

**annual
report**

FOR THE YEAR
ENDED JUNE 30

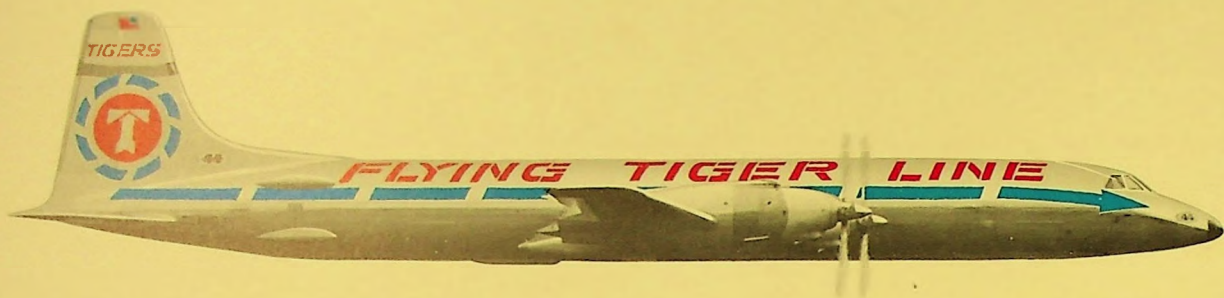
1961

TIGERS



44

THE FLYING TIGER LINE INC.



1961 IN BRIEF

for the fiscal year ended June 30

	1961	1960
Operating Revenues	\$27,965,491	\$25,987,014
Operating Expenses	\$26,913,826	\$26,774,763
Operating Income (Loss)	\$ 1,051,665	\$ (787,749)
Interest Expense	\$ 674,858	\$ 922,362
Net Income (Loss) After Interest and Income Taxes ..	\$ 169,212	\$ (1,172,477)
Special Item	\$ 100,510	\$ 173,809
Net Income (Loss) and Special Item	\$ 269,722	\$ (998,668)
Per Common Share Outstanding (Average for Year)	\$.15	\$ (.74)
Investment in Property and Equipment (Gross)	\$42,790,014	\$31,604,018
Long-Term Debt	\$31,926,893	\$15,271,448
Stockholders' Equity at Book Value	\$15,231,975	\$14,949,439
Per Common Share	\$ 10.01	\$ 9.87
Total Assets	\$60,824,311	\$38,526,418
Working Capital (Deficit)	\$ (1,499,265)	\$ 1,107,448



THE **FLYING TIGER LINE** INC.

OFFICE OF
THE PRESIDENT

August 24, 1961

TO OUR STOCKHOLDERS:

This report sets forth the results of operations for our 16th year of doing business. It also contains a statement of condition as of June 30, 1961.

The net income and special item for the year was \$269,722 compared to a loss of \$998,668 for the previous year. The principal reason for this improvement was a change in the procurement policies of the Military insofar as air transportation is concerned, and rate stabilization policies on military contracts instituted by the Civil Aeronautics Board.

Prior to October 1, 1960, all contracts for air transportation for the Military were let on an open bid basis and operators of any and all aircraft capable of trans-oceanic flight were eligible to bid.

Effective October 1, 1960, the Civil Aeronautics Board established minimums for passenger and freight transportation so that the rates are now compensatory.

At the same time, the Military instituted a procurement policy wherein only those aircraft enrolled in the Civilian Reserve Air Fleet (CRAP) were eligible to fly military traffic. Also, those carriers who are modernizing their fleets to the ultimate benefit of our national defense needs receive preferential treatment. The purpose of this, of course, is to encourage the industry to build up modern, standby transport reserves for emergency use.

Of the types desired by the Military, the turbine-powered convertible aircraft (suitable for passenger or freight) is number one on the list. This, of course, fits our pattern exactly with our new CL-44D fleet, described for you elsewhere in this report.

Since 51% of our total transport business this year was military contract work, these changes described have a very decided effect on our operating results.

Our revenue from commercial freight operations declined during this year. Principal reasons for this decline were, (1) general business decline, (2) the national strike of the flight engineers which involved our company, and (3) increased all-cargo competition from the combination carriers.

Our great hope in this phase of our business lies in the introduction of the CL-44D fleet. Since these aircraft will operate at almost half the ton-mile cost of our previous fleet, we will be able to make drastic cuts in our tariff which will enable us to penetrate enormously larger markets at a profit.

There has been in existence since 1948 a Minimum Rate Order issued by the Civil Aeronautics Board. It is necessary that this be removed before our new rate structure can be put into effect. All procedural steps have been completed toward this end, and we expect action from the Civil Aeronautics Board momentarily.

On June 1 of this year we received delivery of the first CL-44D aircraft. Our original delivery schedule was to begin in January 1961, but technical difficulties delayed the delivery. We now have five of the ten aircraft ordered. We are presently engaged in crew training and have commenced operations on the Pacific for the Military Air Transport Service. We are pleased to state that thus far we have encountered no major difficulties in the operation of the new aircraft. The speed and performance have checked out satisfactorily. We see no reason why the aircraft will not operate at the costs that we had projected.

We had an application for an all-cargo route over the Pacific. President Eisenhower on his last day in office rejected all applicants in the Pacific Route Case. We have applied to the Civil Aeronautics Board for reconsideration but so far have not been successful.

We are also awaiting decision on our application for a permanent certificate on our domestic route. A decision by the Civil Aeronautics Board on this matter can be expected any time.

