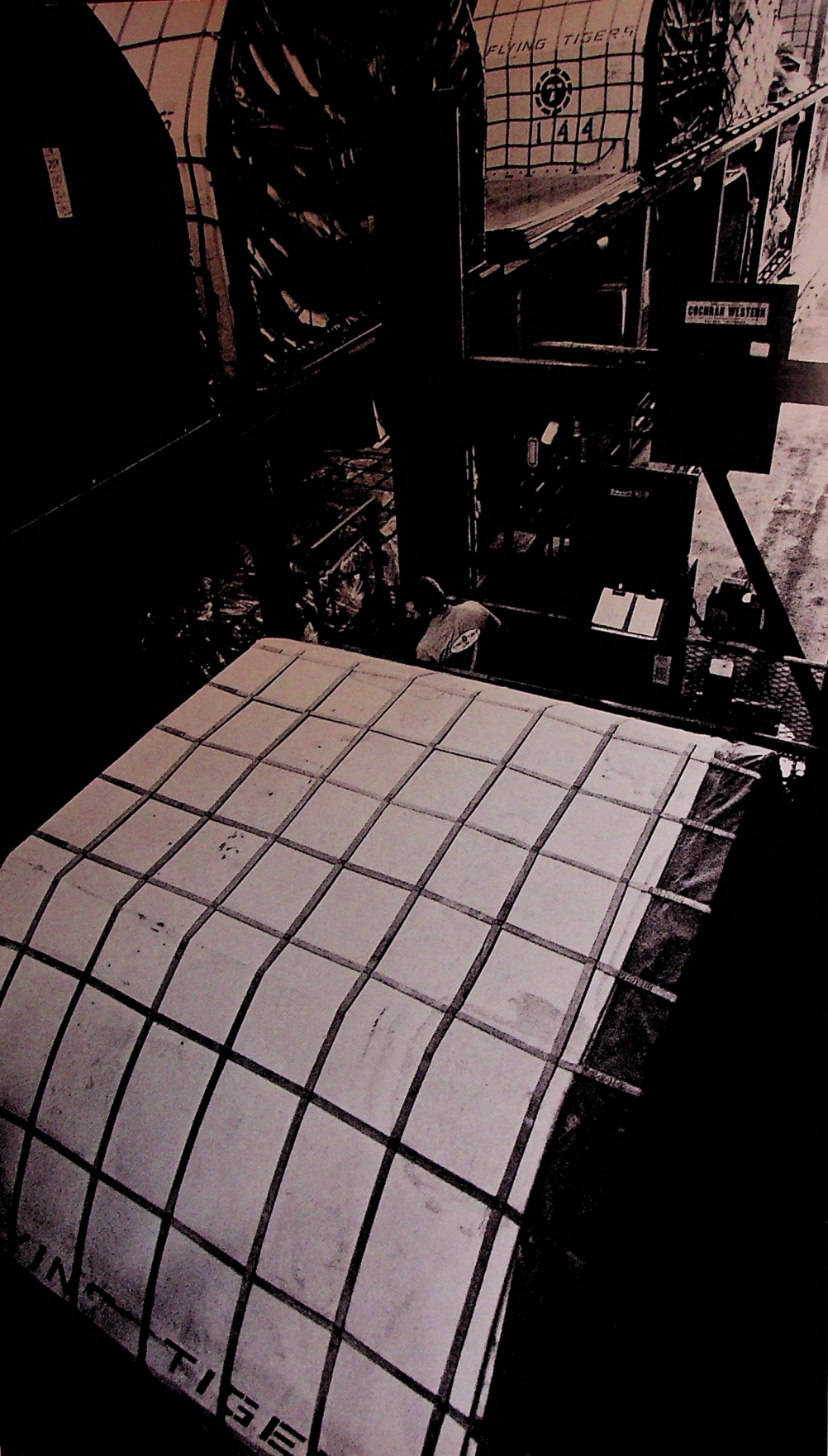
To deepen the airline's penetration of international markets, major elements of the company—sales and service, marketing and operations—worked to improve



*Revenue
(expressed in millions)*

(left) Tiger jet letting down on approach to Hong Kong.

(right) Mechanized equipment makes possible on-loading of 100,000 pounds of cargo in less than one half hour.

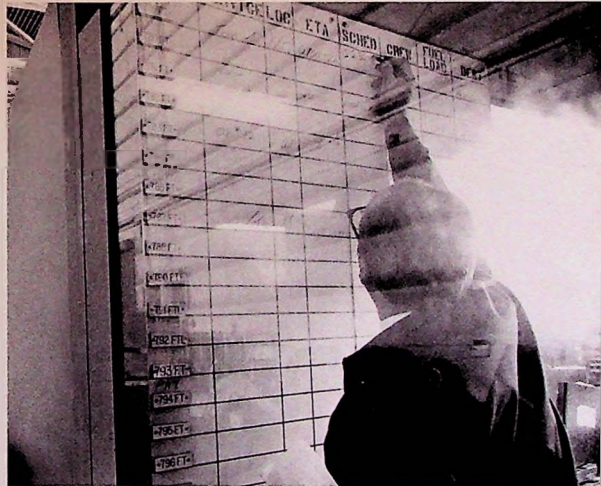


220
210
200
190
180
170

68 69 70 71

procedures for the selling and servicing of accounts. During the year, Flying Tiger ranked second in weekly all-cargo frequencies flown across the Pacific. Scheduled arrival and departure times were changed for greater customer convenience. More direct flights from the East Coast and the Midwest U.S. to Japan were scheduled. Limited service to Thailand was inaugurated in 1971 and to the Philippines in early 1972. Sales offices to stimulate transPacific traffic were opened during the year in St. Louis, Denver, Miami, Charlotte, Nagoya, Japan, and in Frankfurt, Germany. New Tiger ground facilities and equipment, capable of handling increased traffic, were added in Tokyo, Osaka, Hong Kong, Seoul and Taipei. Marketing opportunities were exploited as they developed: when Japan and the Republic of Korea loosened import restrictions on cattle and other livestock, Tigers helped initiate a test program for the U. S. Department of Agriculture to determine the feasibility of long-distance animal shipments. On this and other similar programs, Tigers carried hundreds of head of cattle and feed livestock to the Far East from the Southwest U.S. Favorable results from these tests may stimulate interest from potential customers in many countries throughout the world for similar shipments.

The flourishing economies in the Far East continued to generate an increasing demand for air cargo service in 1971. Tigers' transPacific route links the largest industrial area in the world with the third largest—the U.S. with Japan. The Tiger share of this air cargo market, in 1971, nearly doubled over the prior year. The shipment of increased volumes of electronics, textiles, machine tools, auto parts and optical instruments among many other products, brought Tigers' share of this market up to 20%. Japanese trade liberalization policies and measures taken by the U. S. through programs such as DISC to open foreign markets to U. S. manufacturers should help achieve the 30% annual increase in transPacific air cargo forecast by many experts.

