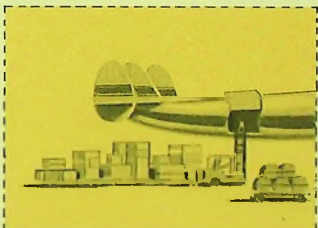


*annual report*



THE FLYING TIGER LINE INC.

FOR THE FISCAL YEAR ENDING JUNE 30, 1956

1956



## PRESIDENT'S LETTER

There were many happenings during this year that will justify an optimistic outlook for this company.

Most important of these are the acquisition and successful financing of our new Constellations which were announced to you before and are described elsewhere in this report.

Next is our recertification by the Civil Aeronautics Board which gave us entry into the Air Mail and Air Express business which we have been seeking for many years.

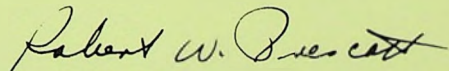
Third, the growth of the volume of our domestic airfreight tonnage has been most gratifying. This year we flew 49,648,556 ton miles compared to 36,890,469 ton miles for the previous year. This was an increase of 35% compared to 17% for the industry. As has been explained before, this tonnage has not been profitable because we still must fly a great portion of it in obsolete, high ton-mile cost airplanes. We have continued vigorous development in spite of this in order to have the business ready for the new equipment.

Although net income from operations was \$82,070, net income and special items for the year totalled \$2,975,771 or \$3.30 per common share outstanding at June 30, 1956. The book value of common shares increased from \$6.93 to \$10.57 per share during the year.

At the time of the Annual Report last year we were beset with many labor difficulties. Our mechanics' union was out on strike and the company was in mediation with several other union contracts. I am happy to announce that we now have all labor disputes resolved and are enjoying excellent relations with all of our unions.

We wish to thank the stockholders and employees for their splendid cooperation and support during the past year.

For the Board of Directors



ROBERT W. PRESCOTT

President



## AIR FREIGHT GROWTH

The Flying Tiger Line has continued to maintain its leadership as the leading all-cargo carrier of the world, and point for point the leader in air cargo tonnage over all other airlines.

The company increased its domestic ton mile carriage over the previous year by 35 percent. During the 1954-1955 fiscal year we carried 36,890,469 ton miles of airfreight while during the past year we carried 49,648,556 ton miles of airfreight.

One very important development during the year was the renewal of our Air Freight Certificate over Route 100. This renewal contained two new provisions which should be very helpful to us in the development of the air freight business. The first was the authorization to participate in the air express agreement. Air express is a premium type package service that is solicited and handled on the ground by Railway Express Agency and delivered to the airlines for air carriage. The Express Agency participates in a standard form contract with all airlines which provides for a division of the proceeds from air express revenue.

Our original certification expressly prohibited us from participating in this contract. We look forward now to a substantial amount of business as a result of this change in our Certificate.

The second new provision in the recertification was the right to carry air mail between all authorized points in our airfreight system. This authorization was given for a period of one year and contains clauses which automatically terminate the authorization if the company should apply for subsidy under the Civil Aeronautics Act of 1938. We do not expect the authorization to have any substantial effect on the results of the company's operations in the near future. The principal reason for this is that mail is parcelled out to the airlines on the basis of competitive schedules and until the new fleet of Super Constellations is installed in our system our schedules will not compete with the faster passenger planes. In the long run, however, we are very optimistic that the mail will be a substantial part of our revenue.

We are continuing to participate in the experiment being conducted by the Post Office of moving regular first class mail at airfreight rates on a space available basis. This operation was described in last year's report.

Another new type of traffic we are in the process of developing is called "deferred airfreight." A special tariff covering this traffic was approved by the Civil Aeronautics Board in May of this year. The rates are approximately 55% of the first class airfreight tariff and the service is by design three or four days later than first class airfreight. It is hoped that this type of traffic will be used as stand-by tonnage to top off our regular airfreight loads, thus using space that would otherwise go unoccupied. If we are successful in developing this traffic we should fly our system at all times at close to 100% load factor. So far the development of this traffic has progressed as well as could be expected, although not enough time has yet elapsed to provide a full appraisal of its value.



During this year the company activated service into the last large potential traffic area which was included in our Certificate. This is the Minneapolis-St. Paul area. The traffic development on this new route has been more than gratifying.

It is believed that with the introduction of the Super Constellations described previously in this report a great stride will be made toward the goal of the airfreight industry of greater volume and lower rates, which will tend to make airfreight a more substantial portion of the national transportation system.



