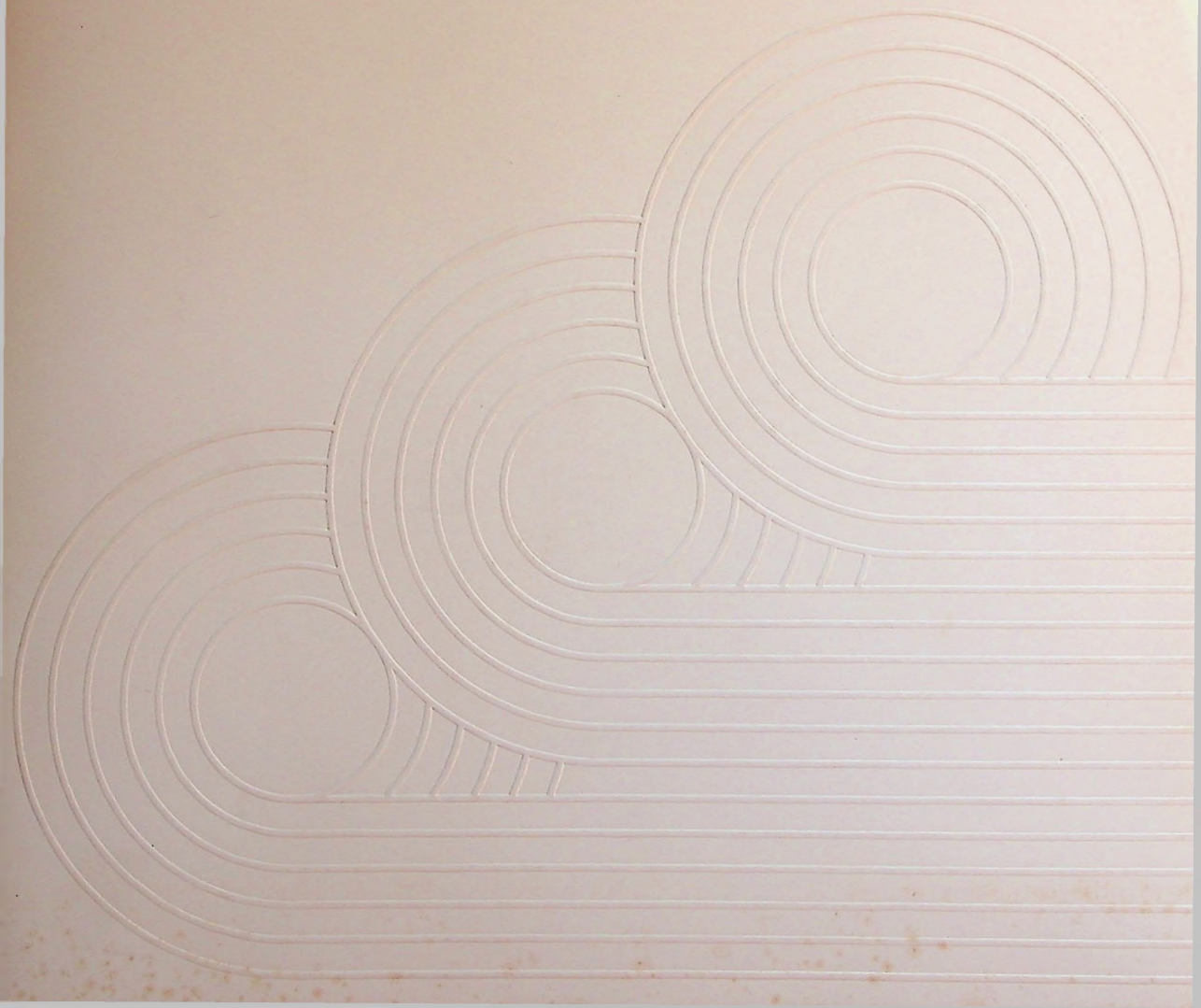


The Flying Tiger Corporation
1972 Annual Report



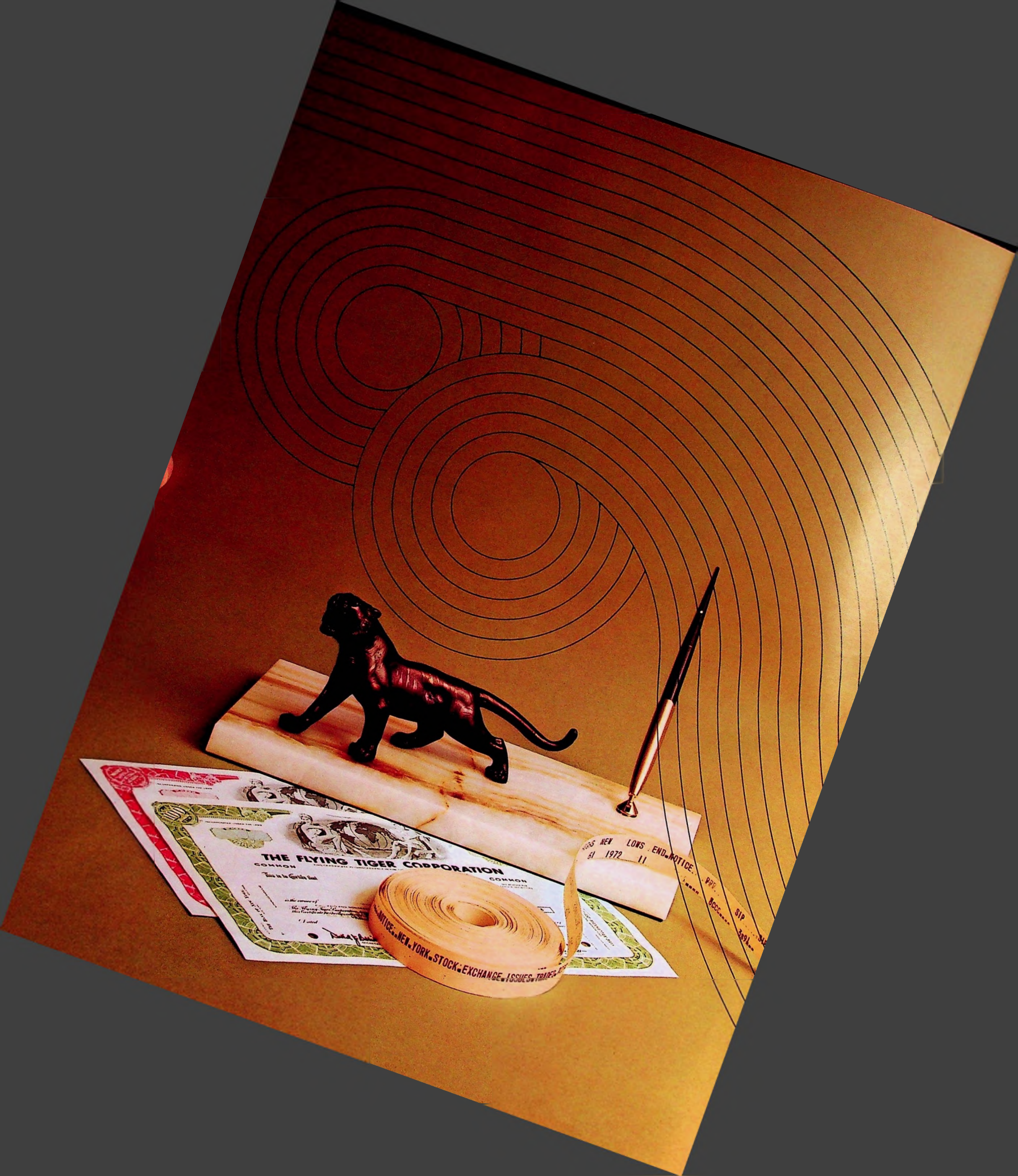
The Flying Tiger Corporation
1972 Annual Report

Financial Highlights	Year Ended December 31	
	1972	1971
	(expressed in thousands)	
Revenues _____	\$257,211	\$209,550
Net Income _____	\$ 29,810	\$ 20,378
Fully diluted earnings per share* _____	\$ 2.28	\$ 1.65
Stockholders' equity _____	\$166,337	\$134,673
Book value per common share* _____	\$ 13.49	\$ 11.19

* Reflects five percent stock dividend declared in March 1973, issuable in April 1973.