Barring some unforeseeable circumstances that might arise, we have reason to be optimistic about the short-term as well as the long-term prospects for the Company.

We wish to express our thanks to our customers, stockholders and employees for their continued loyalty.

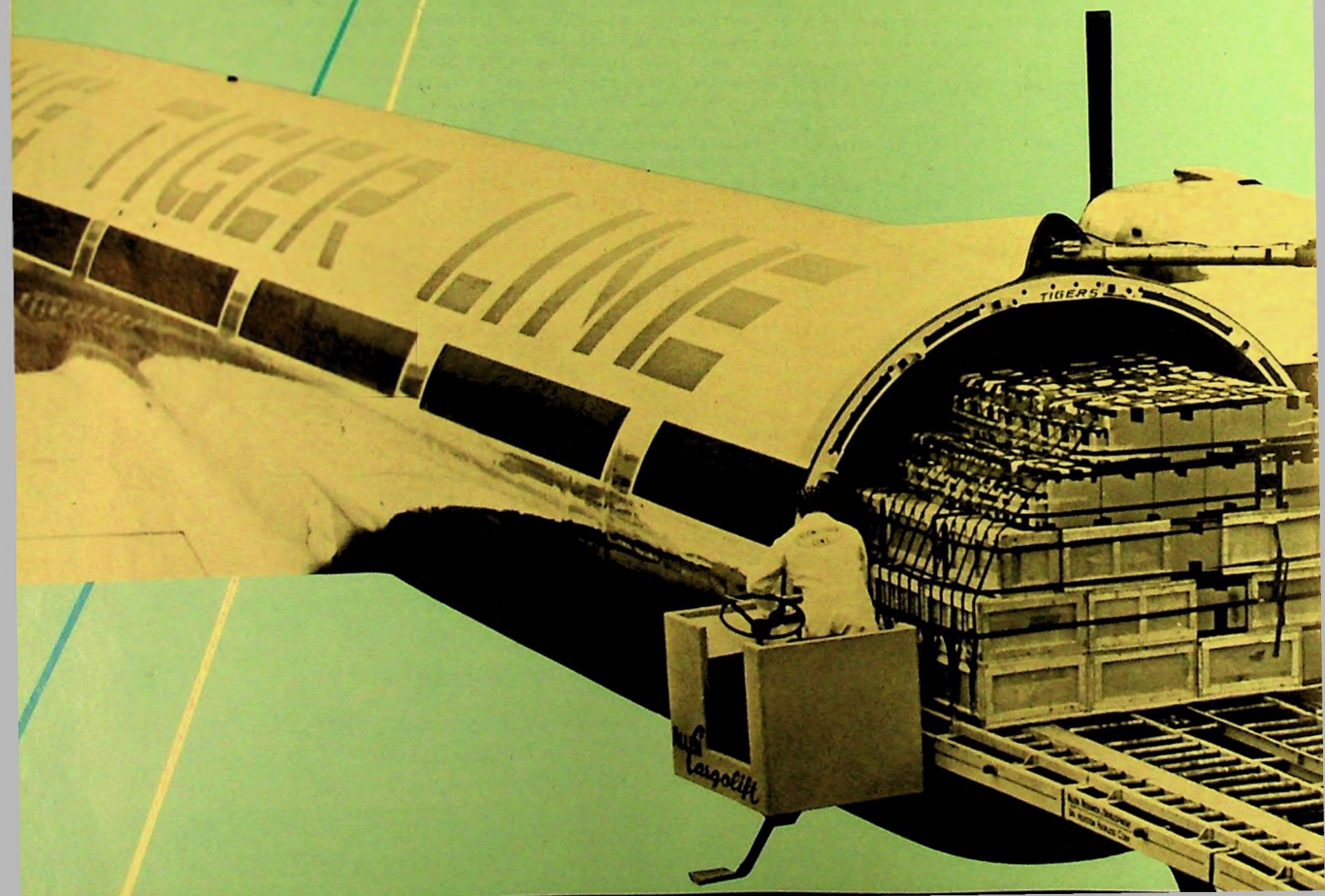
Robert W. Prescott,

President

AIR CARGO ENTERS THE JET AGE

During the autumn of 1961, the Company will integrate the new turbo-prop CL-44D aircraft into its domestic airfreight system. With the introduction of this new aircraft, the air cargo industry of the United States will enter into a new and dynamic era. For the first time in the short history of air cargo, an uncompromised aircraft designed for air cargo only, capable of competing with surface transportation rates, will enter into the services of an airline.

The CL-44D turbo-prop aircraft reduces the direct operating costs 40% below the presently incurred costs of the Company's equipment. The innovation of the swingtail facilitates economical and expeditious loading and unloading, reducing time on the ground and thereby increasing the utilization of the equipment substantially. The CL-44D aircraft has a mechanized loading and unloading system which permits pre-palletiz-

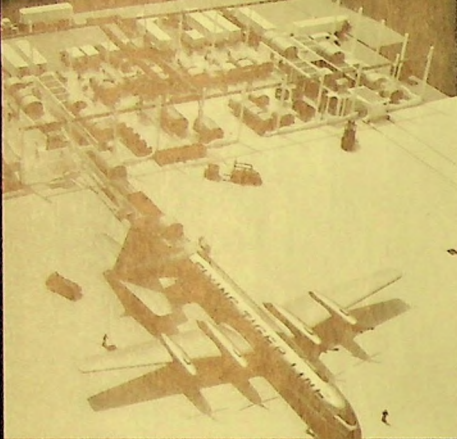


ing of the freight thereby reducing indirect costs due to more economical utilization of personnel.