A modern fleet of trucks give door-to-door Airfreight Service



SEATTLE



PORTLAND

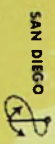


OAKLAND

SAN FRANCISCO



LOS ANGELES



SAN DIEGO

SALT LAKE CITY

DENVER

OMAHA

DES MOINES

CHICAGO

MINNEAPOLIS



ST. PAUL



MILWAUKEE

DETROIT

TOLEDO

AKRON

BUFFALO

ROCHESTER

CLEVELAND

HARTFORD

BINGHAMTON

ALBANY

BOSTON

PROVIDENCE

NEW YORK

PHILADELPHIA

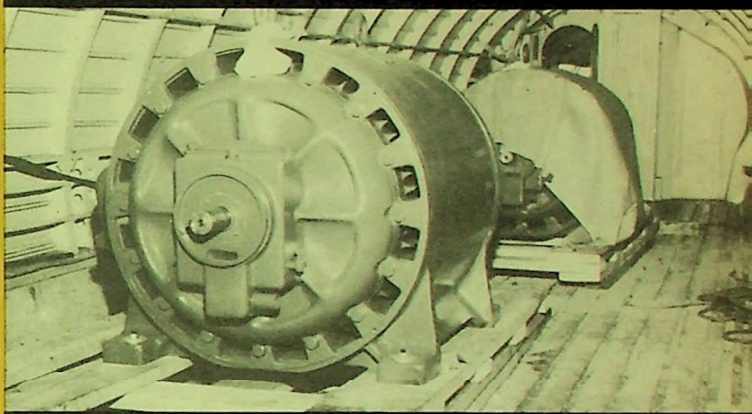
# FLYING TIGER AIR FREIGHT ROUTE NO. 100



First movement of  
Air Express by Company



"Generating" Airfreight



First load of Air Mail



Airfreight comes in  
different shapes and sizes



## CONTRACT DIVISION



For the last several years the contract operations of the company have produced from fifty to sixty percent of the company's total gross revenues annually. During this year the revenue from contract operations was \$13,159,024 compared to \$8,246,531 for the previous year. With the introduction of the Constellation aircraft next Spring it is expected that we will double our volume of contract revenue.

Revenue sources for the contract division are about one-half from United States Government contracts and one-half from commercial charters and contracts. An important source of commercial revenue has been developed in the charter business to Europe from New York. Charter groups, such as student clubs, church organizations, recreational and industrial organizations make up a large part of the North Atlantic charter business. The advantages to the charterers are twofold. First, the groups travel together, and second, the cost, since they charter the whole airplane, is considerably less than if the same individuals went by the regular airlines.

During the Summer of 1956 the company carried approximately 10,000 people round trip from the United States to Europe, and in connection with these operations will bring over about 11,000 immigrants from Europe to the United States.

Contract operations have brought the name of the company to all corners of the world, thereby aiding in generating a large volume of traffic for our principal business, which is airfreight. Airfreight operations demand large investments in equipment, facilities and trained personnel. Through the development of contract operations it has been possible to utilize such investments more efficiently and effectively.

During last Winter, the Contract Division also participated with Canadian air carriers in transporting supplies and equipment into the Arctic Zone to establish a radar picket line known as the Distant Early Warning system which is being established through the cooperation of the United States and Canadian governments.

During the past few years the Contract Division had developed an extensive customer maintenance business. The revenue from this source dropped sharply during the past fiscal year because of the four-months strike of our mechanics during the Summer and Fall of 1955. The company, however, is rapidly increasing its volume of such maintenance work and is now approaching its previous level.

Serenading departure of  
Social Club to Europe



Displaced Persons arriving  
in their "new country"