Contents

Stockholders' Letter _____	2
Corporate Highlights _____	6
Summary/The Flying Tiger Line Inc. _____	8
Summary/North American Car Corporation _____	12
Summary of Significant Accounting Policies _____	18
Consolidated Financial Statements _____	20
Notes to Consolidated Financial Statements _____	25



1972 was another excellent year for The Flying Tiger Corporation.

- Earnings rose 46 percent to \$29.8 million from \$20.4 million in 1971.
- Revenues increased 23 percent to \$257 million from \$210 million.
- Total assets, stockholders' equity, book value per common share and earnings per share all rose above last year's highs.

Both principal subsidiaries established impressive records; each was a growth leader in its industry. The Flying Tiger Line Inc. had the best year in its 28-year history and North American Car Corporation enjoyed the best year in its 66-year history.

The airline contributed 64 percent of the Corporation's revenues and 54 percent of earnings in 1972. Its revenues were \$165 million, up 14 percent over 1971. North American Car contributed 36 percent of the Corporation's revenues and 46 percent of earnings. Its revenues were \$92 million, a gain of 43 percent. (These results for 1972 include \$27 million in revenues and \$4.4 million in earnings of National Equipment Rental, Ltd. which North American acquired in October 1971.)

Significantly The Flying Tiger Line achieved an operating profit on domestic common carriage

operations. Operating profits were \$2.6 million compared with an operating loss of \$1.1 million in 1971. In 1972 domestic operating revenues totaled \$49 million, up from \$39 million the year before. This improvement was due to deeper sales penetrations of markets served, increase in yields as a result of a more favorable traffic mix, and a domestic rate increase at the outset of the second half. It was also due to tighter integration of the domestic and the international systems.

In the third year of transpacific commercial operations, Flying Tiger Line's international revenues continued to grow at a brisk pace. These revenues were \$78 million compared with \$66 million in 1971. In addition to the revenue increase, profit margins were improved. In achieving these results the airline established itself as the number one carrier across the Pacific in terms of scheduled all-cargo flight frequencies. To sustain and accelerate this growth, plans for new and improved services, equipment and facilities are in various stages of implementation. Commercial service to Manila was established in the first quarter and commercial service to Bangkok, Thailand, was inaugurated in January 1973. Applications have been filed with the Civil Aeronautics Board for transpacific route expansion to include rights to serve Anchorage, Alaska, Kuala Lumpur in Malaysia, Djakarta in Indonesia, and Singapore. Work began on a new \$6.4 million terminal at John F. Kennedy International Airport in New York and new facilities to handle increasing traffic volume more efficiently will soon be in operation in several terminals in Asia.

For years, a major objective of management has been to eliminate the airline's reliance on military business for profitability. In 1968, the year before the company received the transpacific route, for example, military revenues accounted for 56 percent of the airline's total revenues. As the Vietnam War wound down so did Tigers' military business. This drop has been more than offset by increases in commercial business. It is expected this favorable trend will continue in 1973. Last year, military and mail revenues amounted to 32 percent of the airline's revenues and 21 percent of the Corporation's revenues.

North American Car Corporation and its subsidiaries, including National Equipment Rental, Ltd. and NAC Leasing Corporation, achieved several significant milestones during the year. North American Car placed more railroad cars on full-service lease than any of its competitors, investing \$51 million for the acquisition of specialized transportation equipment. North American Car (Canada) Ltd. increased the number of its fleet cars under lease, and opened a regional office in Vancouver, British Columbia. Through NAC Leasing Corporation, North American Car also arranged to acquire approximately \$19 million worth of rail equipment which it is leasing on a net finance basis. In addition, during its first full year of operations NAC Leasing Corporation participated in structuring net finance leveraged leases involving \$63 million worth of railroad rolling stock.

National Equipment Rental, Ltd. (NER) and its subsidiaries invested and committed for a record \$27 million worth of capital equipment such as aircraft, heavy industrial machinery and general equipment for hospitals, hotels and offices under full pay-out finance leases. NER expanded its U. S. and Canadian service network, increasing regional offices from two to eleven with emphasis on vendor leasing programs. It also established a subsidiary in Brussels, Belgium. NER's computer leasing division, National Computer Rental Ltd., renewed or re-leased third-generation data processing systems with an original cost of \$33 million.

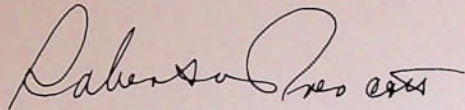
National Aircraft Leasing Ltd. (NAL), another NER subsidiary, continued its growth with a commitment to purchase two 727-200 series jet aircraft which in early 1973 have been placed on medium-term operating leases. NAL has further enhanced its growth potential by entering the field of executive jet leasing.

Toward the end of 1972 North American Car entered the European railroad car leasing market with the formation of NACCO S.A., based in Paris, and in the first few months of operations obtained lease commitments for \$4 million worth of equipment. In January 1973, with the acquisition of Bell Worldwide Inc., it expanded into leasing and technical management services for construction or maintenance of petroleum and petrochemical refineries, electric generating facilities, steel mills and other installations.

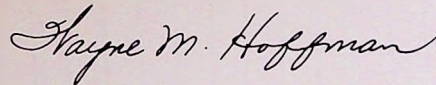
In anticipation of continued growth opportunities in 1973, the capital budget of North American Car for full-service leasing has been increased to \$75 million, a 47 percent gain from 1972. The capital budget of NER for finance leasing has been increased to \$35 million, a 30 percent gain over the prior year.

The Flying Tiger Corporation, which was organized in June 1970 as a holding company, entered its third year in strong financial condition. Consolidated working capital provided by operations totaled \$76 million, 36 percent higher than last year. Consolidated debt was reduced by the prepayment of \$25 million of airline equipment obligations in addition to the payment of current maturities. Total assets were \$716 million compared with \$658 million in 1971. Stockholders' equity rose 24 percent to \$166 million and book value per common share increased to \$13.49 from \$11.19. Fully diluted earnings per share were up 38% to \$2.28, from \$1.65.

The success of the Corporation in these first few years has been dramatic and gratifying. Its \$29.8 million in earnings in 1972 were, in fact, greater than the aggregate earnings of its predecessor corporation, The Flying Tiger Line Inc., from its founding in 1945 through 1969 by which time it had become the world's largest all-cargo airline. This record of achievement is due primarily to the skill and dedication of the 4,100 people who work for all the units that make up The Flying Tiger Corporation.

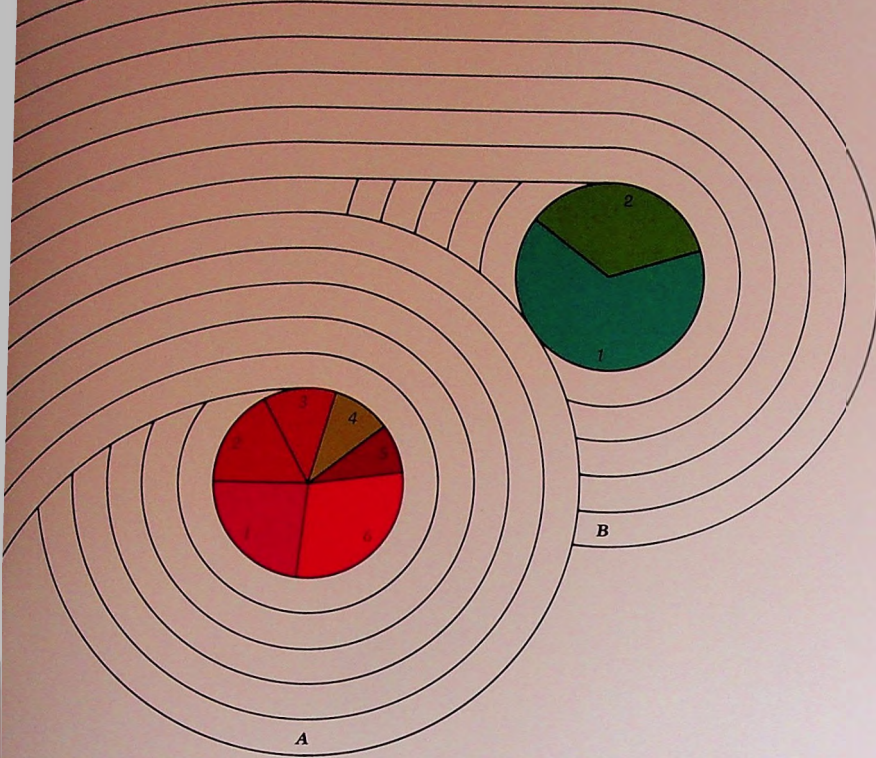


Robert W. Prescott
President



Wayne M. Hoffman
Chairman of the Board





Graphs

1. Revenues
(expressed in millions)
2. Net Income
(expressed in millions)
3. Fully Diluted 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)

A. Distribution of Revenues

1. Wages and Benefits
(24%)
2. Depreciation & Maintenance
(18%)
3. Retained Earnings
(12%)
4. Interest
(10%)
5. Taxes
(8%)
6. Other
(28%)

B. Source of Revenues

1. Airline
(64%)
2. Leasing
(36%)

*Reflects five percent stock dividend declared in March 1973, issuable in April 1973.