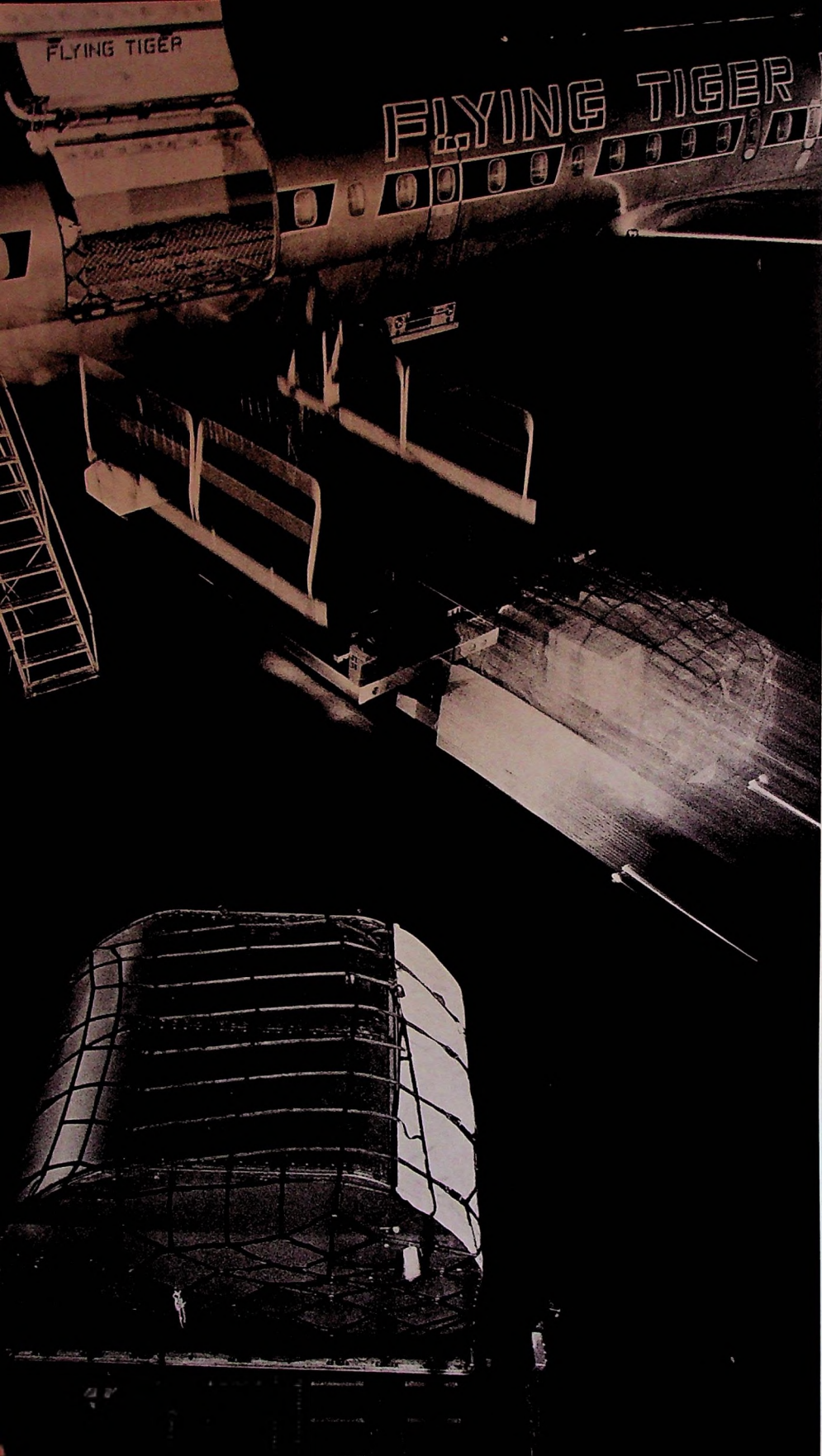


Total Assets
(expressed in millions)

(left) Tiger load: eighteen "igloos" in one airplane.

(right) Tiger mechanics check all aircraft components including Tiger "paws."

Tight tabs are kept on status of all Tiger aircraft along the 17,500 mile route structure.



650

550

450

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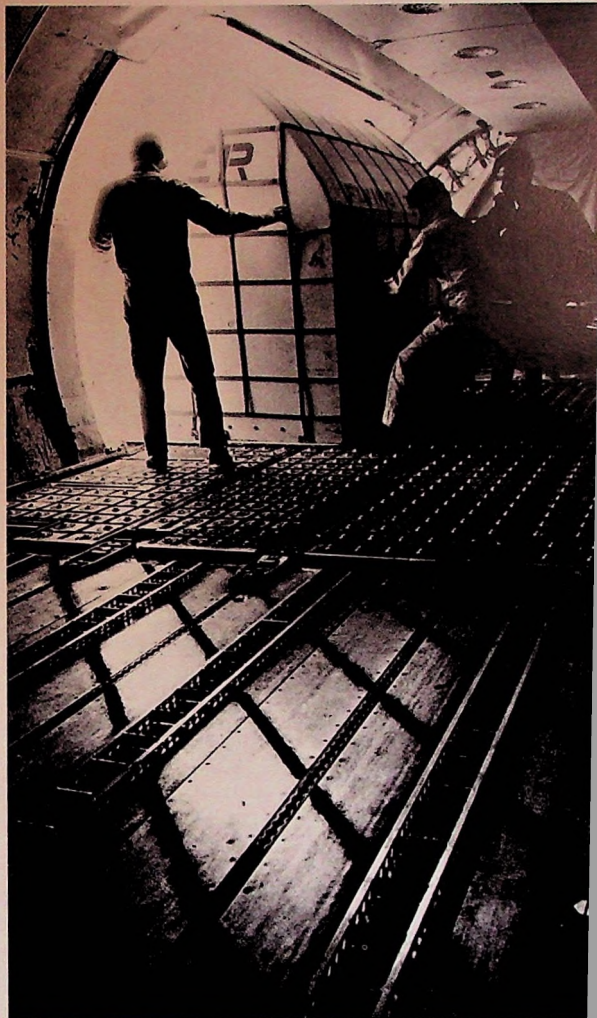
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A major goal of Tiger management in 1971 was the reduction of losses historically sustained in domestic common carriage operations. To achieve this, a multi-faceted program was initiated to increase domestic yields and expand domestic volume. Terminals in San Francisco, Chicago, New York and Boston were improved to handle by-pass traffic and added volume. Schedule changes to reduce shipping time and facilitate quicker deliveries were implemented. Revised westbound services were established. Tigers scheduled the first non-stop freighter service from Boston to Los Angeles in the last quarter. Customer reaction was quick and favorable, and Tigers' share of the Boston to L.A. market rose from 60% to 75% within a few months. Beginning in March, Tigers became a substantial participant in the air program of United Parcel Service. Claims for pilferage, theft, loss and damage were sharply reduced through continual emphasis of a company-wide security program. Tigers, in fact, has become an industry leader in claims prevention; its overall ratio of claims to total revenue dropped to only one fifth of one percent in 1971. As a result of these and other programs, Tigers succeeded in reducing operating losses on its domestic operations.

The number of MAC (Military Airlift Command) charter flights flown by Tigers increased as a result of the withdrawal of U.S. troops from Vietnam. This MAC revenue totaled \$34.1 million in 1971 compared with \$30.6 million in 1970. However, international mail, which is largely of a military nature, produced less revenue. Its 1971 total was \$21.4 million compared with \$29.9 million in 1970. It is anticipated that both military and military related revenues will drop in 1972.

Underpinning the success of the Flying Tiger Line is its fleet of DC8-63F aircraft, the most efficient air freighters now flying. Two planes were added to the fleet during 1971, raising the total number of aircraft to 19—all stretched DC8s. Flying Tiger is the only major airline flying one type of air-



*Revenue Ton Miles
(expressed in millions)*

(left) Night loading makes possible next-morning deliveries to Tiger customers.

(right) Stretched DC-8 carries up to 100,000 pounds of cargo across the Pacific.