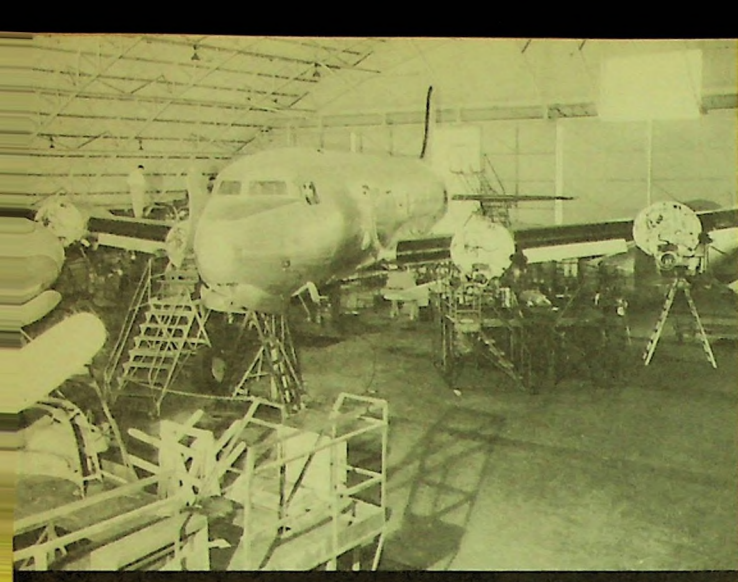


Military personnel and  
dependents returning home

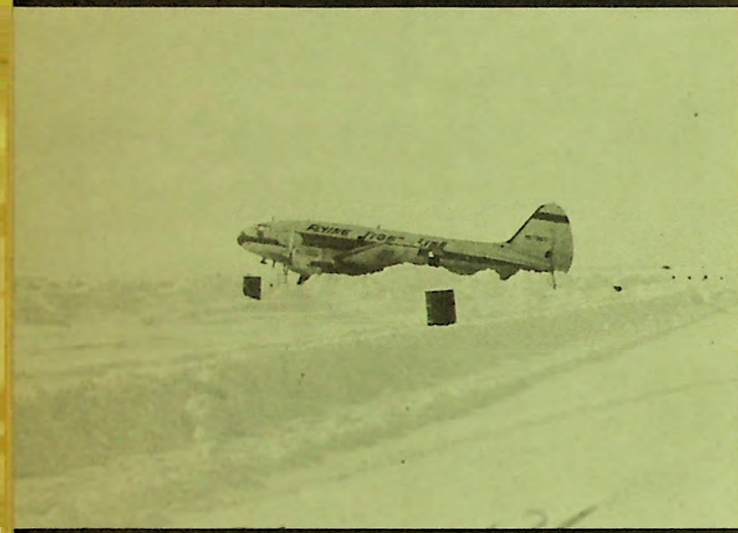


Recreational club departing  
for an European vacation

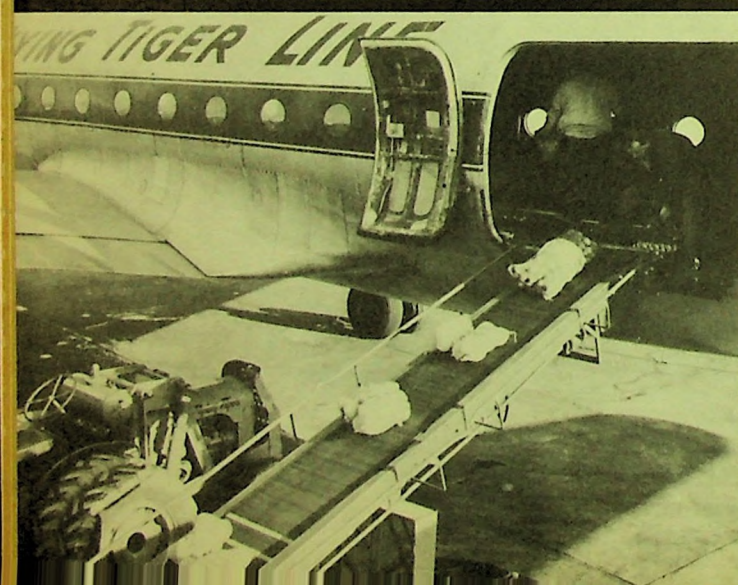




Customer maintenance  
for other carriers



"Dew Line" operation  
in the far North



Loading food destined for  
flood stricken areas

# ELEVEN YEARS OF PROGRESS



## ELEVEN YEARS OF PROGRESS

	1956	1946
Gross revenue.....	\$ 21,931,320	\$ 480,724
Ton miles of domestic freight.....	49,648,556	2,757,141
Miles flown.....	14,393,140	1,044,170
Profit and special items (loss).....	\$ 2,975,771	(\$199,595)
Fleet annual lift capacity (ton miles)...	181,890,000	10,122,000
Investment in property and equipment	\$ 9,033,157	\$ 811,127
Number of employees.....	1,369	228
Book value per common share.....	\$ 10.57	\$ 2.98
Net worth.....	\$ 10,367,685	\$ 2,165,720
Working capital.....	\$ 5,525,264	\$ 1,354,593
Wages and salaries paid.....	\$ 7,498,756	\$ 256,593