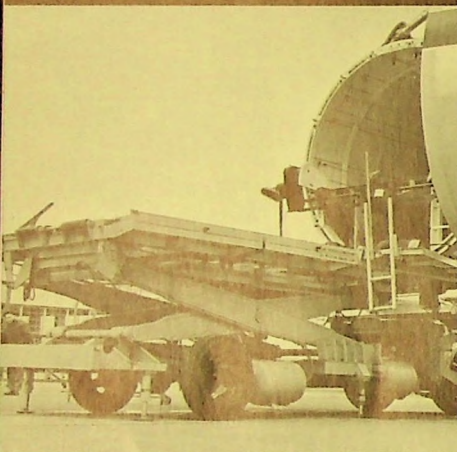
The Company is again pioneering in the air cargo industry by introducing the first jet aircraft into airfreight service, thereby reducing the present airfreight rates to be competitive with surface transportation rates which is essential to the development of a large volume airfreight industry.

The CL-44D aircraft have a payload capacity of 65,000 pounds and are 100 miles an hour faster than the present largest commercial airfreighter in service. Increased speed is not the most important factor in the development of an airfreight industry except as such increase in speed relates to the reduction in per mile costs. The CL-44D turbo-prop aircraft not only has a 35% increase in speed but also reduces the cost of producing the best airfreight service available by 40%.

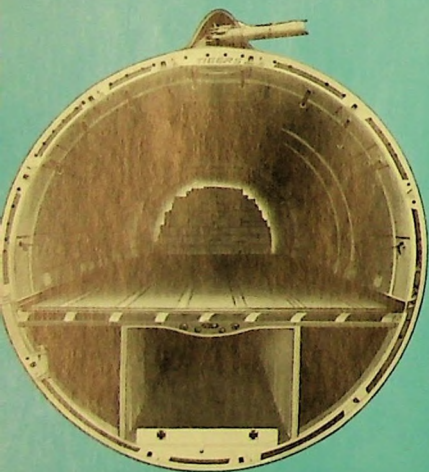




Model of new automated terminal to be completed soon at O'Hare Field, Chicago.



With automatic loader, CL-44D will have a ground turn-around time of 53 minutes.



Main cargo hold. CL-44D carries 44% more cargo than any other airfreighter.

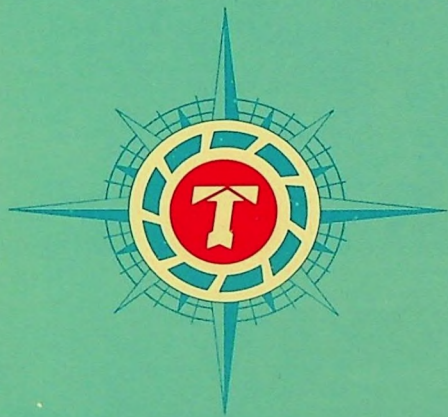
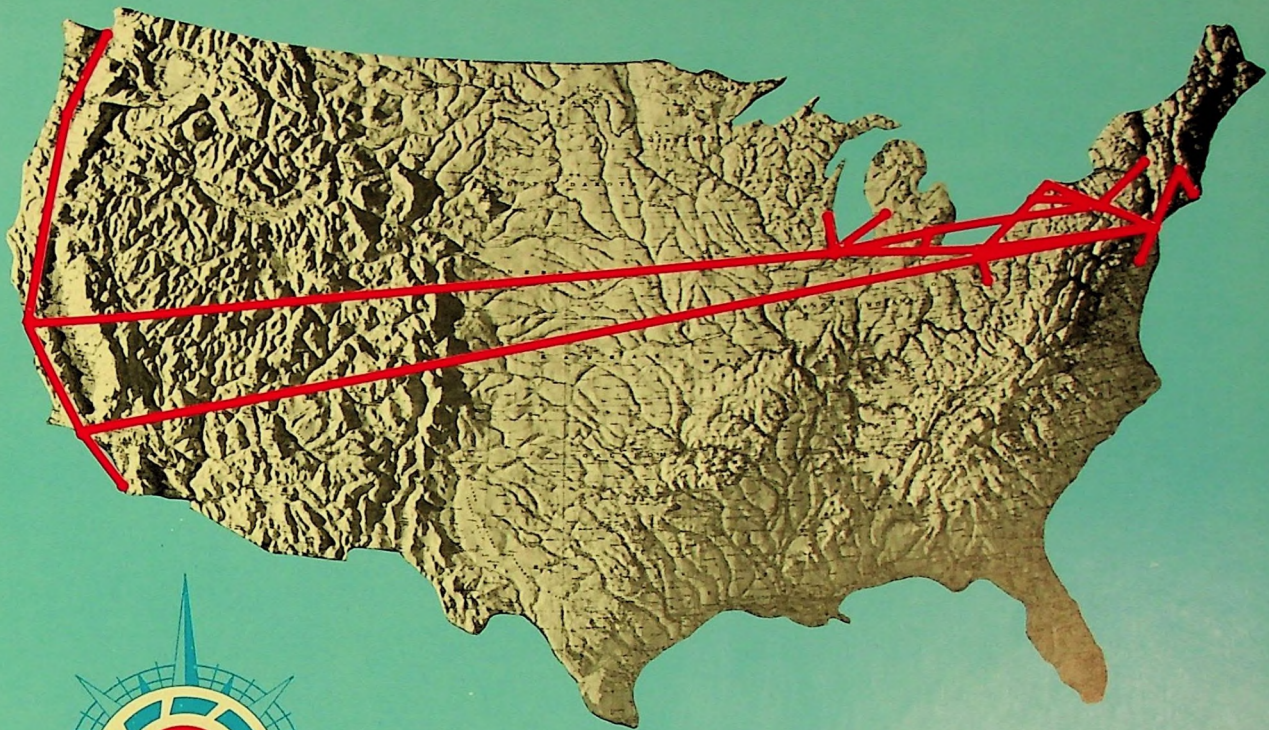
THE NEW ERA OF AIR CARGO