Officers

Wayne M. Hoffman

Chairman of the Board

Robert W. Prescott

President

Joseph J. Healy

1st Vice President • Commercial Group

Edgar A. Pinke

2nd Vice President • Operations Group

David I. Barish

Vice President • Finance

Anna Chemsault

Vice President • International Affairs

Donald Chickering

Vice President • Marketing

James E. Colburn

Vice President • Operations

E. R. Emerton

Vice President • Sales & Service

William Gifford

Vice President • Contract Administration

Charles I. Hopkins, Jr.

Vice President • International Relations

John F. McDonald

Vice President • Maintenance & Engineering

Edwin H. Rees

Vice President • Public Relations

George A. Zattley

Vice President • Asia

Rolf Bodenburg

Secretary Treasurer

Wayne E. Forridge

Special Attorney

R. J. Valente

Corporate Controller

Myer Feldman

Assistant Secretary

Russanne P. O'Brien

Assistant Secretary

E. W. Rosenthal

Assistant Secretary

Stuart M. Warren

Assistant Secretary

Ray Vinge

Assistant Treasurer

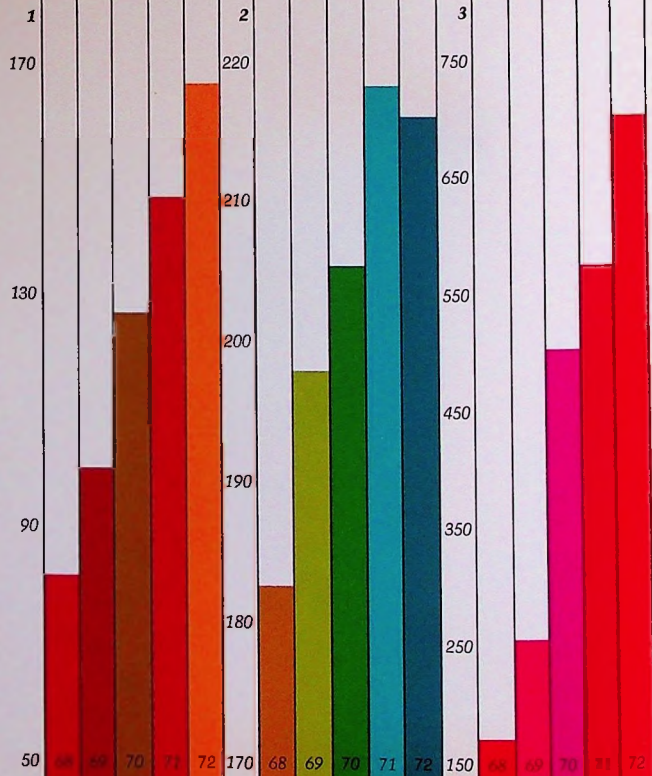


The Flying Tiger Line Inc.

The Flying Tiger Line Inc. is a scheduled all-cargo carrier. Its route structure covers 17,500 miles and includes Route 100 which serves fourteen major markets in the United States and Route 163 which links these with nine cities in seven nations and territories in Asia: Tokyo, Osaka, and Naha (Okinawa), Japan; Taipei, Republic of China; Hong Kong; Manila, The Philippines; Seoul, the Republic of Korea; Bangkok, Thailand; and Saigon, the Republic of Viet Nam.

Tigers' fleet consists of twenty stretched DC8-63Fs, efficient jet freighters, each with a lift capacity of over 100,000 pounds and a range of 4,000 miles.

In 1972 Tigers' operating fleet carried 881 million ton miles of cargo across its United States and transpacific routes. This represents an estimated 25 percent of the total tonnage flown by all carriers over these same routes.





Graphs

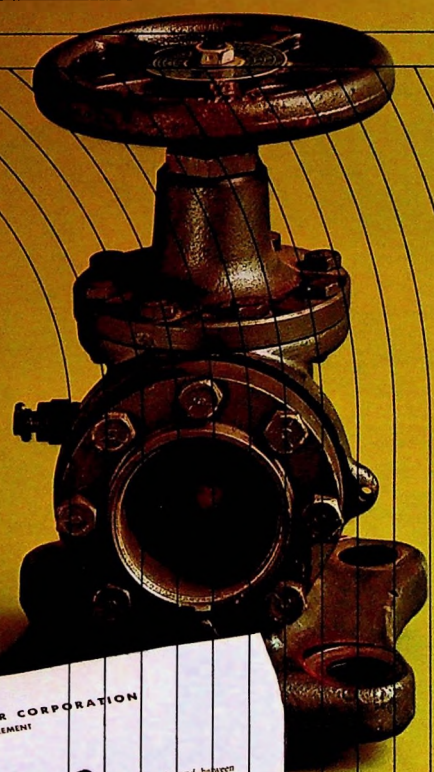
1. Revenues
(expressed in millions)
2. Assets
(expressed in millions)
3. Scheduled Revenue Ton Miles
(expressed in millions)

A. Distribution of Revenues

1. Wages & Benefits
(32.0%)
2. Other
(16.8%)
3. Aircraft Fuel
(10.9%)
4. Retained Earnings
(9.8%)
5. Aircraft & Facilities Rentals
(7.9%)
6. Depreciation
(4.9%)
7. Materials, Repairs &
Outside Services
(3.9%)
8. Taxes, Interest & Insurance
(8.9%) (2.7%) (2.2%)

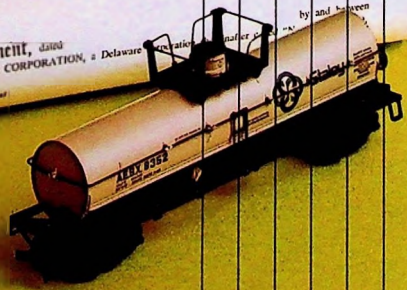
B. Source of Revenues

1. Common Carriage
(International 46.8%)
2. Common Carriage
(Domestic 29.5%)
3. Military Airlift Command
(19.8%)
4. Other
(3.9%)



NORTH AMERICAN CAR CORPORATION
CAR LEASING AGREEMENT

This Agreement, dated _____, 19____, made by and between
NORTH AMERICAN CAR CORPORATION, a Delaware corporation, and _____,
and its principal place of business at _____



**North American Car Corporation
& Subsidiaries**

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 • Purchasing

Francis W. Kreidler

Vice President • Marketing

Martin A. Lynch

Vice President • Finance

H. Russell Platt III

Vice President • Sales

Paul F. Robinson

Vice President • Alexander Chemicals Div.

Herbert W. Meierdirks

Treasurer

James J. Redmond

Controller

Kenneth J. Petrino

Secretary & Counsel

Peer Pedersen

Assistant Secretary

Harry M. Weisberg

Assistant Secretary

North American Car (Canada) Ltd.

Robert A. Greenbury

President

NAC Leasing Corporation

Eugene H. Crew

Vice President

National Equipment Rental, Ltd.

Harry M. Weisberg

Executive Vice President

David B. Burroughs

Vice President

National Aircraft Leasing

Lewis B. Simon

President

National Computer Rental, Ltd.

Thomas J. McArdle

President

John M. Phelan

Executive Vice President

Bell Worldwide, Inc.