"Budd" Aircraft—1946



Super Constellation Aircraft—1956

# THE FLYING TIGER LINE INC.

## COMPARATIVE BALANCE SHEET DATA

### FISCAL YEARS ENDED JUNE 30

	1956	1955	1954	1953	1952	1951
<b>CURRENT ASSETS:</b>						
Cash.....	\$ 2,085,998	\$ 944,061	\$ 507,876	\$ 2,134,958	\$ 1,352,745	\$ 1,951,107
Marketable securities.....	1,000,000	—	—	—	—	—
Receivables.....	4,457,849	4,039,672	3,176,593	4,394,340	2,861,535	1,954,230
Inventories of materials and supplies....	549,387	531,021	765,184	617,836	509,924	225,667
Prepaid insurance, deposits, etc.....	376,128	244,127	195,882	399,305	243,873	57,862
Total current assets.....	\$ 8,469,362	\$ 5,758,881	\$ 4,645,535	\$ 7,546,439	\$ 4,968,077	\$ 4,188,866
<b>LESS CURRENT LIABILITIES:</b>						
Current installments of long-term debt..	\$ —	\$ 1,480,997	\$ 672,980	\$ 201,133	\$ 668,396	\$ 20,000
Accounts payable.....	1,896,185	1,521,014	1,494,649	2,408,474	2,295,388	1,007,536
Federal and State taxes on income....	333,500	—	—	1,232,963	1,714,496	1,491,746
Other current liabilities.....	714,413	739,991	779,543	1,008,873	866,599	551,981
Total current liabilities.....	\$ 2,944,098	\$ 3,742,002	\$ 2,947,172	\$ 4,851,443	\$ 5,544,879	\$ 3,071,263
Net Current Assets—Working Capital.....	\$ 5,525,264	\$ 2,016,879	\$ 1,698,363	\$ 2,694,996	\$ (576,802)	\$ 1,117,603
<b>ADD:</b>						
Non-current receivables, investments, etc.	71,000	162,587	310,833	306,000	89,594	73,241
Deposits on new equipment.....	5,505,750	—	—	1,347,598	250,000	—
Debt discount and expense.....	127,609	144,691	160,383	176,074	20,575	—
Property and equipment.....	3,527,407	11,316,099	10,449,359	4,895,876	5,124,129	2,023,373
Total assets less current liabilities..	\$14,757,030	\$13,640,256	\$12,618,938	\$ 9,420,544	\$ 4,907,496	\$ 3,214,217
<b>LESS:</b>						
Long-term debt.....	\$ 2,724,000	\$ 6,991,251	\$ 6,538,709	\$ 2,866,214	\$ 160,788	\$ —
Advance deposits, etc.....	568,345	218,144	—	—	—	4,500
Reserve for deferred income taxes....	1,097,000	—	—	—	—	—
Total.....	\$ 4,389,345	\$ 7,209,395	\$ 6,538,709	\$ 2,866,214	\$ 160,788	\$ 4,500
Net Assets.....	\$10,367,685	\$ 6,430,861	\$ 6,080,229	\$ 6,554,330	\$ 4,746,708	\$ 3,209,717
Book Value Per Common Share.....	\$ 10.57	\$ 6.93	\$ 6.49	\$ 7.09	\$ 4.78	\$ 4.09
<b>SHARES OUTSTANDING:</b>						
Preferred shares.....	99,112	99,112	99,112	99,112	99,533	—
Common shares.....	886,796	784,452	784,452	784,452	784,027	784,027
<b>SHAREHOLDERS EQUITY:</b>						
Preferred shares.....	\$ 991,120	\$ 991,120	\$ 991,120	\$ 991,120	\$ 995,330	\$ —
Common shares.....	886,796	784,452	784,452	784,452	784,027	784,027
Capital surplus.....	2,640,663	1,732,398	1,732,398	1,732,398	1,728,839	1,728,839
Earned surplus.....	5,849,106	2,922,891	2,572,259	3,046,360	1,238,512	696,851
Total shareholders' equity.....	\$10,367,685	\$ 6,430,861	\$ 6,080,229	\$ 6,554,330	\$ 4,746,708	\$ 3,209,717

( ) Denotes negative figure.