Although the Company's volume of airfreight, as well as the total volume of domestic airfreight, has steadily increased each year since 1946, the airfreight industry's growth has been plagued by the volume versus rates riddle. This cycle requires lower rates in order to secure greater volume, and in order to secure lower rates it is imperative that the air carriers have lower operating costs.

The Company is now on the threshold of solving this problem through the introduction of the new CL-44D turbo-prop aircraft into its domestic airfreight system. By November 1961 the deliveries of the CL-44D aircraft will be completed and the Company will have adequate numbers of CL-44D turbo-prop aircraft to operate its complete domestic airfreight route with the new aircraft.

The CL-44D aircraft manufactured by Canadair Ltd. and powered by Rolls-Royce Tyne turbo-prop engines, is the first aircraft that has been designed and manufactured for the airfreight industry. Its economies of operation and reduction in loading and unloading costs through the swingtail of the aircraft, reduces the operating cost per ton mile in excess of 40% under the present costs of the conventional piston-type aircraft. With this reduction in the operating costs, the Company can break the volume versus rates riddle by reducing the present airfreight rates substantially in order to attract the additional volume.

Two years ago the Company embarked upon an extensive research program and development analysis of the airfreight market in the United States. The purpose of this program was to, (1) determine the source of the new volume of traffic for the CL-44D aircraft, (2) analyze the pricing structure of such potential traffic, and (3) examine the overall shift of surface and air transportation. As a result of this research program, the Company has now completed a new and comprehensive tariff which will become effective as soon as the Company places its new fleet of CL-44D aircraft into its domestic airfreight system, and the Civil Aeronautics Board eliminates the minimum rate floors applicable to airfreight which were established in 1948. The new tariff contains rates for certain commodities that are competitive to surface rates, and it is the Company's belief that the additional volume of airfreight necessary for the CL-44D operation will be diverted from surface transportation.



THE FLYING TIGER LINE INC.

— FLYING TIGER AIRFREIGHT ROUTE # 100

Since its inception, airfreight has been classified and identified primarily with shipments of an emergency nature because of the rate level applicable to airfreight compared with surface rates. With the introduction of the new CL-44D aircraft and the new tariff late this year, the old era of "air express" will be abandoned and a new area of a true "air freight" service with surface rates will be inaugurated. There are many advantages of transporting goods by air besides the speed factor. Elimination of warehousing, reduction in packing cost, faster turnover of inventory and cash are but a few examples of the important advantages of transporting goods by air rather than surface. Consequently, the new airfreight rates do not have to be identical to the present surface rates and still be competitive. Our research has determined that the advantages of air transportation far outweigh a 25-30%

differential in air versus surface rates. For the first time in the history of airfreight it has been possible to substantially reduce rates due to the utilization of a superior airfreight aircraft rather than an increase in volume, and consequently the Company expects a substantial increase in the volume of airfreight carried with the CL-44D aircraft.

Although during the last few months of fiscal year 1961 the airfreight volume reflected the normal increases that the Company has experienced during the past several years, the upturn in volume was not sufficient to offset the drop in airfreight revenue during the earlier months of the fiscal year, such decreases being attributed to a strike of the Company's flight engineers during February 1961, and the general recession of business during the fall of 1960.

CONTRACT AND MILITARY OPERATIONS

Total revenue from military and commercial charter sales for the fiscal year ending June 30, 1961, amounted to \$15,684,987 compared to \$10,424,322 for the fiscal year 1960. The uneconomical rate practices applied to the military contract business during the past year were corrected by action of the Civil Aeronautics Board by the issuance of minimum rates applicable to military contract business. These minimum rates became effective on October 1, 1960, and are compensatory to the air carriers engaged in military contract charters. During the past year, the military contract charters were awarded on a day-by-day basis, which has not been conducive to economic operations and proper planning. As of July 1, 1961, the Military Air Transport Service negotiated annual contracts to be renewed each year for a term of three years, giving preference to air carriers that have ordered or purchased modern turbine-powered convertible cargo aircraft. As a result of the adoption of these policies by the government and since the Company's fleet of ten CL-44D aircraft represents the largest fleet of turbine-powered convertible cargo aircraft in existence today, the Company received a substantial award from the Military Air Transport Service for the carriage of military passengers and cargo between the West Coast of the United States and various military bases in the Pacific area, commencing July 1, 1961.

The economics of operation and the ease of loading and unloading through the swingtail of the CL-44D aircraft have opened new fields of potential outside cargo that can now be carried by air for commercial charter customers. Cargo that has been too large and bulky to fit into the conventional cargo doors of the piston type cargo aircraft and had to be moved via surface, is now being carried by the Company in the CL-44D turbo-prop aircraft to various countries throughout the world. The Company expects to secure several million dollars in revenue from commercial charters for the carriage of this type of cargo.