Thomas V. Murphy

President

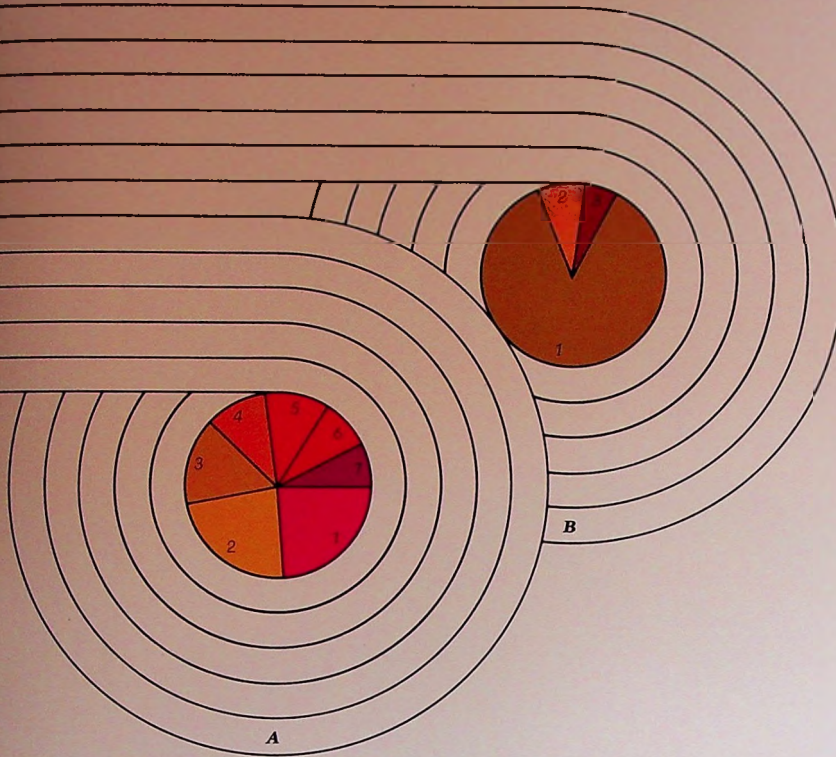
North American Car Corporation

North American Car Corporation is a broadly based leasing and financing company. Its leased fleet of specialized railroad rolling stock includes over 27,000 cars operating in the service of virtually every major industry in the U. S. and Canada.

Since its acquisition by The Flying Tiger Corporation, North American Car has greatly expanded the scope of its services. Through several subsidiaries it provides finance leases for industrial machinery, materials handling systems and office and plant equipment; operating leases for computers and jet aircraft; net finance leveraged leases for railroad rolling stock and other capital equipment; technical leasing and management services for construction or maintenance of industrial plants.

North American Car has also expanded the range of these services to the European continent.





Graphs

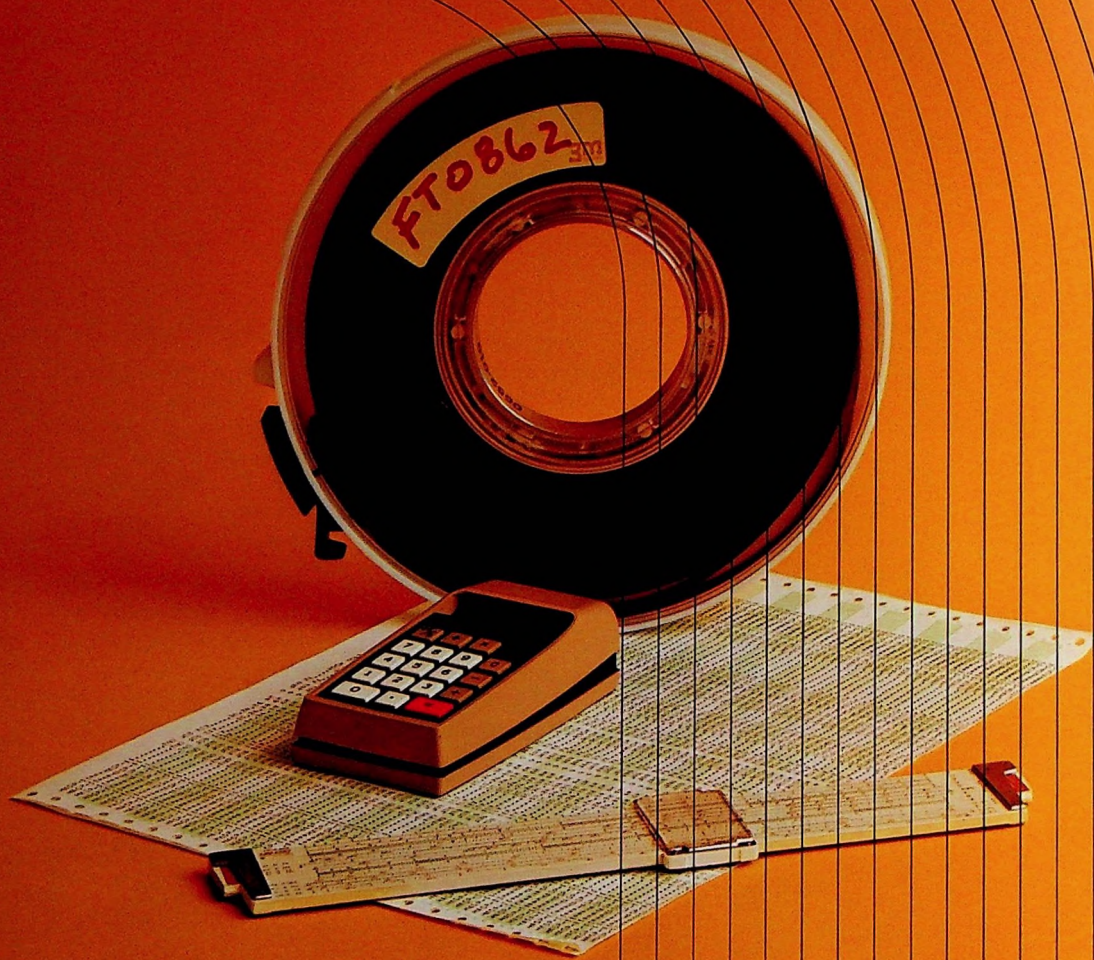
1. Revenues
(expressed in millions)
2. Assets
(expressed in millions)
3. Capital Improvements
(expressed in millions)

A. Distribution of Revenues

1. Depreciation
(24.6%)
2. Interest
(24.3%)
3. Retained Earnings
(14.8%)
4. Wages & Benefits
(9.5%)
5. Other
(9.5%)
6. Maintenance
(8.8%)
7. Insurance & Taxes
(8.5%)

B. Source of Revenues

1. Operating Leases
(87.9%)
2. Finance Leases
(7.0%)
3. Sales & Other
(5.1%)





The Flying Tiger Corporation
Financial Summary

Stockholders' equity increased to \$166 million from \$135 million, a 24% increase

Book value per common share increased to \$13.49 per share from \$11.19, a 21% increase

Net income increased to \$29.8 million from \$20.4 million, a 46% increase

Assets increased to \$716 million from \$658 million.

In 1972 the Corporation's two major subsidiaries contributed substantially to the year's favorable results. Airline operations contributed 64% of the revenues and 54% of the net income; leasing operations contributed 36% of the revenues and 46% of the net income

Capital expenditures by the leasing group totaled \$78 million; 1973 capital budget for the leasing group increased 41% to \$110 million.

The Flying Tiger Line earned an operating profit of \$2.6 million on domestic common carriage operations.



The Flying Tiger Corporation & Subsidiaries
Summary of Significant Accounting Policies

The following accounting policies of The Flying Tiger Corporation and subsidiaries are presented to facilitate the understanding of information presented in the financial statements. This summary should be read in conjunction with the notes to the financial statements.

Principles of Consolidation: The consolidated financial statements include the accounts of The Flying Tiger Corporation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Translation of Items in Foreign Currencies: The accounts of foreign subsidiaries and assets and liabilities relating to operations outside the United States have been translated into United States dollars at the rate of exchange prevailing at year end except that property, plant and equipment and related non-current equipment obligations have been translated at the approximate rates prevailing when acquired. Income and expense items have been translated at average rates during the year, except depreciation which has been calculated at the approximate rates prevailing when the property was acquired. All conversion gains or losses are included in income.

Pension Plans: Pension costs are accrued and funded based on the actuarially determined cost of the plans. The Company amortizes the unfunded liability for past service costs over periods ranging from 13 to 30 years.

Revenue Recognition: The Company's operations consist primarily of the air transportation of property and mail and the leasing (operating and finance leases) of specialized railroad cars, computers, aircraft and industrial equipment. Revenue related to air transportation is recognized as the services are performed.