# THE FLYING COMPARATIVE FISCAL YEAR

1950	1949	1948	1947	1946
326,454	\$ 208,163	\$ 201,834	\$ 281,886	\$ 1,413,809
897,739	328,092	382,531	745,575	92,685
193,686	190,931	87,401	68,457	28,891
58,192	24,176	94,581	44,977	105,603
1,476,071	\$ 751,362	\$ 766,347	\$ 1,140,895	\$ 1,640,988
231,826	\$ 86,320	\$ 56,322	\$ 65,017	\$ 61,000
303,737	138,783	147,897	202,563	167,228
64,000	—	—	—	—
175,324	139,327	114,356	479,052	58,167
774,887	\$ 364,430	\$ 318,575	\$ 746,632	\$ 286,395
701,184	\$ 386,932	\$ 447,772	\$ 394,263	\$ 1,354,593
63,889	—	—	—	—
—	—	—	—	—
1,065,011	835,059	622,880	1,041,652	811,127
1,830,084	\$ 1,221,991	\$ 1,070,652	\$ 1,435,915	\$ 2,165,720
—	\$ 26,493	\$ 34,000	\$ —	\$ —
134,239	—	—	50,000	—
—	—	—	—	—
134,239	\$ 26,493	\$ 34,000	\$ 50,000	\$ —
1,695,845	\$ 1,195,498	\$ 1,036,652	\$ 1,385,915	\$ 2,165,720
2.23	\$ 1.57	\$ 1.43	\$ 1.91	\$ 2.98
—	—	—	—	—
761,227	761,227	726,000	726,000	726,000
—	\$ —	\$ —	\$ —	\$ —
761,227	761,227	726,000	726,000	726,000
1,637,639	1,637,639	1,637,639	1,637,639	1,639,315
(703,021)	(1,203,368)	(1,326,987)	(977,724)	(199,595)
1,695,845	\$ 1,195,498	\$ 1,036,652	\$ 1,385,915	\$ 2,165,720

	1956	1955
<b>OPERATING REVENUE:</b>		
Common carriage freight.....	\$ 7,817,165	\$ 5,104,7
Pacific Airlift.....	—	1,043,9
Other transportation revenues.....	13,159,024	7,202,5
Maintenance, rentals, etc.....	955,131	2,011,9
Total operating revenue.....	\$21,931,320	\$15,363,2
<b>OPERATING EXPENSES:</b>		
Depreciation and amortization.....	\$ 1,713,097	\$ 2,061,2
All other.....	20,136,153	12,700,8
Total operating expenses.....	\$21,849,250	\$14,762,1
Net income from operations.....	\$ 82,070	\$ 601,1
<b>NON-OPERATING INCOME EXPENSES, Net:</b>		
Interest expense.....	\$ (315,130)	\$ (411,9
All other (net).....	36,163	71,6
Total non-operating income.....	\$ (278,967)	\$ (340,3
Net income (loss) before income taxes	\$ (196,897)	\$ 260,8
<b>PROVISION FOR TAXES BASED ON INCOME</b>	(102,000)	135,6
Net income (loss).....	\$ (94,897)	\$ 125,1
<b>SPECIAL ITEMS (net of income taxes):</b>		
Profit on sale and disposal of aircraft, less taxes thereon.....	\$ 3,255,496	\$ 42,8
Profit on sale of contract rights.....	—	232,0
All other.....	(184,828)	—
Total special items.....	\$ 3,070,668	\$ 274,9
Net income (loss) and special items.	\$ 2,975,771	\$ 400,1
Net Income and Special Items Per Common Share.....	\$ 3.30	\$ —
<b>COMPARATIVE OPERATING DATA:</b>		
Miles flown.....	14,393,140	10,202,1
Hours flown.....	74,260	54,1
Average daily aircraft utilization (hours)	—	—
C-46.....	4.6	3.2
C-47.....	—	—
C-54.....	10.1	7.4
DC-6.....	11.4	10.0
Aircraft operating fleet at year-end...	—	—
C-46.....	19	23
C-47.....	—	—
C-54.....	8	7
DC-6.....	4	3
Ton miles of common carriage and domestic charter freight carried...	49,648,556	36,890,4
Revenue per ton mile (cents) for domestic freight.....	17.22	18.

( ) Denotes negative figure.  
\* Figures not available.

TIGER LINE INC.