Manila

Taipei

Okinawa

Seoul

Osaka

Tokyo

Seattle-Tacoma

Portland

Milwaukee

Chicago

Cleveland Syracuse

Detroit Binghamton

Buffalo

San Francisco-Oakland

Los Angeles



Bangkok

Saigon

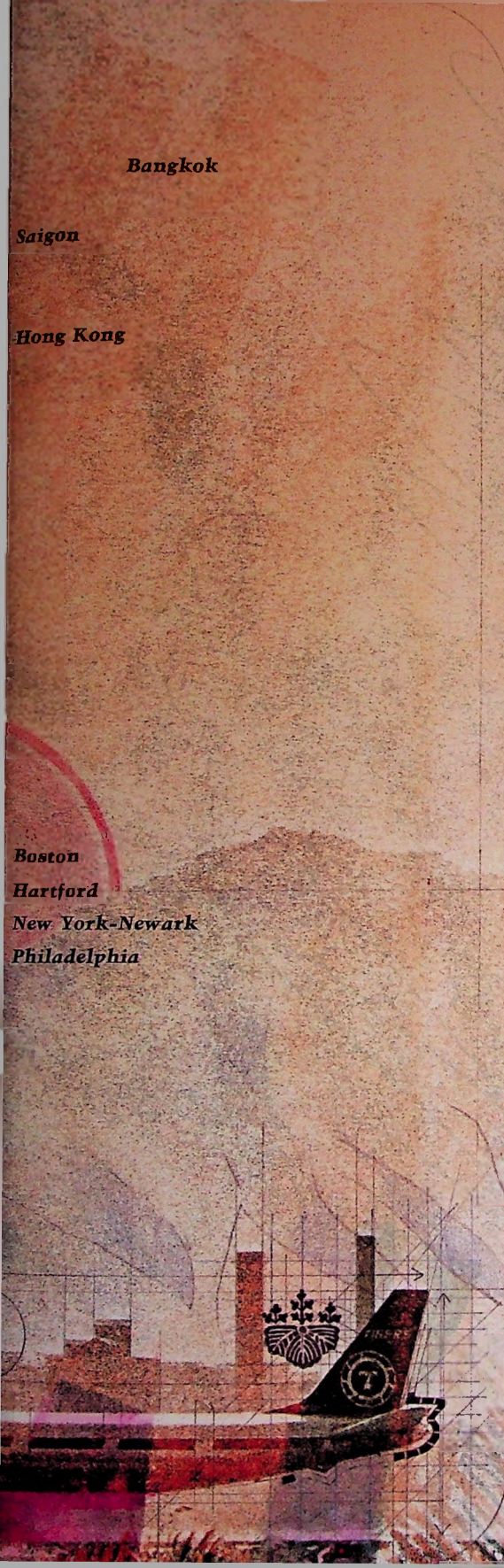
Hong Kong

Boston

Hartford

New York-Newark

Philadelphia



craft, and it is a relatively young fleet; the oldest planes are only four years old. The economy of operating such a one model fleet is substantial. Savings in training and maintenance costs, spare parts inventories and the efficiency of using uniform ground support systems had an important impact on company earnings. The high reliability of the plane and its equipment has resulted in lengthened intervals between inspections and overhauls for engines and other high cost components. Tigers continue to apply advanced technology to all aspects of flight operations. During 1971 it ordered \$5.6 million worth of inertial navigation systems for installation in all aircraft by mid-1972. These systems will assure maximum accuracy of navigation on long overwater flights and ultimately will result in operating economies.

The trends established during 1971—growth of international freight and progress towards profitability of domestic carriage—are expected to continue through 1972. Tigers is fortunate that it is a participant in a category of transportation which is expected to grow at a brisk rate: most estimates forecast faster growth for air cargo than passenger traffic during the next decade. Flying Tigers is well positioned, by routes, equipment and facilities; and well provisioned with all the resources of management, money and operating skills to grow with this dynamically expanding industry.

27	6	2.500	18.00
27	1	3.400	3.40
27	2	2.600	2.20
27	1	14.830	14.83
27	1	29.821	29.82
27	1	10.967	10.97
27	1	4.811	4.81
27	10	2.050	61.50
27	1	1.162	47.16
27	1	1.900	5.40
27	1	117.500	17.50
27	1	11.700	11.70
27	8	.197	1.58
27	2	1.550	1.55
27	4	.470	1.92
27	5	.500	1.41
27	7		3,757.70

2	2	5.50	11.10
2	1	31.50	31.62
2	3		42.72
2	2	.200	.40
2	2		.40
LCR	189.000	189.00	
LCR	119.700	119.70	
LCR	151.000	151.00	
LCR	14.933	14.93	
LCR	2.486	2.48	
LCR	17.600	17.60	



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North American Car Corporation

Officers

Wayne M. Hoffman
Chairman of the Board

Thomas F. Grojean
President

Robert B. Oppenheimer
Executive Vice President, Operations

John B. Aspegren
Vice President, Eastern District

Robert A. Boerke
Vice President, Engineering

Joseph J. Connors
Vice President, Mideastern District

Louis W. Hansen
Vice President, Purchases

Richard P. Herman
Vice President, Marketing

Martin A. Lynch
Vice President, Finance

H. Russell Platt III
Vice President, Sales

Paul F. Robinson
Vice President & General Manager, Alexander Chem. Div.

Herbert W. Meierdirks
Treasurer-Controller

Kenneth J. Petrine
Secretary & Counsel

Peer Pedersen
Assistant Secretary

National Equipment Rental, Ltd.

Officers

Thomas F. Grojean
Chairman of the Board

Ferdinand R. Schmid
President

Harry M. Weisberg
Vice President-Secretary

Milton Brahms
Vice President-Treasurer

Richard Avidon
Controller

Gerald S. Jacobs
Assistant Secretary

Colm Kennedy
Assistant Secretary



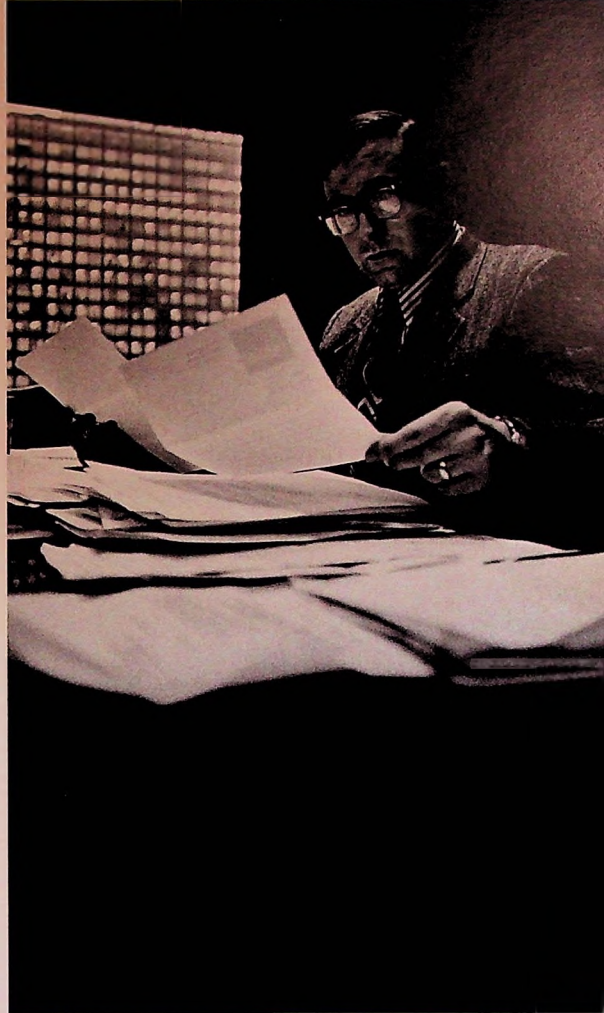
In 1971 North American Car made significant contributions to the revenues and earnings of the Flying Tiger Corporation. Its contributions to revenues were \$64 million and to earnings, \$7.1 million.

The year was highlighted by several important management moves which broadened the base of North American's operations and increased its profit potential. Through the formation of one company, NAC Leasing Corporation, and the purchase of another, National Equipment Rental, Ltd., the company expanded its capabilities to cover the almost limitless variety of equipment leasing needs of U.S. and Canadian industry.

Since 1907 North American Car has been almost exclusively involved in the leasing of special purpose rail freight equipment to a multitude of shippers and carriers in the U.S. and Canada. These full-service leases are generally long-term (up to 15 years) and cover a broad array of services including the maintenance of the cars, engineering changes, accounting and related functions such as payment of taxes, insurance and mileage allowances. This type of service leasing continues as the company's principal effort which has shown a profit in each of its 65 years of existence. North American Car's revenues from freight car rentals in 1971 were 7 percent higher than in 1970 and its share of the market for new tank and hopper cars increased considerably.

In 1971 new management policies were implemented to increase productivity, reduce costs and overhead, and exploit new business opportunities. A marketing division was organized to research and analyze industrial distribution systems for potential new customers; pricing research added new flexibility to attract customers by designing leasing terms to meet their specific needs; plans for a customer service center were formulated to provide a focal point for all customers.

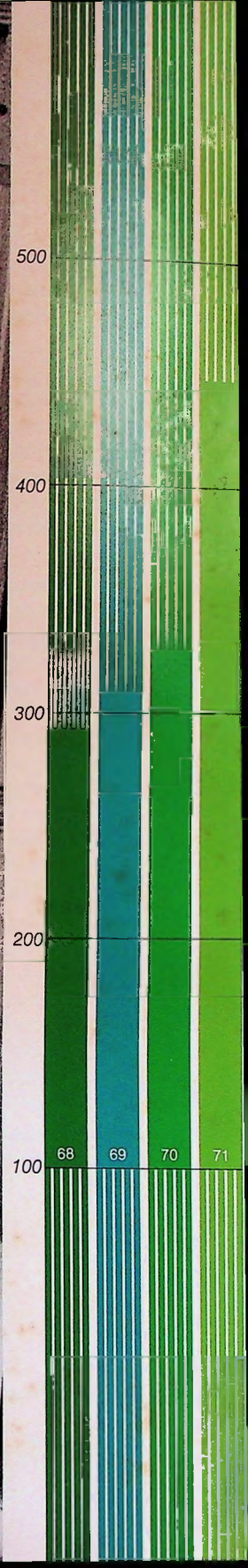
During 1971 major decisions were made to upgrade and modernize the 25,000-car fleet. More than 2,200 cars were



Revenue
(expressed in millions)

(left) Positioning spout to load refined corn oil into a tank car.