Historically, the Company has been engaged in the low-cost tourist charter business to Europe since 1948. The volume of this business has steadily increased each year. The tariff applicable to such tourist charters permits travel from the United States to Europe for as low as \$240.00 round trip per passenger. The charters must consist of homogenous groups derived from social clubs, industrial companies or educational and religious organizations. During the summer of 1961, the Civil Aeronautics Board issued the Company a blanket exemption to solicit and carry such charter groups. To equalize the imbalance of traffic from the United States to Europe and to stimulate the government's "See America Program," the Company introduced special low-cost tourist charter rates for Europeans travelling to the United States. This program was highly successful during 1961, and the Company contemplates an expansion of this program for the 1962 season.

With the introduction of the new fleet of CL-44D turbo-prop aircraft, the more favorable rate and contract situation applicable to Military Air Transport Service, and the ability to compete in a larger world-wide charter market, the contract charter revenues for the fiscal year 1962 should be substantially higher than the revenues for 1961.





Some of the Tiger-flown visitors who arrived from Europe this year. Tigers' group charter flights to and from the Continent are increasing every year.

Conversion of the new CL-44D turbo-prop jet aircraft from an airfreighter to a passenger plane takes only a short time and provides every comfort normally found on passenger airliners.

First of Tigers' new fleet of CL-44Ds went into MATS service between Travis AFB and the Far East on July 16, 1961.





THE FLYING TIGER LINE INC.

COMPARATIVE BALANCE SHEET DATA

FISCAL YEARS ENDED JUNE 30

	1961	1960	1959	1958	1957
CURRENT ASSETS:					
Cash	\$ 3,790,697	\$ 1,281,947	\$ 3,834,795	\$ 2,181,636	\$ 2,571,993
Marketable securities	—	1,005,315	—	—	—
Receivables	3,686,923	3,114,223	5,145,618	5,169,860	5,704,657
Inventories of materials and supplies	769,614	750,786	794,706	719,133	581,572
Prepaid insurance, rents, etc.	430,349	259,604	285,668	195,297	385,094
Prepaid engine overhaul cost (net)	908,783	656,038	—	—	—
Total current assets	<u>\$ 9,586,366</u>	<u>\$ 7,067,913</u>	<u>\$10,060,787</u>	<u>\$ 8,265,926</u>	<u>\$ 9,243,316</u>
LESS CURRENT LIABILITIES:					
Current installments of debt	\$ 6,855,846	\$ 3,307,633	\$ 3,307,633	\$ 3,266,409	\$ 3,588,889
Accounts payable	2,342,200	1,719,253	3,340,180	2,687,521	5,499,809
Reserve for vacations	435,719	368,094	349,268	328,665	357,658
Other current liabilities	1,451,866	565,485	1,214,621	912,795	1,031,696
Total current liabilities	<u>\$11,085,631</u>	<u>\$ 5,960,465</u>	<u>\$ 8,211,702</u>	<u>\$ 7,195,390</u>	<u>\$10,478,052</u>
Net Current Assets — Working Capital	<u>\$ (1,499,265)</u>	<u>\$ 1,107,448</u>	<u>\$ 1,849,085</u>	<u>\$ 1,070,536</u>	<u>\$ (1,234,736)</u>
ADD:					
Non-current receivables, investments, etc.	1,855,354	494,652	454,117	750,080	832,259
Deferred training costs	568,157	—	—	398,954	582,932
Deposits on new equipment	22,478,661	12,551,888	10,201,231	—	—
Property and equipment (net)	26,335,773	18,411,965	22,595,070	24,521,877	25,419,347
Total assets less current liabilities	<u>\$49,738,680</u>	<u>\$32,565,953</u>	<u>\$35,099,503</u>	<u>\$26,741,447</u>	<u>\$25,599,802</u>
LESS:					
Long-term debt	\$31,926,893	\$15,271,448	\$16,138,379	\$11,848,435	\$13,167,315
Deferred income, etc.	316,687	170,552	371,689	787,010	284,711
Deferred income taxes	2,263,125	2,174,514	2,484,000	1,929,978	1,229,978
Total	<u>\$34,506,705</u>	<u>\$17,616,514</u>	<u>\$18,994,068</u>	<u>\$14,565,423</u>	<u>\$14,682,004</u>
Net Assets	<u>\$15,231,975</u>	<u>\$14,949,439</u>	<u>\$16,105,435</u>	<u>\$12,176,024</u>	<u>\$10,917,798</u>
Book Value Per Common Share	\$ 10.01	\$ 9.87	\$ 11.22	\$ 11.37	\$ 10.09
SHARES OUTSTANDING:					
Preferred shares	99,112	99,112	99,112	99,112	99,112
Common shares	1,422,190	1,414,490	1,347,134	983,635	983,635
SHAREHOLDERS' EQUITY:					
Preferred shares	\$ 991,120	\$ 991,120	\$ 991,120	\$ 991,120	\$ 991,120
Common shares	1,422,190	1,414,490	1,347,134	983,635	983,635
Capital surplus	6,982,921	6,928,251	6,065,421	3,448,855	3,448,855
Earned surplus	5,835,744	5,615,578	7,701,760	6,752,414	5,494,188
Total shareholders' equity	<u>\$15,231,975</u>	<u>\$14,949,439</u>	<u>\$16,105,435</u>	<u>\$12,176,024</u>	<u>\$10,917,798</u>