INCOME AND OPERATING SUMMARY  
 YEARS ENDED JUNE 30

	1954	1953	1952	1951	1950	1949	1948	1947	1946
90	\$ 4,557,660	\$ 6,037,356	\$ 4,532,742	\$ 3,578,863	\$ 2,169,257	\$ 1,835,267	\$ 1,163,626	\$ 834,014	\$ 358,428
96	4,689,452	12,358,940	9,278,571	7,492,469	—	—	—	—	—
35	6,422,662	5,081,122	5,648,397	2,867,203	1,093,751	116,237	2,066,591	3,891,530	122,296
68	2,973,145	2,258,279	2,377,786	1,643,524	1,701,160	1,194,349	51,598	—	—
89	\$18,642,919	\$25,735,697	\$21,837,496	\$15,582,059	\$ 4,964,168	\$ 3,145,853	\$ 3,281,815	\$ 4,725,544	\$ 480,724
83	\$ 2,132,249	\$ 1,290,398	\$ 818,955	\$ 280,942	\$ 175,938	\$ 134,139	\$ 285,381	\$ 368,583	\$ 92,440
23	17,314,764	22,946,784	19,507,409	12,894,451	4,397,483	2,876,774	3,323,150	4,855,096	676,822
06	\$19,447,013	\$24,237,182	\$20,326,364	\$13,175,393	\$ 4,573,421	\$ 3,010,913	\$ 3,608,531	\$ 5,223,679	\$ 769,262
83	\$ (804,094)	\$ 1,498,515	\$ 1,511,132	\$ 2,406,666	\$ 390,747	\$ 134,940	\$ (326,716)	\$ (498,135)	\$ (288,538)
76)	\$ (298,446)	\$ (188,956)	\$ (34,477)	\$ (5,402)	\$ (10,082)	\$ (6,328)	\$ (2,330)	\$ (2,445)	\$ (6,248)
16	(5,605)	139,074	(35,884)	31,686	26,525	(742)	(20,217)	(277,549)	—
60)	\$ (304,051)	\$ (49,882)	\$ (70,361)	\$ 26,284	\$ 16,443	\$ (7,070)	\$ (22,547)	\$ (279,994)	\$ (6,248)
23	\$(1,108,145)	\$ 1,448,633	\$ 1,440,771	\$ 2,432,950	\$ 407,190	\$ 127,870	\$ (349,263)	\$ (778,129)	\$ (294,786)
28	(683,600)	748,000	784,000	1,408,000	165,500	4,250	—	—	—
95	\$ (424,545)	\$ 700,633	\$ 656,771	\$ 1,024,950	\$ 241,690	\$ 123,620	\$ (349,263)	\$ (778,129)	\$ (294,786)
95	\$ —	\$ 349,890	\$ 904,924	\$ 374,922	\$ 75,157	\$ —	\$ —	\$ —	\$ 95,191
	—	802,632	—	—	—	—	—	—	—
98	—	—	—	—	183,500	—	—	—	—
73	\$ —	\$ 1,152,522	\$ 904,924	\$ 374,922	\$ 258,657	\$ —	\$ —	\$ —	\$ 95,191
88	\$ (424,545)	\$ 1,853,155	\$ 1,561,695	\$ 1,399,872	\$ 500,347	\$ 123,620	\$ (349,263)	\$ (778,129)	\$ (199,595)
45	\$ (.60)	\$ 2.30	\$ 1.96	\$ 1.79	\$ .66	\$ .16	\$ (.48)	\$ (1.07)	\$ (.27)
51	13,704,308	20,238,634	18,035,813	13,543,368	5,237,512	3,198,796	2,334,008	2,991,562	1,044,170
53	75,726	111,171	99,495	74,672	29,040	17,942	13,616	18,591	6,706
	5.0	6.9	6.3	7.2	6.4	—	—	—	—
	—	—	—	3.0	3.4	2.4	*	*	*
	7.8	11.9	11.0	9.9	7.0	7.3	*	*	*
	8.3	—	—	—	—	—	—	—	—
	28	26	25	26	6	—	—	—	—
	—	—	—	—	1	3	—	—	—
	7	11	12	8	11	6	3	*	*
	1	1	—	—	—	—	5	2	*
69	45,152,383	51,324,134	31,788,962	28,137,979	15,672,689	12,292,511	9,750,925	6,433,381	2,757,141
84	18.11	16.75	15.81	14.82	15.23	16.25	12.23	13.22	13.01