(right) Thomas F. Grojean, President, North American Car Corporation.

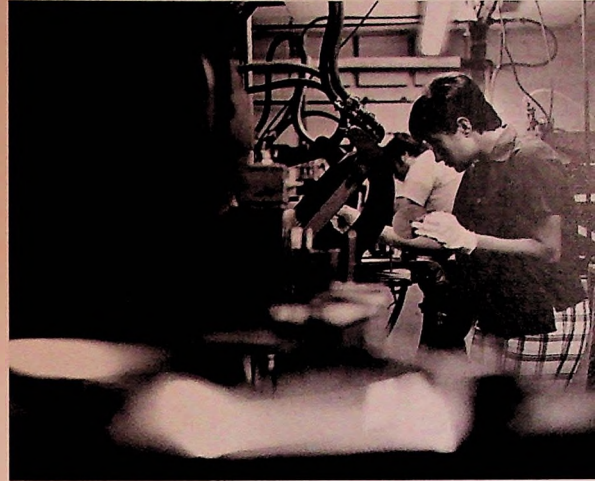


disposed of and 1,757 new cars were added. Many of the cars which were retired had been non-productive so the net result of this program was to increase the number of revenue-generating cars. The fleet thereby showed greater capacity and greater earning power.

An accelerated maintenance program was also initiated to handle deferred maintenance which had accumulated in previous years. Seventy-five percent more cars were serviced in the company's two major repair facilities in Chicago and Texarkana in 1971 than in 1970. Overhead costs per repaired unit at these two facilities were reduced by improving management techniques and increasing the use of the facilities both for our cars and customer-owned cars.

The equipment improvement program has resulted in a fleet which is younger, more modern and in better operating condition. Major effort was exerted to return to service leased cars that were in for maintenance so their rentals could be resumed. This intensified maintenance program will be continued in 1972 not only because it is a sound investment returning added dollars, but also because it is part of our program to improve service to customers.

During the year, the company enhanced its traditional role of full-service leasing by arranging net finance leases to shippers and railroads for new and rebuilt equipment. This service is being performed by NAC Leasing, a subsidiary which was formed in September, 1971. While net finance leasing is used more often by railroads, this type of lease is also being offered to shippers who desire such an arrangement. NAC Leasing will also arrange net finance leasing of other major capital equipment such as aircraft, construction equipment, storage tanks, ships and barges, trucks and trailers. Financing for equipment leased through NAC Leasing will be drawn from banks and other sources external to North American Car. NAC Leasing will originate the transaction, combine the various external sources of funds and assist in the equipment



Assets
(expressed in millions)

(left) Workers preparing car to receive refined vegetable oil.

(right) Record pressing machine in Hollywood—leased from National Equipment Rental.

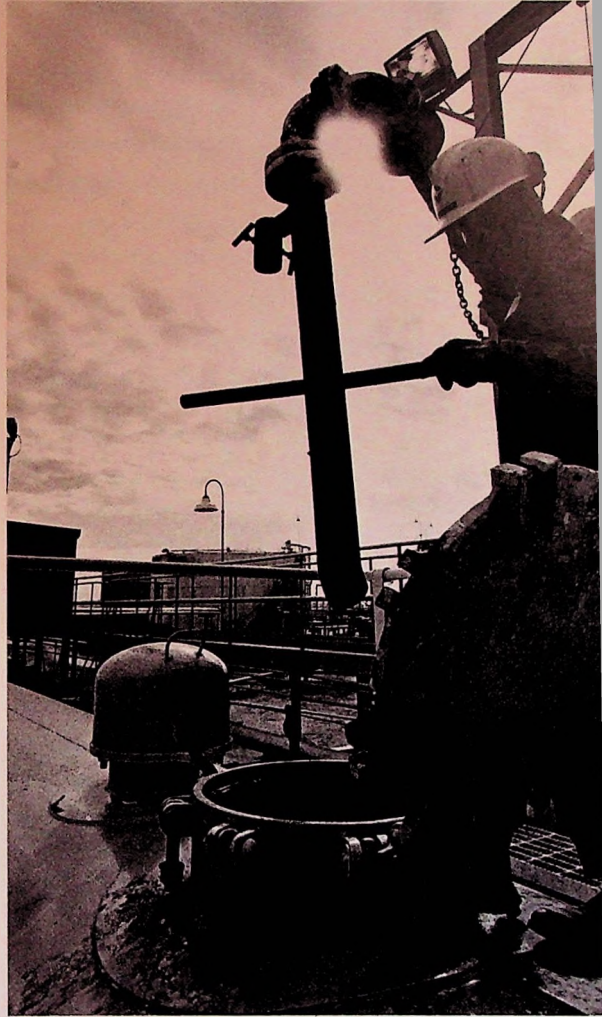
Calculator leased by food company from National Equipment Rental.



disposal at the termination of the lease. Additionally, as the number of leases and external participants increase, NAC Leasing is prepared to manage these participants' portfolios.

North American Car's largest expansion move in 1971 was the purchase of National Equipment Rental, Ltd., (NER) and related companies for \$23 million. NER is engaged in a broad range of equipment leasing activities with primary emphasis on office equipment, computers, and aircraft. It also has a substantial volume of finance leases covering material handling and industrial machinery and scientific instruments. Specifically it leases items such as printing presses, scientific testing devices, conveyor ovens, marine terminal handling equipment, automatic embroidery machines, medical and x-ray equipment, storage tanks, dairy liquid and bulk food handling equipment, numeric control drill presses, ecological control systems and store fixtures. It also leases turn-key office packages — complete with typewriters, desks, chairs, and photo copy equipment. NER's assets at year's end were over \$100 million. Its contributions to revenues and earnings for the last three months of 1971, under NAC's ownership, were \$6.1 million and \$.7 million respectively.

The management of North American Car Corporation faces 1972 and the years beyond with confidence and enthusiasm. The fundamental soundness of the equipment leasing concept has been demonstrated for decades at retail consumer levels and in specialized industries such as the railroad shipping industry which North American Car has been serving for so long. American industry at large is now looking more and more toward leasing as an economically advantageous method of acquiring new and improved equipment for its needs in the U.S. and abroad. North American Car, with its broad spectrum of leasing services and staff of highly competent leasing experts, as well as a 1972 capital budget of \$77 million, is prepared to respond to many of the new opportunities.

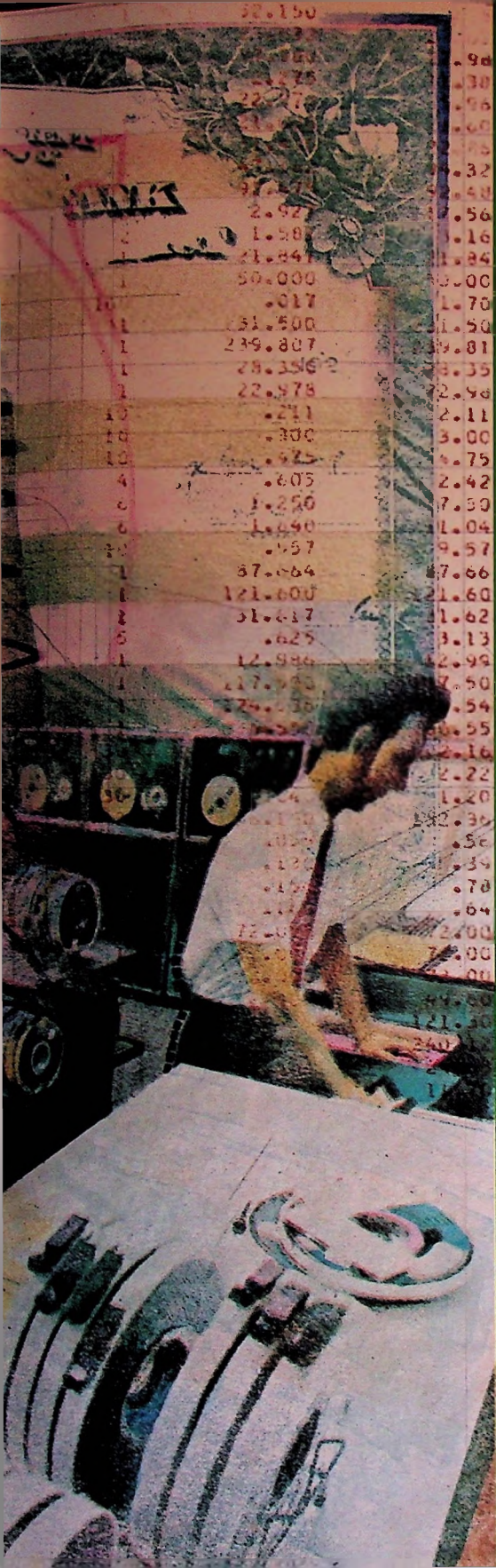


Capital Improvements.
(expressed in millions)

(left) Understructure of new tank car being assembled at North American's Chicago Ridge facility.