COMPARATIVE INCOME AND OPERATING SUMMARY

FISCAL YEARS ENDED JUNE 30

	1961	1960	1959	1958	1957
OPERATING REVENUE:					
Scheduled freight operations	\$11,791,088	\$14,656,314	\$13,315,698	\$ 9,595,074	\$ 8,448,604
Charters, service sales, etc.	16,174,403	11,330,700	21,264,238	24,265,475	16,202,542
Total operating revenue	<u>\$27,965,491</u>	<u>\$25,987,014</u>	<u>\$34,579,936</u>	<u>\$33,860,549</u>	<u>\$24,651,146</u>
OPERATING EXPENSES:					
Depreciation and amortization	\$ 3,906,174	\$ 4,162,549	\$ 4,169,119	\$ 4,080,432	\$ 1,828,086
All other	23,007,652	22,612,214	27,604,428	28,380,544	23,840,510
Total operating expenses	<u>\$26,913,826</u>	<u>\$26,774,763</u>	<u>\$31,773,547</u>	<u>\$32,460,976</u>	<u>\$25,668,596</u>
Net income from operations	<u>\$ 1,051,665</u>	<u>\$ (787,749)</u>	<u>\$ 2,806,389</u>	<u>\$ 1,399,573</u>	<u>\$ (1,017,450)</u>
NON-OPERATING INCOME AND EXPENSES (Net):					
Interest expense	\$ (674,858)	\$ (922,362)	\$ (774,958)	\$ (803,672)	\$ (383,783)
All other (net)	(60,595)	143,634	(55,291)	259,877	120,897
Total non-operating income and expenses	<u>\$ (735,453)</u>	<u>\$ (778,728)</u>	<u>\$ (830,249)</u>	<u>\$ (543,795)</u>	<u>\$ (262,886)</u>
Net income (loss) before income taxes ..	<u>\$ 316,212</u>	<u>\$ (1,566,477)</u>	<u>\$ 1,976,140</u>	<u>\$ 855,778</u>	<u>\$ (1,280,336)</u>
PROVISION FOR FEDERAL INCOME TAXES	147,000	(394,000)	965,000	412,000	(665,000)
Net income (loss)	<u>\$ 169,212</u>	<u>\$ (1,172,477)</u>	<u>\$ 1,011,140</u>	<u>\$ 443,778</u>	<u>\$ (614,336)</u>
GAIN ON DISPOSAL OF AIRCRAFT, LESS INCOME TAXES	100,510	173,809	380,226	864,004	716,005
Net income (loss) and special item	<u>\$ 269,722</u>	<u>\$ (998,668)</u>	<u>\$ 1,391,366</u>	<u>\$ 1,307,782</u>	<u>\$ 101,669</u>
NET INCOME AND SPECIAL ITEMS PER COMMON SHARE	<u>\$.15</u>	<u>\$ (.74)</u>	<u>\$ 1.23</u>	<u>\$ 1.28</u>	<u>\$.05</u>
COMPARATIVE OPERATING DATA:					
Miles flown	10,898,769	9,874,336	12,389,335	13,950,735	15,003,588
Hours flown	41,868	38,515	48,341	54,748	72,561
Average daily aircraft utilization (hours)					
C-46	—	5.8	4.8	3.4	3.3
C-54	—	—	—	11.6	9.9
DC-6	—	—	—	8.5	11.2
1049-H	9.4	8.3	9.6	10.2	10.1
Aircraft operating fleet at year-end					
C-46	—	—	1	2	15
C-54	—	—	—	—	6
DC-6	—	—	—	—	2
1049-H	12	14	14	13	12
Ton miles of common carriage and domestic charter freight carried	70,138,467	86,095,933	79,634,602	57,012,013	56,465,191
Revenue per ton mile (cents) for domestic freight	<u>18.78</u>	<u>18.61</u>	<u>18.68</u>	<u>18.29</u>	<u>17.47</u>



THE FLYING TIGER LINE INC.

ASSETS	1961	1960
CURRENT ASSETS (including prepaid engine overhaul cost):		
Cash	\$ 3,790,697	\$ 1,281,947
U. S. Treasury notes, at cost	—	1,005,315
Receivables —		
Freight customers	1,167,711	1,351,820
Charters, service sales, etc. —		
United States Government	1,614,955	647,947
Other	1,124,257	1,324,456
Reserve for bad debt losses	(220,000)	(210,000)
Materials and supplies, at average cost	769,614	750,786
Prepaid insurance, rents, etc.	430,349	259,604
Prepaid engine overhaul cost (net)	908,783	656,038
Total current assets	<u>\$ 9,586,366</u>	<u>\$ 7,067,913</u>
 PROPERTY AND EQUIPMENT — NOTES 1 AND 2:		
Cost —		
Aircraft, engines, and other flight equipment	\$40,612,445	\$29,577,953
Other equipment	1,316,404	1,180,528
Land and buildings	861,165	845,537
	<u>\$42,790,014</u>	<u>\$31,604,018</u>
Less — Reserves for depreciation	16,454,241	13,192,053
	<u>\$26,335,773</u>	<u>\$18,411,965</u>
Progress payments on aircraft and engines on order	22,478,661	12,551,888
	<u>\$48,814,434</u>	<u>\$30,963,853</u>
 OTHER ASSETS AND DEFERRED CHARGES:		
Unamortized debt expense	\$ 1,360,229	\$ 14,170
Long-term prepayments and receivables	453,170	379,527
Training and other costs applicable to CL-44D aircraft, to be amortized over a three-year period	568,157	—
Other	41,955	100,955
	<u>\$ 2,423,511</u>	<u>\$ 494,652</u>
	<u>\$60,824,311</u>	<u>\$38,526,418</u>

The accompanying notes are an integral part of these balance sheets.