During their initial non-cancellable term, operating leases return less than the full cost of the equipment plus interest charges and are generally for shorter terms and at more favorable rates than would prevail for comparable equipment under finance leases. Revenue related to operating leases is recognized monthly as billed. Expenses, including interest, depreciation and maintenance, are charged to income as incurred.

During their initial non-cancellable term, finance leases return the cost of the equipment as well as interest charges, related expenses and a profit on the investment, after taking into account residual values. Estimated residual values are determined by applying depreciation rates of comparable equipment under operating leases to the original cost of equipment under finance leases, plus estimated salvage. Aggregate rentals receivable, less unearned income, is shown as a non-current receivable. Aggregate rental income to be earned on finance leases (representing the excess of total rentals receivable under the contract plus estimated residual values, over the cost of the related equipment) is recognized as revenue during the term of the lease in decreasing amounts related to the declining balance of the unrecovered investment.

Property, Plant and Equipment: The cost of aircraft, leasing equipment and other property and equipment acquired, the cost of modifying aircraft purchased or leased, and the cost of rebuilding or modifying leasing equipment, is charged to the appropriate property and equipment accounts. The cost of maintenance and repairs, including provision for aircraft airframe and aircraft engine overhauls, accrued on the basis of hours flown, is charged to expense. The actual cost of overhaul is charged to the related reserve when incurred. Any difference between the actual cost and estimated cost is a charge or credit to expense. Upon sale or other disposal of property and equipment, the applicable cost and accumulated reserves for depreciation are eliminated from the accounts. Any difference between sales price and the net book value is included in net income with respect to property other than car equipment.

Retirements of car equipment made in the ordinary course of business are generally charged to the reserve for depreciation and any proceeds realized are credited to the same account. Upon destruction of equipment, or other casualty, the cost and accumulated depreciation are eliminated from the accounts and the difference between the proceeds received and the net book value is included in income.

The Company provides for depreciation and amortization principally on the straight line method, using estimated service lives for the various classes of assets.

Amortization of Assets: The cost in excess of fair value of net assets of acquired business is not being amortized since, in the opinion of management, there has been no diminution in the value of the acquired business.

Deferred debt expense is being amortized over the period the related indebtedness is outstanding, using the interest method.

Income Taxes: Payment of income taxes has been partially deferred through deduction of accelerated depreciation and other allowable deductions for tax purposes, and by the differing treatment of finance leases for tax and financial reporting purposes. The Company accounts for investment credit as a reduction of the provisions for income taxes in the year in which the credit arises.

Current Portion of Debt: The Company excludes from the current portion of debt, amounts of equipment obligations due within one year which will be paid from the proceeds of net rentals to be received during the next year from leases extending beyond one year.

The Flying Tiger Corporation and Subsidiaries
Consolidated Statements of Income

For the years ended December 31, 1972 and 1971

	<u>1972</u>	<u>1971</u>
	<u>(expressed in thousands)</u>	
Revenues:		
Common carriage —		
Domestic _____	\$ 48,802	\$ 39,228
International _____	77,610	66,467
Military Airlift Command _____	32,862	34,091
Equipment leasing _____	86,482	60,093
Other _____	11,455	9,671
	<u>257,211</u>	<u>209,550</u>
Costs and Expenses:		
Airline operations _____	193,191	94,357
Leasing operations _____	13,645	10,615
Selling, general, and administrative _____	31,052	21,660
Depreciation and amortization (Note 9) _____	30,729	24,984
Interest, and preferred dividends of subsidiary _____	27,686	23,688
	<u>206,253</u>	<u>175,304</u>
Income Before Income Tax Provision _____	50,958	34,246
Income tax provision (Note 6) _____	21,148	13,868
Net Income _____	<u>\$ 29,810</u>	<u>\$ 20,378</u>
Primary Earnings Per Share (Note 11) _____	<u>\$ 2.54</u>	<u>\$ 1.91</u>
Fully Diluted Earnings Per Share (Note 11) _____	<u>\$ 2.28</u>	<u>\$ 1.65</u>
Supplementary Earnings Per Share Data:		
The Company's \$1.20 Series Cumulative Convertible Preferred Stock was called for redemption on March 1, 1973 and the 5 3/4% Convertible Subordinated Notes were converted into common stock July 26, 1971. Assuming that these securities were converted into common stock at the dates they were originally issued, earnings per share would be as follows:		
Primary Earnings Per Share _____	<u>\$ 2.30</u>	<u>\$ 1.66</u>
Fully Diluted Earnings Per Share _____	<u>\$ 2.28</u>	<u>\$ 1.65</u>

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

For the years ended December 31, 1972 and 1971

	1972	1971
	(expressed in thousands)	
SOURCE OF FUNDS:		
Operations —		
Net income	\$ 29,810	\$ 20,378
Add (deduct) expenses not requiring outlay of working capital		
Depreciation and amortization charged to operations	30,729	24,984
Depreciation and amortization charged to other accounts	2,177	1,525
Deferred income tax provision (Note 6)	17,529	12,602
Other — net	(4,504)	(3,879)
Working capital provided by operations	<u>75,741</u>	<u>55,610</u>
Financing —		
Proceeds from equipment financing and other borrowings	77,365	49,797
Proceeds from common stock issued upon exercise of stock options and warrants	3,120	1,959
	<u>80,485</u>	<u>51,756</u>
Other —		
Collection of long-term and lease receivables	13,702	4,906
Retirement of property and equipment	10,029	1,709
Working capital acquired (Notes 1 and 10)	—	10,831
	<u>23,731</u>	<u>17,446</u>
Funds Provided	<u>179,957</u>	<u>124,812</u>
APPLICATION OF FUNDS:		
Acquisition of businesses (Notes 1 and 10)	—	13,289
Long-term debt —		
Payments on long-term debt	76,030	40,158
Increase in current portion of long-term debt	6,830	3,555
	<u>82,860</u>	<u>43,713</u>
Purchase of property and equipment	112,266	39,035
Other —		
Cash dividends on preferred stock	1,978	2,093
All of the — net	2,899	(2,294)
	<u>4,877</u>	<u>(201)</u>
Funds Applied	<u>200,003</u>	<u>95,836</u>
Net increase (decrease) in working capital (Note 10)	<u>\$ (20,046)</u>	<u>\$ 28,976</u>
OTHER CHANGES IN FINANCIAL POSITION:		
Conversion of 5¾% Convertible Subordinated Notes into common shares	\$ —	\$ 25,000
Issuance of \$1.20 Series Cumulative Convertible Preferred Stock and Warrants (Note 10)	—	35,533
Notes issued in acquisition of business (Note 10)	—	11,000
Conversion of \$1.20 Series Cumulative Convertible Preferred Stock into common shares	281	46

The Flying Tiger Corporation and Subsidiaries
Consolidated Balance Sheets

December 31, 1972 and 1971

Assets	<u>1972</u>	<u>1971</u>
	<i>(expressed in thousands)</i>	
Current Assets:		
Cash and certificates of deposit	\$ 35,550	\$ 45,757
Short term investments, at cost approximating market, and deposits	—	6,942
Receivables, less allowance for doubtful accounts	45,080	35,922
Materials and supplies, principally at average cost	11,354	9,990
Prepaid expenses and other	7,768	3,673
Total current assets	<u>99,752</u>	<u>102,284</u>
Lease Receivables (Note 4):		
Aggregate future rentals, less allowance for doubtful accounts (due within one year — 1972 \$13,071,000 and 1971 \$12,133,000)	99,213	50,858
Estimated residual value of leased equipment	8,134	6,520
	<u>107,347</u>	<u>57,378</u>
Less: Unearned income	46,711	22,888
	<u>60,636</u>	<u>34,490</u>
Property, Plant and Equipment, at cost (Notes 4 and 9):		
Equipment for lease or under lease (Note 3)	605,072	576,439
Equipment used in airline operations	132,267	117,643
Buildings and leasehold improvements	16,148	13,378
Shop and terminal facilities and other equipment	18,760	18,602
	<u>772,247</u>	<u>726,062</u>
Less: Accumulated depreciation and amortization	243,295	230,409
	<u>528,952</u>	<u>495,653</u>
Other Assets:		
Cost in excess of fair value of net assets of acquired business (Notes 1 and 8)	16,167	16,189
Long-term receivables (Note 3)	5,782	6,682
Unamortized debt expense and other assets	4,615	2,802
	<u>26,564</u>	<u>25,673</u>
	<u>\$715,904</u>	<u>\$658,100</u>