(right) North American jumbo sulphur car being readied for a load of molten sulphur.





The Flying Tiger Corporation Financial Statements

Financial Summary

North American Car Corporation acquired

National Equipment Rental, Ltd. acquired

Debt of \$25,000,000 on Convertible Subordinated Notes converted to common stock

Assets increased from \$210 million to \$658 million

Income increased from \$10.5 million to \$20.4 million

Stockholders' equity increased from \$54 million to \$135 million. Book value increased from \$6.79 per share to \$11.75 per share.

For the year 1971 the Corporation's two major subsidiaries contributed substantially to the year's results. The airline operations contributed 69% of the revenues and 65% of the net income, with the leasing operations contributing 31% of the revenues and 35% of the net income.

At year end, cash and short-term investments amounted to \$52,699,000, almost four times the amount at the end of the preceding year.

The Flying Tiger Corporation and Subsidiaries
Consolidated Statements of Income

For the years ended December 31, 1971 and 1970

	<u>1971</u>	<u>1970</u>
	<i>(expressed in thousands)</i>	
Revenues:		
Common carriage —		
Domestic	\$ 39,228	\$ 30,497
International	66,467	57,314
Military Airlift Command	34,091	30,629
Equipment leasing	60,093	—
Other	9,671	7,071
	<u>209,550</u>	<u>125,511</u>
Costs and Expenses:		
Airline operations	94,357	82,304
Leasing operations	10,615	—
Selling, general, and administrative	21,660	10,759
Depreciation and amortization (Note 8)	24,984	7,780
Interest, and preferred dividends of subsidiary	23,688	7,875
	<u>175,304</u>	<u>108,718</u>
Income before deferred income taxes and extraordinary items	34,246	16,793
Deferred income tax provision (Note 5)	13,868	6,322
Income before extraordinary items	20,378	10,471
Extraordinary items (Note 9)	—	57
Net Income	<u>\$ 20,378</u>	<u>\$ 10,528</u>
Primary Earnings Per Share (Note 12):		
Income before extraordinary items	\$ 2.00	\$ 1.32
Extraordinary items	—	.01
Net Income	<u>\$ 2.00</u>	<u>\$ 1.33</u>
Fully Diluted Earnings Per Share (Note 12):		
Income before extraordinary items	\$ 1.73	\$ 1.21
Extraordinary items	—	.01
Net Income	<u>\$ 1.73</u>	<u>\$ 1.22</u>

The Flying Tiger Corporation and Subsidiaries
 Consolidated Statements of Changes in Financial Position

For the years ended December 31, 1971 and 1970

	<u>1971</u>	<u>1970</u>
	<i>(expressed in thousands)</i>	
SOURCE OF FUNDS:		
Operations —		
Net income	\$ 20,378	\$ 10,528
Add — Expenses not requiring outlay of working capital		
Depreciation and amortization charged to operations	24,984	7,780
Depreciation and amortization charged to other accounts	1,525	1,487
Deferred income tax provision (Note 5)	13,868	6,381
Other — net	<u>(3,879)</u>	<u>3,067</u>
Working capital provided by operations	56,876	29,243
Financing —		
Proceeds from equipment financing and other borrowings	49,797	14,574
Proceeds from common stock issued upon exercise of stock options	1,959	380
	<u>51,756</u>	<u>14,954</u>
Other —		
Collection of long-term and lease receivables	4,906	2,117
Retirement of property and equipment	1,709	9,500
Working capital acquired (Notes 1 and 10)	10,831	—
	<u>17,446</u>	<u>11,617</u>
Funds Provided	<u>126,078</u>	<u>55,814</u>
APPLICATION OF FUNDS:		
Acquisition of businesses (Notes 1 and 10)	13,289	31,981
Long-term debt —		
Payments on long-term debt	40,158	21,434
Increase (decrease) in current portion of long-term debt	3,555	(4,486)
Reclassification of current portion of lease receivables, net of related current maturities of long-term debt (Note 11)	—	(281)
	<u>43,713</u>	<u>16,667</u>
Purchase of property and equipment	39,035	11,904
Other —		
Cash dividends on preferred stock	2,093	—
Reclassification of materials and supplies	—	2,490
All other — net	<u>(1,028)</u>	<u>19</u>
	1,065	2,509
Funds Applied	<u>97,102</u>	<u>63,061</u>
Net increase (decrease) in working capital (Note 10)	<u>\$ 28,976</u>	<u>\$ (7,247)</u>
OTHER CHANGES IN FINANCIAL POSITION:		
Conversion of 5¼% Convertible Subordinated Notes into common shares	\$ 25,000	\$ —
Issuance of \$1.20 Series Cumulative Convertible Preferred Stock and Warrants	35,533	—
Notes issued in acquisition of business	11,000	—
Conversion of \$1.20 Series Cumulative Convertible Preferred Stock into common shares	<u>46</u>	<u>—</u>

The accompanying notes are an integral part of these financial statements.

The Flying Tiger Corporation and Subsidiaries
Consolidated Balance Sheets

	<i>December 31, 1971 and 1970</i>	
	<u>1971</u>	<u>1970</u>
	<i>(expressed in thousands)</i>	
ASSETS		
Current Assets:		
Cash and certificates of deposit	\$ 45,757	\$ 7,994
Short-term investments, at cost approximating market, and deposits	6,942	5,513
Receivables, less allowance for doubtful accounts	35,922	23,026
Materials and supplies, principally at average cost	9,990	1,817
Prepaid expenses and other	3,673	3,792
Total current assets	<u>102,284</u>	<u>42,142</u>
Investment in North American Car Corporation (Note 1)	—	31,981
Lease Receivables (Notes 4 and 11):		
Aggregate future rentals, less allowance for doubtful accounts (due within one year: 1971 \$12,133,000 and 1970 \$2,464,000)	50,858	9,811
Estimated residual value of leased equipment	6,520	2,316
	57,378	12,127
Less: Unearned income	22,888	1,997
	<u>34,490</u>	<u>10,130</u>
Property, Plant and Equipment (Notes 4 and 8):		
Equipment for lease or under lease	576,439	42,406
Equipment used in airline operations	117,643	117,139
Buildings and leasehold improvements	13,378	8,416
Shop and terminal facilities and other equipment	18,602	5,974
	726,062	173,935
Less: Accumulated depreciation and amortization	230,409	54,385
	<u>495,653</u>	<u>119,550</u>
Other Assets:		
Cost in excess of fair value of net assets of acquired business (Note 1)	16,189	—
Long-term receivables	6,682	5,261
Unamortized debt expense and other assets	2,802	1,682
	<u>25,673</u>	<u>6,943</u>
	<u>\$658,100</u>	<u>\$210,746</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

December 31, 1971 and 1970

Current Liabilities:

	1971	1970
Current portion of senior and subordinated debt (Notes 4 and 11)	\$ 20,407	\$ 3,648
Accounts payable and accrued liabilities	28,363	13,956
Total current liabilities	<u>48,770</u>	<u>17,604</u>

Senior Debt (Note 4):

Equipment obligations	290,149	85,955
Notes and lease contracts payable to banks and others	76,773	5,424
	<u>366,922</u>	<u>91,379</u>
Subordinated Debt (Note 4)	<u>32,594</u>	<u>25,000</u>

Deferred Credits:

Deferred income taxes (Note 5)	59,878	20,368
Other	5,645	2,584
	<u>65,523</u>	<u>22,952</u>

Commitments (Note 3)
Stockholders' Equity (Note 7):

Minority Stockholders' Equity—

North American Car Corporation \$3 Cumulative

Preferred Stock, \$50 stated value—

Authorized—600,000 shares

Outstanding—192,356 shares

9,618

—

The Flying Tiger Corporation Stockholders' Equity—

Preferred Stock, \$1 par value—

Authorized—3,000,000 shares

 Outstanding—1,730,986 shares, \$1.20 series cumulative convertible preferred
 (\$38,947,000 preference in liquidation)

1,731

—

Common Stock, \$1 par value—

Authorized—15,000,000 shares

Outstanding—6,006,835 shares (1971) and 4,791,770 shares (1970)