BALANCE SHEETS

JUNE 30, 1961 AND 1960

LIABILITIES	1961	1960
CURRENT LIABILITIES:		
Current portion of bank loans	\$ 3,288,827	\$ 3,307,633
Current installments of equipment purchase obligations	3,567,019	—
Accounts payable and accrued liabilities	2,930,791	2,088,814
Reserve for vacations	435,719	368,094
Advance charter deposits	863,275	195,924
Total current liabilities	<u>\$11,085,631</u>	<u>\$ 5,960,465</u>
LONG-TERM DEBT — NOTES 2, 3 AND 4:		
Bank loans, secured by 1049-H aircraft and engines (5% to 6%), less current portion	\$ 1,184,030	\$ 2,643,106
Debentures (subordinate) —		
Series A 5-½% due 1967	500,000	500,000
Series B 5-½% due 1974	5,000,000	5,000,000
Equipment purchase obligations —		
Equipment trust certificates due 1961-1966 —		
Series A — 5-¾% \$7,327,896, less future interest of \$1,062,935	6,264,961	—
Series B — 6-½%	7,800,466	—
Interim equipment purchase notes (5-½%) due 1961 and interest — to be refunded with equipment trust certificates upon delivery of aircraft	14,282,351	7,001,353
Less — Current installments	(3,567,019)	—
Other	462,104	126,989
	<u>\$31,926,893</u>	<u>\$15,271,448</u>
DEFERRED CREDITS:		
Deferred income taxes	\$ 2,263,125	\$ 2,174,514
Deferred income, etc.	316,687	170,552
	<u>\$ 2,579,812</u>	<u>\$ 2,345,066</u>
CAPITAL STOCK AND SURPLUS:		
Preferred shares —		
Authorized, 500,000 shares of \$10 par value		
Outstanding, 99,112 shares Series A, 5% cumulative ...	\$ 991,120	\$ 991,120
Common shares —		
Authorized, 2,500,000 shares of \$1 par value (at June 30, 1961, 330,295 shares were reserved for conversion of debentures and 62,300 shares for stock options) — Notes 2, 3 and 5	1,422,190	1,414,490
Outstanding, 1,422,190 shares	6,982,921	6,928,251
Capital surplus	5,835,744	5,615,578
Earned surplus (Note 4)	<u>\$15,231,975</u>	<u>\$14,949,439</u>
	<u>\$60,824,311</u>	<u>\$38,526,418</u>



STATEMENTS OF INCOME

FOR THE YEARS ENDED JUNE 30, 1961 AND 1960

	1961	1960
OPERATING REVENUES:		
Scheduled freight operations	\$11,791,088	\$14,656,314
Charters, service sales, etc.	16,174,403	11,330,700
Total	<u>\$27,965,491</u>	<u>\$25,987,014</u>
OPERATING EXPENSES:		
Flying operations	\$10,303,338	\$ 9,595,824
Ground operations	3,720,089	3,635,737
Maintenance	5,742,828	6,179,402
Sales, advertising and publicity	1,607,884	1,286,980
General and administrative	1,633,513	1,914,271
Depreciation and amortization	3,906,174	4,162,549
Total	<u>\$26,913,826</u>	<u>\$26,774,763</u>
Net income (loss) from operations	\$ 1,051,665	\$ (787,749)
OTHER (INCOME) AND EXPENSE:		
Interest expense	\$ 674,858	\$ 922,362
Miscellaneous (net)	60,595	(143,634)
Total	<u>\$ 735,453</u>	<u>\$ 778,728</u>
Net income (loss) before Federal income taxes	\$ 316,212	\$ (1,566,477)
PROVISION OR (CREDIT) FOR FEDERAL INCOME TAXES— NOTE 7		
Net income (loss)	147,000	(394,000)
	<u>\$ 169,212</u>	<u>\$ (1,172,477)</u>
SPECIAL ITEM:		
Gain on disposals of aircraft, etc., less provision of \$34,000 and \$58,000 for income taxes in respective years	100,510	173,809
Net income (loss) and special item	<u>\$ 269,722</u>	<u>\$ (998,668)</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF SURPLUS

FOR THE YEARS ENDED JUNE 30, 1961 AND 1960

	1961	1960
CAPITAL SURPLUS		
BALANCE AT BEGINNING OF YEAR	\$6,928,251	\$6,065,421
ADD—		
Surplus arising from exercise of options for 7,700 common shares	54,670	—
Excess of fair value of stock dividend over par value	—	862,830
BALANCE AT END OF YEAR	<u>\$6,982,921</u>	<u>\$6,928,251</u>
EARNED SURPLUS		
BALANCE AT BEGINNING OF YEAR	\$5,615,578	\$7,701,760
ADD—		
From accompanying statement—		
Net income (loss)	169,212	(1,172,477)
Special item	100,510	173,809
	<u>\$5,885,300</u>	<u>\$6,703,092</u>
DEDUCT—		
Cash dividends on—		
Preferred shares—fifty cents per share	\$ 49,556	\$ 49,556
Common shares—eight cents per share	—	107,772
Five per cent common share dividend—67,356 shares at fair value of \$13.81 per share	—	930,186
	<u>\$ 49,556</u>	<u>\$1,087,514</u>
BALANCE AT END OF YEAR (Note 4)	<u>\$5,835,744</u>	<u>\$5,615,578</u>

The accompanying notes are an integral part of these statements.