Liabilities and Stockholders' Equity

	1972	1971
	(expressed in thousands)	
Current Liabilities:		
Current portion of senior and subordinated debt (Note 4)	\$ 27,447	\$ 20,407
Accounts payable and accrued liabilities	36,408	27,974
Accrued income taxes	2,429	389
Total current liabilities	<u>66,284</u>	<u>48,770</u>
Senior Debt (Note 4):		
Equipment obligations	308,884	290,149
Notes and lease contracts payable to banks and others	52,460	76,773
	<u>361,344</u>	<u>366,922</u>
Subordinated Debt (Note 4)	31,739	32,594
Deferred Credits:		
Deferred income taxes (Note 6)	74,180	59,878
Other	7,153	5,645
	<u>81,333</u>	<u>65,523</u>
Commitments (Note 2)		
Stockholders' Equity (Note 3):		
Minority Stockholders' Equity —		
North American Car Corporation \$3 Cumulative Preferred Stock, \$50 stated value —		
Authorized — 600,000 shares		
Outstanding — 117,347 shares (1972) and 192,356 shares (1971)	8,867	9,618
The Flying Tiger Corporation Stockholders' Equity —		
Preferred Stock, \$1 par value —		
Authorized — 3,000,000 shares		
Outstanding — 1,488,035 shares (1972) and 1,730,986 shares (1971)		
\$1.20 series cumulative convertible preferred (Notes 1 and 8)	1,488	1,731
Common Stock, \$1 par value —		
Authorized — 15,000,000 shares		
Outstanding — 10,017,200 shares (1972) and 6,006,835 shares (1971)	10,017	6,007
Additional paid-in capital	103,431	90,404
Retained earnings (Note 4)	51,401	36,531
	<u>166,337</u>	<u>134,673</u>
	<u>\$715,904</u>	<u>\$658,100</u>

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

For the years ended December 31, 1972 and 1971

	1972				1971	
	\$1 Par \$1.20 Series Cumulative Convertible Preferred Stock	\$1 Par Common Stock	Additional Paid-in Capital	Retained Earnings	Total	Total
Balance, beginning of year	\$ 1,731	\$ 6,007	\$ 90,404	\$ 36,531	\$134,673	\$ 53,811
Add—						
Net income	—	—	—	29,810	29,810	20,378
Issuance of shares under stock options including related tax benefits	—	273	3,559	—	3,832	1,959
Five percent stock dividend	—	452	12,510	—	12,962	10,003
Issuance of \$1.20 Series Cumulative Convertible Preferred Stock and Warrants	—	—	—	—	—	35,533
Conversion of \$1.20 Series Cumulative Convertible Preferred Stock into common shares (Notes 1 and 8)	—	281	—	—	281	46
Conversion of 5 1/4% Convertible Subordinated Notes into common shares	—	—	—	—	—	25,085
	—	1,006	16,069	29,810	46,885	93,004
Deduct—						
Dividends on \$1.20 Series Cumulative Convertible Preferred Stock	—	—	—	1,978	1,978	2,093
Fair value of five percent stock dividend	—	—	—	12,962	12,962	10,003
Conversion of \$1.20 Series Cumulative Convertible Preferred Stock into common shares (Notes 1 and 8)	243	—	38	—	281	46
	243	—	38	14,940	15,221	12,142
Transfer to stated capital in connection with the three for two stock distribution effected as a stock dividend	—	3,004	(3,004)	—	—	—
Balance, end of year (Notes 4 and 8)	\$ 1,488	\$ 10,017	\$103,431	\$ 51,401	\$166,337	\$134,673

The summary of significant accounting policies and the accompanying notes are an integral part of these statements.

The Flying Tiger Corporation & Subsidiaries
Notes to Financial Statements

(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.

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 1,028,342 shares of common stock, each Warrant entitling the holder to purchase one share of common stock for \$17.85. Each share of preferred stock was convertible at the option of the holder into 1.2155 shares of Flying Tiger common stock. During December 1972 the Company called for redemption of the preferred stock at the redemption price of \$22.50 per share and fixed March 1, 1973 as the date for redemption. Prior to this date substantially all of the preferred stock was converted into Flying Tiger common shares. 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 in March 1973, issuable in April 1973, the five percent stock dividends issued in April 1972 and May 1971, and the three for two stock distribution issued in February 1972. Such data for the warrants also reflect the issuance of additional warrants, concurrently with the issuance of the 1973 five percent stock dividend, to adjust the conversion ratio to one, from 1.05, common share for each warrant.

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.

Unaudited pro forma results of operations for 1971 giving effect to the acquisition of North American and National Equipment as of January 1, 1971, are as follows:

	1971
Revenues	\$231,505,000
Net income	20,444,000
Primary earnings per share	\$1.91
Fully diluted earnings per share	\$1.66

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, 1971.

Notes to Financial Statements (Continued)

(2) *Lease and Purchase Commitments:* At December 31, 1972, 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 five years subsequent to December 31, 1972 and the minimum remaining lease periods:

Annual Rental	Aircraft and Engines	Car Equipment	Facilities and Other Equipment
1973	\$ 12,398,000	\$ 1,312,000	\$ 2,372,000
1974	11,629,000	1,312,000	2,266,000
1975	11,629,000	1,372,000	2,049,000
1976	11,629,000	1,372,000	1,990,000
1977	11,181,000	1,372,000	1,799,000
Aggregate Rental (Including Rentals for 1973-1977)	<u>\$127,899,000</u>	<u>\$ 24,639,000</u>	<u>\$ 28,402,000</u>
Remaining Lease Period (Years)	<u>1-13</u>	<u>12-20</u>	<u>1-26</u>

At December 31, 1972, the Company had purchase commitments of \$46,000,000 for materials, car equipment, aircraft and other equipment for lease, to be delivered in 1973 and 1974 and had construction contracts for new airline facilities aggregating \$7,793,000.

(3) *Disposition of Aircraft:* The Company has eight CL-44 aircraft and a partial interest in an expanded fuselage CL-44 aircraft which are either under lease or have been sold on a deferred payment basis to a single overseas airline. These arrangements extend through 1978 and are renewable thereafter. The disposition of these aircraft is being recorded under the cost recovery method and the balances at December 31, 1972 and 1971 were as follows:

	1972	1971
Aircraft and equipment under lease	\$11,846,000	\$12,332,000
Sale of aircraft on deferred payment contract and other receivables	4,297,000	4,249,000
	<u>\$16,143,000</u>	<u>\$16,581,000</u>

During 1972 the Company recorded \$68,000 in additional costs related to the lease and received cash payments of \$506,000 from the lessee airline.

The financial condition of the lessee is such that recovery of a substantial portion of these amounts is dependent upon success of future operations of the lessee. In management's opinion, the lessee's operations or other disposition of the aircraft will be adequate to provide recovery of remaining costs.

(4) Long-term Debt: The outstanding balance of equipment obligations and other debt at December 31, 1972 and 1971, consisted of the following:

	<i>December 31</i>	
	<u>1972</u>	<u>1971</u>
<i>Senior Debt:</i>		
<i>The Flying Tiger Corporation —</i>		
Variable rate (¾% over prime) unsecured notes payable to banks, due in quarterly installments 1973 to 1977	\$ 7,310,000	\$ 8,600,000
<i>Subsidiaries —</i>		
<i>Equipment and facilities obligations:</i>		
4.4% to 10.5% equipment obligations maturing serially 1973 to 1992 (average rate 6.7%)	253,637,000	213,477,000
6% to 8% equipment trust certificates due 1973 to 1981	38,242,000	66,467,000
Variable rate (½% and ¾% over prime), 6% and 6¾% equipment obligations due 1973 to 1979	21,112,000	27,292,000
7% note, secured by facilities, due 1973 to 1988	3,489,000	3,612,000
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 1973 to 1980 (average rate 8.1%)	64,998,000	68,518,000
Less:	388,788,000	387,966,000
Principal amount of equipment trust certificates held in treasury	1,447,000	1,787,000
Current portion*	25,997,000	19,257,000
	<u>\$361,344,000</u>	<u>\$366,922,000</u>
<i>Subordinated Debt:</i>		
<i>Subsidiaries —</i>		
5½% Subordinated Sinking Fund Notes, payable in equal installments to 1984	\$ 13,800,000	\$ 14,950,000
5¼% Convertible Subordinated Debentures due 1988	6,637,000	25,000,000
6¾% Senior Subordinated Note due 1982	3,000,000	3,000,000
9¼% Subordinated Debentures due 1992	12,285,000	—
	<u>35,722,000</u>	<u>42,950,000</u>
Less:		
Current portion	1,450,000	1,150,000
Imputed discount	2,533,000	9,206,000
	<u>\$ 31,739,000</u>	<u>\$ 32,594,000</u>

*Exclusive of \$23,923,000 and \$28,354,000 in 1972 and 1971, respectively, 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.