6,007

4,792

Additional paid-in capital

90,404

20,770

Retained earnings (Note 4)

36,531

28,249

134,673
53,811
\$658,100
\$210,746

The Flying Tiger Corporation and Subsidiaries
 Consolidated Statements of Stockholders' Equity

For the years ended December 31, 1971 and 1970

	1971					1970
	\$1 Par \$1.20 Series Cumulative Convertible Preferred Stock	\$1 Par Common Stock	Additional Paid-in Capital	Retained Earnings	Total	Total
	(Expressed in Thousands)					
Balance , beginning of year	\$ —	\$4,792	\$20,770	\$28,249	\$ 53,811	\$42,903
Add—						
Net income	—	—	—	20,378	20,378	10,528
Issuance of shares under stock options	—	91	1,868	—	1,959	380
Five percent stock dividend	—	244	9,759	—	10,003	3,377
Issuance of \$1.20 Series Cumulative Convertible Preferred Stock and Warrants	1,777	—	33,756	—	35,533	—
Conversion of \$1.20 Series Cumulative Convertible Preferred Stock into common shares	—	32	14	—	46	—
Conversion of 5¾% Convertible Subordinated Notes into common shares	—	848	24,237	—	25,085	—
	<u>1,777</u>	<u>1,215</u>	<u>69,634</u>	<u>20,378</u>	<u>93,004</u>	<u>14,285</u>
Deduct—						
Dividends on \$1.20 Series Cumulative Convertible Preferred Stock	—	—	—	2,093	2,093	—
Fair value of five percent stock dividend	—	—	—	10,003	10,003	3,377
Conversion of \$1.20 Series Cumulative Convertible Preferred Stock into common shares	46	—	—	—	46	—
	<u>46</u>	<u>—</u>	<u>—</u>	<u>12,096</u>	<u>12,142</u>	<u>3,377</u>
Balance , end of year (Notes 4 and 7)	<u>\$1,731</u>	<u>\$6,007</u>	<u>\$90,404</u>	<u>\$36,531</u>	<u>\$134,673</u>	<u>\$53,811</u>

(1) Acquisitions—During the year ended December 31, 1971, the Company purchased North American Car Corporation (North American), which subsequently purchased National Equipment Rental, Ltd. (National Equipment). The results of operations of these companies are reflected in the financial statements from the dates of acquisition. The Company's share of consolidated net income of North American in 1970, during a portion of which it owned up to 45% of North American's common stock, was substantially equal to the dividends received and interest cost charged to the investment and consequently there is no retroactive effect on net income for 1970 for the application of the equity method of accounting for the investment.

North American is engaged primarily in the full service leasing of railroad cars. Under terms of a Plan and Agreement of Merger, the Company consummated a merger with North American on January 7, 1971, by issuing 1,776,641 shares of \$1.20 Series Cumulative Convertible Preferred Stock and Warrants to purchase 979,374 shares of common stock, each Warrant entitling the holder to purchase 1.05 shares of common stock for \$19.68. The preferred stock is convertible at the option of the holder into 1.157 shares of Flying Tiger common stock, and is redeemable at any time after January 7, 1972, at \$22.50 per share. The Company and its subsidiaries had previously purchased approximately 45% of North American's common shares for \$31,981,000 from July through September 1970.

All of the data with respect to the conversion features of preferred stock and warrants have been adjusted to give effect to the five percent stock dividend declared March 1972, issuable April 1972, the five percent stock dividend issued in May 1971, and the three for two stock distribution declared in December 1971, and issued in February 1972.

The cost in excess of fair value of net assets of North American at date of acquisition is not being amortized since in the opinion of management there has been no diminution in the value of the acquired business.

On October 8, 1971, North American acquired for \$23,187,000, all of the outstanding common shares of National Equipment and a related management company. National Equipment continues to carry on its business of leasing computers, aircraft, and general industrial equipment, as a wholly-owned subsidiary of North American.

(2) Principles of Consolidation—The consolidated financial statements include the accounts of The Flying Tiger Corporation and its subsidiaries. All significant inter-company accounts and transactions have been eliminated.

(3) Lease and Purchase Commitments—At December 31, 1971, the Company had long-term leases on aircraft and aircraft engines, car equipment, facilities and other equipment. There are renewal and purchase options on the aircraft and aircraft engines, and renewal options on the leased equipment and facilities.

The schedule below summarizes annual and aggregate rentals for the minimum remaining lease periods:

	<u>Annual Rental for 1972</u>	<u>Aggregate Rental</u>	<u>Remaining Lease Period (Years)</u>
Aircraft and engines	\$ 12,666,000	\$140,932,000	2-13
Car equipment	710,000	9,830,000	3-13
Facilities and other equipment	2,313,000	26,183,000	1-30
	<u>\$ 15,689,000</u>	<u>\$176,945,000</u>	

At December 31, 1971, the Company had ordered \$14,200,000 of materials and car equipment to be delivered in 1972.

Notes to Financial Statements (Continued)

(4) Long-term Debt—The outstanding balance of equipment obligations and other debt at December 31, 1971 and 1970, consisted of the following:

	December 31	
	1971	1970
Senior Debt:		
The Flying Tiger Corporation —		
10¼ % Promissory Note	\$ —	\$ 2,000,000
Variable rate (¾ % over prime) promissory note	—	3,424,000
Variable rate (¾ % over prime) unsecured notes payable to banks, due in quarterly installments 1972 to 1976	8,600,000	—
Subsidiaries —		
Equipment and facilities obligations:		
4.4% to 10.5% equipment obligations maturing serially to 1987	213,477,000	—
6% to 8% equipment trust certificates due 1972 to 1981	66,467,000	74,577,000
Variable rate (½ % and ¾ % over prime) and 6¾ % equipment obligations due 1973 to 1979	27,292,000	15,357,000
7% note, secured by facilities, due 1972 to 1988	3,612,000	3,727,000
Variable rate (½ % to 1% over prime) and 5¼ % to 10% notes and lease contracts payable, secured by receivables and related equipment and facilities leased, due 1972 to 1976	68,518,000	—
	<u>387,966,000</u>	<u>99,085,000</u>
Less:		
Principal amount of equipment trust certificates held in treasury	1,787,000	4,058,000
Current portion*	19,257,000	3,648,000
	<u>\$366,922,000</u>	<u>\$ 91,379,000</u>
Subordinated Debt:		
The Flying Tiger Corporation—		
5¾ % Convertible Subordinated Notes	\$ —	\$ 25,000,000
Subsidiaries—		
5½ % Subordinated Sinking Fund notes, payable in equal installments to 1984	14,950,000	—
5¼ % Convertible Subordinated Debentures due 1988	25,000,000	—
6¾ % Senior Subordinated Note due 1982	3,000,000	—
	<u>42,950,000</u>	<u>25,000,000</u>
Less:		
Current portion	1,150,000	—
Imputed discount	9,206,000	—
	<u>\$32,594,000</u>	<u>\$25,000,000</u>

*Exclusive of \$28,354,000 maturing within one year which is not reflected as a current liability because payment will be made from net rentals to be received during the next year from leases extending beyond one year.

The unsecured notes payable to banks of The Flying Tiger Corporation are outstanding under a line of credit agreement which provides for aggregate borrowings prior to April 1, 1972, of up to \$15,000,000. This agreement limits other borrowings and substantially restricts the capacity of the Company to pay cash dividends on common shares in 1972.

The equipment trust agreements and other debt agreements of subsidiaries also include restrictive provisions as to the payment of cash dividends and have provisions as to working capital, additional borrowing, capital expenditures, etc.

The 5¼% Convertible Subordinated Notes were called for prepayment on July 27, 1971, and were converted into common shares prior to that date.

The 5¼% Convertible Subordinated Debentures due 1988, are those of National Equipment, and are convertible into common shares of its former parent. Pursuant to the Purchase Agreement between North American and National Equipment's former parent, National Equipment has agreed that upon conversion of any debentures prior to their maturity, National Equipment will, at its option, issue debentures of similar terms without a right of conversion or deliver to its former parent that number of shares equal to the number of shares issued by its former parent upon the conversion of the debentures.

The imputation of debt discount, on the subordinated debt of National Equipment, assumed an interest rate of 10% which was the current rate on similar debt at the time of the acquisition of National Equipment.

(5) Income Taxes—Payment of income taxes has been deferred through deduction of accelerated depreciation and other allowable deductions for tax purposes, and by the differing treatment of financing leases for tax and financial reporting purposes. The Company accounts for investment credits as a reduction of the current and deferred provisions for income taxes in the year in which the credit arises. The provisions for 1971 and 1970 have been reduced by approximately \$3,399,000 and \$2,000,000 of investment credit, respectively.