 **THE FLYING TIGER LINE INC.**



OFFICERS —

- ROBERT W. PRESCOTT *President*
- FRED BENNINGER *Executive Vice-President-Treasurer*
- FRANK B. LYNOTT *Executive Vice-President-Operations*
- JOHN L. HIGGINS *Vice-President-Sales*
- WILLIAM E. BARTLING *Vice-President-Research*
- L. S. KIMBALL *Vice-President-Public Relations*
- GEORGE T. CUSSEN *Vice-President-Interline Freight Development*
- GEORGE S. OBERDORF *Vice-President-Assistant to the President*
- O. R. BURGHIARDT *Secretary and Assistant Treasurer*
- NORMAN L. MEYERS *Assistant Secretary*
- RALPH B. STUMP *Assistant Secretary*

DIRECTORS —

- SAMUEL B. MOSHER *Chairman of the Board*
Chairman of the Board of Signal Oil & Gas Company, Los Angeles
- RUTH AXE *Vice-President, E. W. Axe & Co., Inc., New York*
- ALLEN T. CHASE *President, Standardized Aircraft, Inc., Los Angeles*
- JOHN C. COSGROVE *Executive Vice-President,*
Marsh & McLennan-Cosgrove & Co., Los Angeles
- BORIS GRESOV *Economist, New York*
- ARTHUR G. LINKLETTER *Guedel-Linkletter Productions, Los Angeles*
- CHARLES LUCKMAN *Charles Luckman Associates, Los Angeles*
- NORMAN L. MEYERS *Meyers & Batzell, Washington, D.C.*
- ROBERT W. PRESCOTT *President*
- HOUSTON REHRIG *President, Rehrig Pacific Co., Los Angeles*
- JOHN C. TYLER *Co-Chairman of the Board of*
Farmers Insurance Group, Los Angeles

TRANSFER AGENTS —

- THE CHASE MANHATTAN BANK
1 Chase Manhattan Place
New York 15, N. Y.
- BANK OF AMERICA
660 S. Spring St.
Los Angeles 54, Calif.

GENERAL COUNSEL —

- MEYERS & BATZELL
Shorcham Building
Washington 5, D. C.

REGISTRARS —

- THE BANK OF NEW YORK
48 Wall Street
New York 15, N. Y.
- CITIZENS NATIONAL TRUST & SAVINGS BANK
457 S. Spring St.
Los Angeles 54, Calif.

AUDITORS —

- ARTHUR ANDERSEN & CO.
1320 West Third St.
Los Angeles 17, California

EXECUTIVE OFFICES —

- LOCKHEED AIR TERMINAL
Burbank, California

SALES OFFICES

AKRON-CANTON, OHIO
184 E. Buchtel
Tyler 6-2353

ALBANY, N. Y.
Erie Street
Hemlock 4-8223

ATLANTA, GEORGIA
768 No. Central Ave.
Hapeville, Georgia
Tel: 766-6289

BINGHAMTON, N. Y.
Broome County Airport
Raymond 9-1591

BOSTON, MASS.
Logan International Airport
Logan 7-6161

BUFFALO, N. Y.
81 Botsford Place
Trinity 6-5055

CHICAGO, ILL.
5833 So. Central Ave.
Portsmouth 7-8200

CLEVELAND, OHIO
Cleveland Hopkins Airport
Winton 1-5777

DETROIT, MICH.
Detroit-Metropolitan Airport
Logan 2-9700

GRAND RAPIDS, MICH.
525 Burton St., S.W.
Cherry 1-2221

HARTFORD, CONN.-SPRINGFIELD, MASS.
Bradley Field, Windsor Locks, Conn.
Hartford: Jackson 2-3145
Springfield: Republic 4-5675

HONOLULU, HAWAII
Honolulu International Airport
Honolulu, Hawaii
Tel: 8-1135

LONDON, ENGLAND
168 Regent St.
London W. 1
Gerrard 3627

LOS ANGELES, CALIF.
Lockheed Air Terminal, Burbank
Triangle 7-3411

MILWAUKEE, WIS.
210 N. Second Ave.
Humboldt 3-5000

MINNEAPOLIS-ST. PAUL, MINN.
2424 Minnehaha Ave.
Parkway 9-8321

NEWARK, N. J.
Newark Airport
Market 4-3700

NEW YORK, N. Y.
International Airport
Olympia 6-5157

Newark Airport
Whitehall 3-8787
60 East 42nd Street
Oxford 7-8850

PHILADELPHIA, PA.
International Airport
Saratoga 6-7100

PORTLAND, ORE.
International Airport
Atlantic 1-1158

PROVIDENCE, R. I.
577 So. Main Street
Elmhurst 1-8500

ROCHESTER, N. Y.
175 Jay Street
Baker 5-1473

SAN DIEGO, CALIF.
8050 Othello Street
Browning 8-4100

SAN FRANCISCO-OAKLAND, CALIF.
San Francisco International Airport
Plaza 5-9405

SEATTLE, WASH.
Seattle-Tacoma International Airport
Cherry 4-4747

SOUTH BEND, IND.
1415 So. Olive Street
Atlantic 8-4441

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TOLEDO, OHIO
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THE FLYING TIGER LINE INC.