Notes to Financial Statements (Continued)

The maturities and required payments of long-term debt for the five years subsequent to December 31, 1972, are as follows:

1973	\$51,370,000
1974	81,888,000*
1975	33,659,000
1976	29,932,000
1977	<u>27,470,000</u>

*Includes \$41,174,000 of Interim financing which is expected to be repaid out of the proceeds of the sale of long-term equipment obligations.

The unsecured notes payable to banks of The Flying Tiger Corporation are outstanding under a term loan agreement which includes provisions limiting other borrowings and the payment of cash dividends on common shares. At December 31, 1972, \$5,474,000 of retained earnings were free of such limitations.

The equipment trust agreements and other debt agreements of subsidiaries contain 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 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 (American Export Industries, Inc.), National Equipment agreed that upon conversion of any debentures prior to their maturity, National Equipment would, 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.

At December 31, 1972, \$18,363,000 of the 5¼% Convertible Subordinated Debentures had been exchanged for \$12,285,000 of North American 9¼% Subordinated Debentures (due 1992), plus accrued interest to the date of exchange, pursuant to an offer made during 1972. This offer expired on January 15, 1973, at which time \$20,196,000 of the 5¼% Convertible Subordinated Debentures had been exchanged for \$13,511,000 of North American 9¼% Subordinated Debentures. Exchanging holders received \$670 principal amount of North American 9¼% Debentures and a warrant to purchase 17.25 shares of American Export Industries, Inc. for \$57.97 per share, for each \$1,000 principal amount of the National Equipment 5¼% Debentures tendered.

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) Translation of Items in Foreign Currencies: Conversion gains or losses included in income for the years ended December 31, 1972 and 1971, were not material. Gains or losses resulting from the devaluation of the United States dollar on February 13, 1973 were also not material and will be included in income during 1973.

(6) *Income Taxes:* The provisions for income taxes for 1972 and 1971 are as follows:

	1972	1971
Current income taxes	\$ 3,619,000	\$ 1,266,000
Deferred income taxes	17,529,000	12,602,000
Income tax provision	<u>\$ 21,148,000</u>	<u>\$ 13,868,000</u>

Investment credits deducted from the provision for income taxes were \$4,378,000 and \$3,399,000 for the years ended December 31, 1972 and 1971, respectively.

The Company has approximately \$23,552,000 of investment credit carry-forward for tax purposes as of December 31, 1972. Through December 31, 1972, all of the investment credit carry-forward has been applied as a reduction of deferred income tax provisions.

The investment credits expire for tax purposes as follows:

Year of Expiration	Investment Credit
1974	\$ 916,000
1975	546,000
1976	1,456,000
1977	2,650,000
1978	9,810,000
1979	6,836,000
1980	<u>1,338,000</u>

(7) *Pension Plans:* The Company maintains pension plans for substantially all employees. The total costs of the Company's pension plans for the years ended 1972 and 1971 were \$3,386,000 and \$2,634,000, respectively, which includes as to certain of the plans, amortization of unfunded liability for past service benefits. During 1972, the Company increased the benefits, modified the eligibility requirements, and revised actuarial assumptions under certain plans. These changes increased the cost for 1972 and the amount by which vested benefits exceeded pension funds. At December 31, 1972, the actuarially computed value of vested benefits exceeded pension funds by approximately \$1,266,000.

(8) *Minority Interest and Capital Stock:* The terms of North American's \$3 Cumulative Preferred Stock require annual retirement of 8,000 shares. 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 has purchased 14,653 shares of preferred stock on the open market at an average price of \$41.17 per share. Such reacquired shares will be applied against required future retirements. 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, 1972, there were 358,824 shares of common stock reserved for issuance under the Company's Qualified Stock Option Plans. At

Notes to Financial Statements (Continued)

December 31, 1972 options for the purchase of 321,590 shares were outstanding, with an aggregate purchase price of \$5,778,000 granted to officers and key employees at prices ranging from \$11.45 to \$34.64 per share (exercisable 1973-1977).

During 1971 the stockholders approved a Qualified Employee Stock Purchase Plan for which the Company has reserved 413,267 common shares. Under the plan employees were offered common stock at \$24.10 per share. At December 31, 1972, the Company had received subscriptions for 75,350 shares.

During December 1972, the Company called for redemption the \$1.20 series Cumulative Convertible preferred stock at the redemption price of \$22.50 per share and fixed March 1, 1973 as the date for redemption. Prior to this date, substantially all of the preferred stock was converted into Flying Tiger common shares. At December 31, 1972, the Company had reserved 1,808,676 shares of common stock for this conversion which was effected by issuing 1.2155 shares of common stock for each share of preferred which was converted.

At December 31, 1972, the Company had 1,063,959 Warrants outstanding, expiring December 31, 1975, to purchase 1,063,959 common shares. Each Warrant entitles the holder to purchase one share of common stock for \$17.85.

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 in March 1973, issuable in April 1973, the five percent stock dividends issued in May 1971 and April 1972 and the three for two stock distribution issued in February 1972. Such data for the warrants also reflect the issuance of additional warrants, concurrently with the issuance of the 1973 five percent stock dividend, to adjust the conversion ratio to one, from 1.05, common share for each warrant.

(9) Depreciation: The Company used the following service lives and salvage values in depreciating its fixed assets:

	Service Life (Years)	Salvage Value
Equipment for lease or under lease —		
Car equipment	25 to 30	2%
Computers and related equipment	8.5	15%
Aircraft	10 to 12	0-15%
Equipment used in airline operations —		
Aircraft and engines	10 to 14	15%
Other	3 to 14	—
Buildings and shop properties (average 15 years)	3 to 50	—

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 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 1976 and 1977.

The major classes of property and equipment and related reserves as of December 31, 1972 were as follows:

	Original Cost	Accumulated Depreciation and Amortization	Net
Equipment for lease or under lease			
Car equipment.....	\$447,366,000	\$114,496,000	\$332,870,000
Aircraft on cost recovery basis.....	42,535,000	30,689,000	11,846,000
Other.....	115,171,000	52,378,000	62,793,000
Equipment used in airline operations.....	132,267,000	33,903,000	98,364,000
Building and leasehold improvements.....	16,148,000	3,924,000	12,224,000
Shop and terminal facilities and other equipment.....	18,760,000	7,905,000	10,855,000
	<u>\$772,247,000</u>	<u>\$243,295,000</u>	<u>\$528,952,000</u>

(10) Changes in Working Capital and Businesses Acquired: The net changes in the components of Working Capital for the years ended December 31, 1972 and 1971 were as follows:

	Increase (Decrease) in Working Capital	
	1972	1971
Cash and short term investments.....	\$ (17,149,000)	\$ 39,192,000
Receivables.....	9,158,000	12,896,000
Materials and supplies.....	1,364,000	8,173,000
Prepaid expenses and other.....	4,095,000	(119,000)
Current portion of senior and subordinated debt.....	(7,040,000)	(16,759,000)
Accounts payable and accrued liabilities.....	(10,474,000)	(14,407,000)
Net increase (decrease) in working capital.....	(20,046,000)	28,976,000
Working capital at beginning of year.....	53,514,000	24,538,000
Working capital at end of year.....	<u>\$ 33,468,000</u>	<u>\$ 53,514,000</u>

The major categories of assets acquired and obligations assumed in the purchase of North American and National Equipment in 1971, 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>

(1) *Earnings Per Share:* Primary earnings per share have been computed based upon the weighted average number of the Company's common and common equivalent shares outstanding adjusted for the five percent stock dividend declared in March 1973, issuable in April 1973, the five percent stock dividends issued in May 1971 and April 1972 and the three-for-two stock distribution issued in February 1972, after deducting preferred dividend requirements from net income. The common equivalent shares are the shares issuable under outstanding stock options, warrants and stock subscriptions (where dilutive) less those shares the Company could have purchased with the proceeds from the exercise of these options, warrants and subscriptions.