The Company has approximately \$21,901,000 of investment credit carry-forward and approximately \$846,000 of foreign tax credit carry-forward. Through December 31, 1971, \$21,212,000 of investment credit and all of the foreign tax credit has been applied as a reduction of deferred income tax provisions. The foreign tax credit expires for tax purposes in 1976. The investment credits expire for tax purposes as follows:

<u>Year of Expiration</u>	<u>Investment Credit</u>
1974	\$ 951,000
1975	2,239,000
1976	1,686,000
1977	2,854,000
1978	9,770,000
1979	3,063,000
1980	<u>1,338,000</u>

(6) Pension Plans—The Company maintains pension plans for substantially all employees. The total pension plan expense for the year ended December 31, 1971, was \$2,634,000, which includes, as to certain of the plans, amortization of unfunded liability for past service benefits, over periods ranging from 13 to 30 years. During 1971, the Company increased the benefits under certain plans, and revised actuarial assumptions under certain plans, which did not significantly affect the cost for 1971. At December 31, 1971, the actuarially computed value of vested benefits exceeded pension funds by approximately \$1,071,000.

(7) Minority Interest and Capital Stock—The terms of North American's \$3 Cumulative Preferred Stock require annual retirement of 8,000 shares, beginning in 1972. The stock is redeemable at any time, subject to certain refunding limitations, at \$53 per share if redeemed prior to September 1, 1976, and at declining amounts for various periods thereafter. The Company and a subsidiary have purchased 7,644 shares of preferred stock on the open market at an average price of \$37.00 per share. Such reacquired shares are being applied against the retirements required in 1972. The excess of stated value over cost of the reacquired shares has been applied as a reduction of the cost in excess of fair value of net assets of acquired business.

At December 31, 1971, there were 631,049 shares of common stock reserved for issuance under the Company's Qualified Stock Option Plans. At December 31, 1971, options for the purchase of 570,365 shares were outstanding, granted to officers and key employees at prices ranging from \$9.00 to \$26.50 per share (exercisable 1972-1976).

During 1971 the stockholders approved a Qualified Employee Stock Purchase Plan for which the Company has reserved 393,750 common shares. Under the plan employees were offered common stock at \$25.30 per share. At December 31, 1971, the Company has received subscriptions for 78,794 shares.

At December 31, 1971, the Company had reserved 1,999,288 shares of common stock for conversion of the \$1.20 Series Cumulative Convertible Preferred Stock. Each share of preferred is convertible, at the option of the holder, into 1.157 shares of common stock and is redeemable by the Company any time after January 7, 1972, at \$22.50 per share.

At December 31, 1971, the Company had 965,103 Warrants outstanding, expiring December 31, 1975, to purchase 1,013,358 common shares. Each Warrant entitles the holder to purchase 1.05 shares of common stock for \$19.68.

All of the per share data and data with respect to the conversion features of preferred stock and warrants have been adjusted to give effect to the five percent stock dividend declared March 1972 issuable April 1972 and the five percent stock dividend issued in May 1971, and to the three for two stock distribution declared in December 1971, and issued in February 1972.

(8) Depreciation Policies—The Company provides for depreciation and amortization principally on the straight-line method, using estimated service lives for the respective classes of property and equipment as shown below:

	<u>Service Life</u> <u>(years)</u>	<u>Salvage Value</u>
Equipment for lease or under lease—		
Car equipment_____	25 to 30	—
Computers and related equipment_____	8.5	15%
Aircraft_____	5 to 12	0 to 15%
Equipment used in airline operations—		
Aircraft and engines_____	14	15%
Other_____	3 to 14	—
Buildings and shop properties_____	3 to 35	—

Prior to its acquisition by North American, National Equipment provided \$19,820,000 for the reduction in carrying amount of computers and aircraft for lease or under lease (cost is approximately \$130,000,000), and recorded \$9,400,000 as an additional reduction in the carrying amount of this equipment when recording the imputed debt discount described in Note 4. National Equipment also reduced the service lives of computers and related equipment from 10 to 8.5 years to reflect estimated remaining lives extending through 1977.

The major classes of property and equipment and related reserves as of December 31, 1971, were as follows:

	<u>Original Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
Equipment for lease or under lease—			
Car equipment_____	\$404,485,000	\$105,924,000	\$298,561,000
Other_____	171,954,000	87,739,000	84,215,000
Equipment used in airline operations_____	117,643,000	26,536,000	91,107,000
Building and leasehold improvements_____	13,378,000	3,005,000	10,373,000
Shop and terminal facilities and other equipment_____	18,602,000	7,205,000	11,397,000
	<u>\$726,062,000</u>	<u>\$230,409,000</u>	<u>\$495,653,000</u>

(9) Extraordinary Items—Extraordinary items, less applicable deferred income tax, for the year ended December 31, 1970, were as follows:

Gain on aircraft retirement_____	\$1,358,000
Provision for losses on disposition of fleet_____	(577,000)
Loss on sale of investments_____	(724,000)
	<u>\$ 57,000</u>
Provision for deferred income taxes deducted above_____	<u>\$ 59,000</u>

(10) Changes in Working Capital and Businesses Acquired—The net changes in the components of Working Capital for the years ended December 31, 1971 and 1970, were as follows:

	<u>Increase (Decrease) in Working Capital</u>	
	<u>1971</u>	<u>1970</u>
Cash and short term investments_____	\$39,192,000	\$ (9,713,000)
Receivables, net_____	12,896,000	1,088,000
Materials and supplies_____	8,173,000	(2,977,000)
Prepaid expenses and other_____	(119,000)	266,000
Notes payable and current installments of long-term debt_____	(16,759,000)	6,394,000
Accounts payable and accrued liabilities_____	(14,407,000)	(2,305,000)
Net increase (decrease) in working capital_____	28,976,000	(7,247,000)
Working capital at beginning of year_____	<u>24,538,000</u>	<u>31,785,000</u>
Working capital at end of year_____	<u>\$53,514,000</u>	<u>\$24,538,000</u>

Notes to Financial Statements (Continued)

The major categories of assets acquired and obligations assumed in the purchase of North American and National Equipment, were as follows:

Working capital acquired	\$ 10,831,000
Property, plant and equipment—net	364,354,000
Lease receivables—net	28,043,000
Cost in excess of fair value of net assets of acquired business	16,288,000
Other assets	1,857,000
Obligations assumed including minority stockholders' equity	(329,570,000)
Cost of acquired businesses	91,803,000
Issuance of \$1.20 Series Cumulative Convertible Preferred Stock and Warrants	(35,533,000)
Notes issued in acquisition of National Equipment	(11,000,000)
1970 investment in North American	(31,981,000)
Application of funds to acquisition of businesses	<u>\$ 13,289,000</u>

(11) Lease Receivables—Aggregate rental income to be earned on finance leases is the difference between total rentals receivable under lease contracts and the cost of the leased equipment less estimated residual value. Upon execution of the lease contract, income is recognized to offset the cost of acquiring the lease; the balance of rental income is deferred and is transferred to rental income earned over the term of the lease on the sum-of-the-months-digits method. Residual values are approximately 10% of cost or the purchase option price. The current maturities of certain aircraft finance leases and related current debt maturities in 1970 have been reclassified from current assets and liabilities, respectively, to conform with the classification used by the Company's leasing subsidiary acquired in 1971.

(12) Earnings Per Share—Primary earnings per share have been computed based upon the weighted average number of the Company's common and, in 1971, common equivalent shares outstanding, adjusted for the five percent stock dividend declared March 1972, issuable April 1972, the five percent stock dividends issued in August 1970, and May 1971, and the three-for-two stock distribution declared in December 1971, issued in February 1972, after deducting preferred dividend requirements from net income. The common equivalent shares are the shares issuable under outstanding options, warrants, and stock subscriptions (where dilutive) less those shares which the Company could have purchased with the proceeds from the exercise of these options, warrants, and subscriptions. There was no significant dilutive effect of common equivalent shares in 1970.

Fully diluted earnings per share have been computed in the same manner, giving retroactive effect to the assumed conversion of the Company's 5¼% Convertible Subordinated Notes for the period prior to the actual conversion date of July 26, 1971, and, in 1971, the assumed conversion of the \$1.20 Series Cumulative Convertible Preferred Stock, in all cases adding to net income the interest expense, net of tax effects, applicable to the debt, and preferred stock dividends. There was no significant additional dilutive effect from common equivalent shares.