**BOOK VALUE PER COMMON SHARE**

JUNE 30

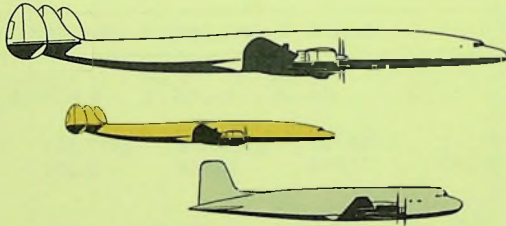
AMOUNT



1946	\$2.98
1947	1.91
1948	1.43
1949	1.57
1950	2.23
1951	4.09
1952	4.78
1953	7.09
1954	6.49
1955	6.93
1956	10.57

**FLEET AVAILABLE ANNUAL LIFT CAPACITY**

JUNE 30

AVAILABLE  
TON MILES

1946	10,122,000
1947	19,708,000
1948	37,461,000
1949	43,941,000
1950	94,027,000
1951	143,100,000
1952	165,510,000
1953	178,380,000
1954	159,480,000
1955	173,610,000
1956	181,890,000
1957	324,180,000

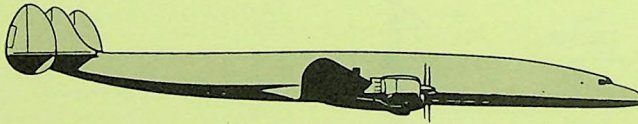
## 1956 FINANCIAL DATA



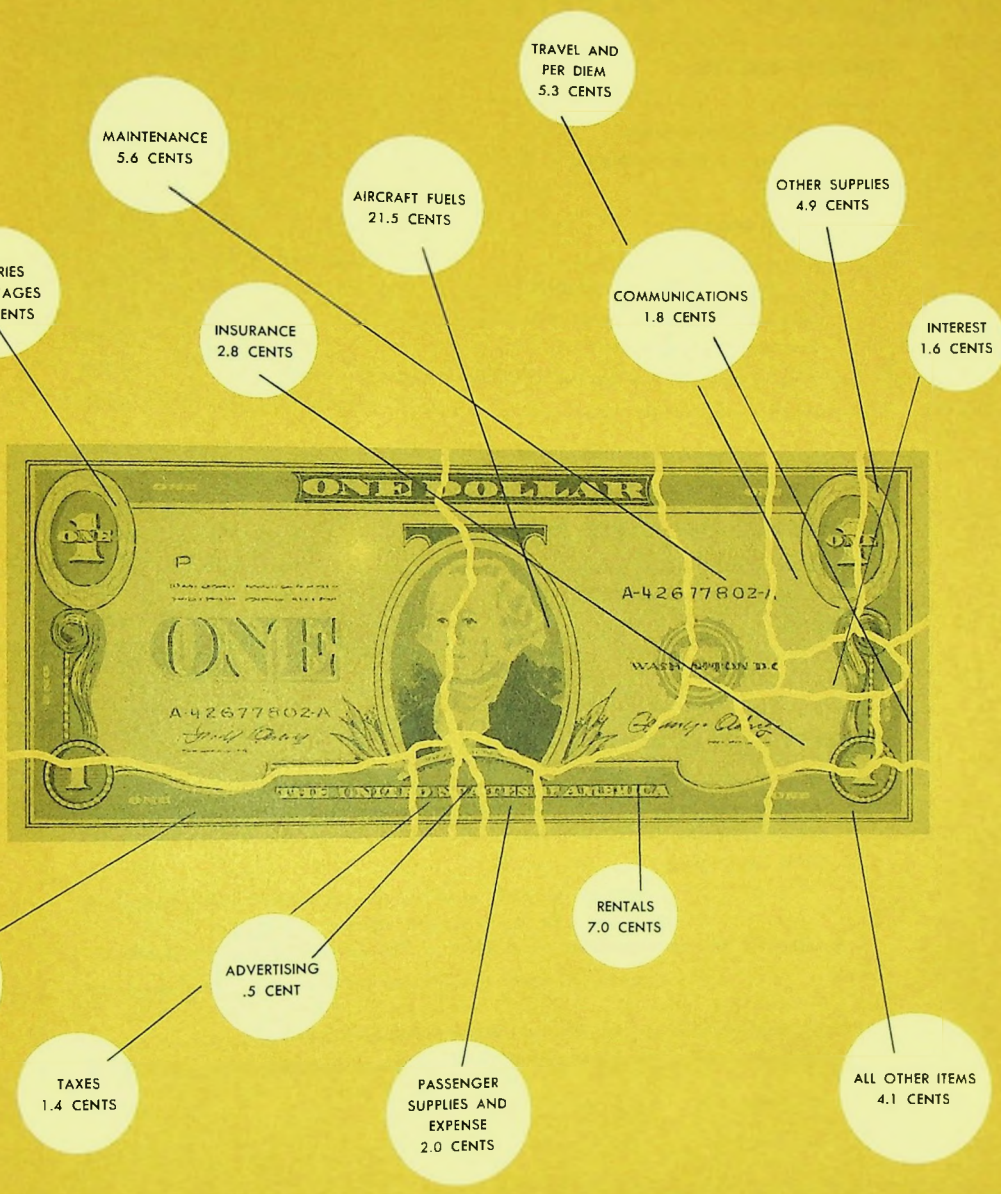
### HIGHLIGHTS OF YEAR'S OPERATIONS

Gross operating revenue for the 1956 fiscal year amounted to \$21,931,320, an increase of \$6,568,031 over the previous fiscal year. The net worth per common share at June 30, 1956 was \$10.57 as compared to \$6.93 at June 30, 1955. These and other highlights of the Company's operations are set forth below:

	1956	1955
Gross operating revenue.....	\$21,931,320	\$15,363,289
Domestic freight revenues.....	\$ 8,664,714	\$ 6,028,516
Net income or (loss) and special items.	\$ 2,975,771	\$ 400,188
Net worth per common share.....	\$ 10.57	\$ 6.93
Ton miles domestic airfreight.....	49,648,556	36,890,469
Total assets.....	\$17,701,128	\$17,382,258



# OUR DOLLAR DISTRIBUTION



# THE FLYING TIGER LINE INC.



<b>A S S E T S</b>	<b>1 9 5 6</b>	<b>1 9 5 5</b>
<b>CURRENT ASSETS:</b>		
Cash.....	\$ 2,085,998	\$ 944,061
Marketable securities, at cost (bid price \$981,414)—Note 3.....	1,000,000	—
Receivables—		
Freight customers.....	696,605	416,333
United States Government—		
charters, freight, service sales, etc.....	1,557,900	1,682,012
Other—charters, service sales, etc.....	2,233,344	1,981,327