Fully diluted earnings per share have been computed in the same manner (except that common equivalent shares attributable to the assumed exercise of outstanding stock options, warrants and subscriptions have been determined during the period, using the average market price or ending market price, whichever would yield the greater dilution), giving retroactive effect to the assumed conversion of the Company's 5¾% Convertible Subordinated Notes for the period prior to the actual conversion date of July 26, 1971 and 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.

Supplementary primary and fully diluted earnings per share data have been computed in the same manner, assuming however, that the \$1.20 Series Cumulative Convertible Preferred Stock, called for redemption on March 1, 1973, and the 5¾% Convertible Subordinated Notes, converted into common shares July 26, 1971, were converted into common shares at the dates they were originally issued.

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, 1972 and 1971, 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, 1972 and 1971, 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.

Los Angeles, California,
March 7, 1973.

ARTHUR ANDERSEN & CO.

The Flying Tiger Corporation & Subsidiaries
Review — 1968-1972

	1972	1971	1970	1969	1968
	(expressed in thousands)				
<i>Consolidated Income Statement*</i>					
Revenues	\$257,211	\$209,550	\$125,511	\$ 98,321	\$ 78,483
Costs and expenses	206,253	175,304	108,718	92,409	83,111
Income (loss) before income tax provision and extraordinary items	50,958	34,246	16,793	5,912	(4,628)
Income tax provision	21,148	13,868	6,322	1,601	(2,226)
	29,810	20,378	10,471	4,311	(2,402)
Extraordinary items	—	—	57	—	(4,249)
Net Income (Loss)	\$ 29,810	\$ 20,378	\$ 10,528	\$ 4,311	\$ (6,651)
<i>Fully Diluted Earnings Per Share:**</i>					
Income (loss) before extraordinary items	\$ 2.28	\$ 1.65	\$ 1.15	\$.52	\$ (.29)
Extraordinary items	—	—	.01	—	(.51)
Net Income (Loss)	\$ 2.28	\$ 1.65	\$ 1.16	\$.52	\$ (.80)
<i>Other Financial Information***</i>					
Shares outstanding at end of year:					
Preferred	1,488,035	1,730,986	—	—	—
Common	10,518,060	9,933,803	8,320,609	8,286,054	8,278,760
Stockholders' equity	\$166,337	\$134,673	\$ 53,811	\$ 42,903	\$ 38,966
Book value per common share	\$ 13.49	\$ 11.19	\$ 6.47	\$ 5.18	\$ 4.71
<i>Scheduled Cargo Statistics:</i>					
Domestic					
Revenue ton miles (000)	289,343	247,254	213,062	174,353	166,041
Load factor	58.6%	55.0%	56.5%	56.3%	63.1%
Revenue per ton mile	16.9¢	15.9¢	14.3¢	12.9¢	12.9¢
International					
Revenue ton miles (000)	411,858	323,454	290,126	78,630	—
Load factor	68.9%	64.6%	64.6%	56.7%	—
Revenue per ton mile	17.7¢	17.5¢	17.3¢	16.7¢	—

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

**Supplementary Earnings Per Share: Assuming conversion of convertible securities at the beginning of the periods presented, supplementary earnings per share would have been the same as the Fully Diluted Earnings Per Share for 1968-1972.

***Common shares have been adjusted for the three for two stock distribution in 1972, the five percent stock dividends issued in 1970, 1971 and 1972 and the five percent stock dividend declared in March 1973, issuable in April 1973.

	1972	1971	1970	1969	1968
	(expressed in thousands)				
<i>Other Financial Information*</i>					
<i>Property, Plant and Equipment — at cost</i>					
The Flying Tiger Line Inc. _____	\$193,116	\$174,796	\$173,935	\$175,697	\$167,600
North American Car Corporation & Subsidiaries _____	579,131	551,266	398,843	367,719	346,872
<i>Long-term Debt**</i>					
The Flying Tiger Line Inc. _____	\$ 74,747	\$101,672	\$116,379	\$119,977	\$104,180
North American Car Corporation & Subsidiaries _____	339,246	315,534	217,744	203,911	198,941
<i>Acquisition of Aircraft, Leasing Equipment & Other</i>					
The Flying Tiger Line Inc. _____	\$ 18,161	\$ 2,324	\$ 11,904	\$ 31,478	\$ 84,499
North American Car Corporation & Subsidiaries*** _____	94,105	36,711	35,774	32,295	31,891
<i>Depreciation and Amortization Expense</i>					
The Flying Tiger Line Inc. _____	\$ 8,112	\$ 7,896	\$ 7,780	\$ 8,008	\$ 6,572
North American Car Corporation & Subsidiaries _____	22,617	17,088	14,876	14,156	13,177
<i>Interest Expense**</i>					
The Flying Tiger Line Inc. _____	\$ 4,524	\$ 6,576	\$ 7,875	\$ 8,676	\$ 3,087
North American Car Corporation & Subsidiaries _____	22,383	15,944	13,704	12,384	10,563
<i>Revenues**</i>					
The Flying Tiger Line Inc. _____	\$164,354	\$144,247	\$123,372	\$ 96,893	\$ 76,699
North American Car Corporation & Subsidiaries _____	92,100	64,403	51,961	50,034	46,663
<i>Number of Employees</i>					
The Flying Tiger Line Inc. _____	3,195	3,058	2,781	2,241	2,475
North American Car Corporation & Subsidiaries _____	887	787	637	640	590

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

**Consolidating entries have not been made.

***Includes finance leasing of rolling stock and acquisition of aircraft not included in the North American capital budget.

Directors

Wayne M. Hoffman
Chairman of the Board

Robert W. Prescott
President

Laurence C. Craigie
Lockheed Aircraft Corporation
Burbank, California

I. Howard Edgerton
Chairman of the Board • California Federal
Savings & Loan Assn.
Los Angeles, California

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

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

Charles Luckman
Chairman of the Board & Chief Executive Officer,
Ogden Development Corporation
Los Angeles, California

William E. McKenna
Chairman of the Board • Technicolor Inc.
Hollywood, California

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

Houston Rehrig
Rehrig-Pacific Company
Los Angeles, California

Officers

Wayne M. Hoffman
Chairman of the Board

Robert W. Prescott
President

David J. Barish
Treasurer

Rolf Bodenbunrg
Secretary

Wayne E. Partridge
General Counsel

Rosanne P. O'Brien
Assistant Secretary

Stuart M. Warren
Assistant Secretary

Annual Stockholders' Meeting

Date May 18, 1973

Time: 2 p.m.

Place: Corporate Headquarters

7401 World Way West

International Airport, Los Angeles, California 90009

Common Stock

Transfer Agents

The Chase Manhattan Bank N.A.
1 Chase Manhattan 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
90 Washington Street, New York, N. Y. 10015
Union Bank

742 South Hill Street, Los Angeles, California 90054

Stock Exchanges

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

Warrants

Warrant Agent

The Chase Manhattan Bank N.A.
1 Chase Manhattan 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

Notice to Stockholders

The following notice to stockholders is published in accordance with Section 245.16 of Subpart B of Part 245 of the Economic Regulations of the Civil Aeronautics Board (the Board); section references in the prescribed notice are to sections of such regulations:

(1) Any person who either owned, as of December 31, 1972, or subsequently acquired, beneficially or as a trustee, more than 5 per centum, in the aggregate, of any class of the capital stock of The Flying Tiger Corporation (i.e., The Flying Tiger Corporation's Common Stock, \$1 Par Value or \$1.20 Series Cumulative Convertible Preferred Stock) shall file with the Board a report containing the information required by Section 245.12, on or before April 1, 1973, as to the capital stock owned as of December 31 of the preceding year, and, in the case of stock subsequently acquired, a report under Section 245.13, within 10 days after such acquisition, unless such person has otherwise filed with the Board a report covering such acquisition or ownership; (2) any bank or broker covered by (1) above, to the extent that it holds shares as trustee on the last day of any quarter of a calendar year, shall file with the Board, within 30 days after the end of the quarter, a report in accordance with the provisions of Section 245.14; and (3) any person required to report under this subpart who grants a security interest in more than 5 percent of any class of the capital stock of The Flying Tiger Corporation shall within 30 days after granting such security interest file with the Board a report containing the information required in Section 245.15.

Any shareholder who believes that he may be required to file such a report may obtain further information by writing to the Director, Bureau of Operating Rights, Civil Aeronautics Board, Washington, D. C. 20428.