(13) Pro Forma Information—Unaudited pro forma results of operations for 1971 and 1970, giving effect to the acquisition of North American and National Equipment as of January 1, 1970, are as follows:

	<u>1971</u>	<u>1970</u>
Revenues_____	\$231,505,000	\$209,492,000
Income before extraordinary items_____	20,444,000	17,413,000
Net Income_____	20,444,000	17,470,000
Primary earnings per share:		
Income before extraordinary items_____	\$2.01	\$1.83
Net income_____	2.01	1.84
Fully diluted earnings per share:		
Income before extraordinary items_____	\$1.74	\$1.53
Net income_____	<u>1.74</u>	<u>1.54</u>

Outstanding options and warrants and the warrants issued on January 7, 1971, in connection with the acquisition of North American, are assumed to have the same dilutive effect in the pro forma computations as they have in the year ended December 31, 1971.

This pro forma information gives effect to adjustment to accounting basis used in recording these acquisitions but does not purport to present the results of operations which may actually have resulted from acquisition as of January 1, 1970.

Auditors' Report

To the Stockholders
The Flying Tiger Corporation

We have examined the consolidated balance sheets of THE FLYING TIGER CORPORATION (a Delaware corporation) and subsidiaries as of December 31, 1971 and 1970, and the related consolidated statements of income, stockholders' equity, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Flying Tiger Corporation and subsidiaries as of December 31, 1971 and 1970, and the results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the periods.

The Flying Tiger Corporation and Subsidiaries
Review -- 1967-1971

	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>
	(expressed in thousands)				
CONSOLIDATED INCOME STATEMENTS*					
Revenues _____	\$209,550	\$125,511	\$ 98,362	\$ 77,037	\$ 87,702
Costs and expenses _____	175,304	108,718	92,450	81,685	75,874
Income (loss) before income taxes and extraordinary items _____	34,246	16,793	5,912	(4,620)	11,828
Deferred income tax provision _____	13,868	6,322	1,601	(2,220)	3,958
	20,378	10,471	4,311	(2,400)	7,870
Extraordinary items _____	—	57	—	(4,245)	(801)
Net Income (Loss) _____	<u>\$ 20,378</u>	<u>\$ 10,528</u>	<u>\$ 4,311</u>	<u>\$ (6,651)</u>	<u>\$ 7,069</u>
Primary Earnings Per Share:					
Income (loss) before extraordinary items _____	\$ 2.00	\$ 1.32	\$.54	\$ (.30)	\$ 1.00
Extraordinary items _____	—	.01	—	(.54)	(.10)
Net Income (Loss) _____	<u>\$ 2.00</u>	<u>\$ 1.33</u>	<u>\$.54</u>	<u>\$ (.84)</u>	<u>\$.90</u>

OTHER FINANCIAL INFORMATION**

Shares outstanding at end of year:

Preferred _____	1,730,986	—	—	—	—
Common _____	9,460,765	7,924,390	7,891,480	7,884,534	7,880,193
Stockholders' equity _____	\$134,673	\$ 53,811	\$ 42,903	\$ 38,966	\$ 46,021
Book value per common share _____	\$ 11.75	\$ 6.79	\$ 5.44	\$ 4.94	\$ 5.84

Scheduled Cargo Statistics:

Domestic					
Revenue ton miles (000) _____	247,254	213,062	174,353	166,041	163,250
Load factor _____	55.0 %	56.5 %	56.3 %	63.1 %	66.2 %
Revenue per Ton Mille (cents) _____	15.87	14.31	12.89	12.91	13.29
International					
Revenue ton miles (000) _____	323,454	290,126	78,630		
Load factor _____	64.6 %	64.6 %	56.7 %		
Revenue per Ton Mile (cents) _____	17.49	17.30	16.66		

*North American Car Corporation and National Equipment Rental, Ltd., information is not included in the results of operations for periods prior to their acquisition, January 7, 1971 and October 8, 1971, respectively.

**Common shares adjusted for the two for one stock distribution in 1967, the three for two stock distribution in 1972, the five percent stock dividends issued in 1970 and 1971, and the five percent stock dividend declared March 1972, issuable April 1972.

	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>
OTHER FINANCIAL INFORMATION***					
<i>(expressed in thousands)</i>					
Property, Plant and Equipment— at Cost					
The Flying Tiger Line Inc.	\$174,796	\$173,935	\$175,697	\$167,600	\$ 81,200
North American Car Corporation and Subsidiaries	551,266	398,843	367,719	346,872	316,725
Long-term Debt					
The Flying Tiger Line Inc.	\$101,672	\$116,379	\$119,977	\$104,180	\$ 73,607
North American Car Corporation and Subsidiaries	315,534	217,744	203,911	198,941	184,494
Acquisition of Aircraft, Leasing Equipment, and Other					
The Flying Tiger Line Inc.	\$ 2,324	\$ 11,904	\$ 31,478	\$ 84,499	\$ 2,654
North American Car Corporation and Subsidiaries	36,711	35,774	32,295	31,891	39,782
Depreciation and Amortization Expense					
The Flying Tiger Line Inc.	\$ 7,896	\$ 7,780	\$ 8,008	\$ 6,572	\$ 6,577
North American Car Corporation and Subsidiaries	17,088	14,876	14,156	13,177	12,087
Interest Expense					
The Flying Tiger Line Inc.	\$ 6,576	\$ 7,875	\$ 8,676	\$ 3,087	\$ 1,775
North American Car Corporation and Subsidiaries	15,944	13,704	12,384	10,563	9,575
Revenues					
The Flying Tiger Line Inc.	\$145,147	\$125,511	\$ 98,362	\$ 77,037	\$ 87,702
North American Car Corporation and Subsidiaries	64,403	51,961	50,034	46,663	44,441
Number of Employees					
The Flying Tiger Line Inc.	3,058	2,781	2,241	2,475	2,096
North American Car Corporation and Subsidiaries	787	637	640	590	624

***Information with respect to National Equipment Rental, Ltd., is not presented for periods prior to its acquisition October 8, 1971.

The Flying Tiger Corporation

Officers

Wayne M. Hoffman
Chairman of the Board

Robert W. Prescott
President

David J. Barish
Treasurer

Wayne E. Partridge
Secretary & General Counsel

Stuart M. Warren
Assistant Secretary

Directors

Wayne M. Hoffman
Chairman of the Board

Robert W. Prescott
President

Laurence C. Craigie
Lockheed Aircraft Corporation, Burbank

J. Howard Edgerton
Chairman of the Board, Calif. Federal Savings & Loan Assn., Los Angeles

Myer Feldman
Ginsburg, Feldman & Bress, Washington, D. C.

Thomas F. Grojean
President, North American Car Corporation, Chicago

Charles Luckman
Chairman of the Board, Ogden Development Corporation, Los Angeles

William E. McKenna
Chairman of the Board, Technicolor, Inc., Beverly Hills

Norman L. Meyers
Meyers, Marshall & Meyers, Washington, D. C.

Houston Rehrig
Rehrig-Pacific Co., Los Angeles

Common Stock

Transfer Agents

The Chase Manhattan Bank N.A.
1 New York Plaza, New York, N.Y. 10015
Bank of America, Corporate Agency Division
111 West Seventh Street, Los Angeles, California 90014

Registrars

The Bank of New York
48 Wall Street, New York, N.Y. 10015
Union Bank
8th and Hill Streets, Los Angeles, California 90054

Stock Exchanges

New York Stock Exchange
Pacific Coast Stock Exchange
Mid-West Stock Exchange

Preferred Stock

Transfer Agents

The Chase Manhattan Bank N.A.
1 New York Plaza, New York, N.Y. 10015
Continental Illinois National Bank & Trust Company
231 South LaSalle Street, Chicago, Illinois 60690

Registrars

The Bank of New York
48 Wall Street, New York, N.Y. 10015
The First National Bank of Chicago
1 First National Plaza, Chicago, Illinois 60670

Stock Exchanges

New York Stock Exchange
Pacific Coast Stock Exchange
Mid-West Stock Exchange

Warrants

Warrant Agent

The Chase Manhattan Bank N.A.
1 New York Plaza, New York, N.Y. 10015

Stock Exchanges

American Stock Exchange
Pacific Coast Stock Exchange

Auditors

Arthur Andersen & Co.
1320 West Third Street, Los Angeles, California 90017

Annual Shareholders' Meeting

Date: May 19, 1972

Time: 2 p.m.

Place: Corporate Headquarters

7401 World Way West

International Airport, Los Angeles, California 90009