Reserve for bad debt losses.....	(30,000)	(40,000)
Inventories of materials and supplies, at cost not in excess of market.....	549,387	531,021
Prepaid insurance, deposits, etc.....	376,128	244,127
Total current assets.....	<u>\$ 8,469,362</u>	<u>\$ 5,758,881</u>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
Subsidiary company.....	\$ 62,500	\$ 62,500
Debt discount and expense, being amortized.....	127,609	144,691
Other.....	8,500	100,087
	<u>\$ 198,609</u>	<u>\$ 307,278</u>
<b>PROPERTY AND EQUIPMENT—Note 1:</b>		
Cost—		
Aircraft, engines, and other flight equipment.....	\$ 6,279,263	\$16,030,462
Other equipment.....	1,109,308	793,522
Land and buildings.....	579,456	523,461
	<u>\$ 7,968,027</u>	<u>\$17,347,445</u>
Less—Reserves for depreciation and amortization.....	4,440,620	6,031,346
	<u>\$ 3,527,407</u>	<u>\$11,316,099</u>
Deposit on purchase of new aircraft and equipment (net of \$6,700,000 obligations applicable to DC-6A aircraft applied on purchase)—Note 2.	5,505,750	—
	<u>\$ 9,033,157</u>	<u>\$11,316,099</u>
	<u>\$17,701,128</u>	<u>\$17,382,258</u>

The accompanying notes are an integral part of these statements.

LIABILITIES	1956	1955
<b>CURRENT LIABILITIES:</b>		
Current installments of long-term debt—		
Bank loans.....	\$ —	\$ 1,395,877
Purchase contracts.....	—	85,120
Accounts payable.....	1,896,185	1,521,014
Accrued payroll.....	219,359	256,037
Other accrued liabilities.....	236,973	284,532
Dividends payable on preferred stock.....	24,778	—
Federal taxes on income.....	333,500	—
Reserve for vacations.....	233,303	199,422
Total current liabilities.....	<u>\$ 2,944,098</u>	<u>\$ 3,742,002</u>
<b>ADVANCE CHARTER DEPOSITS, ETC.....</b>	<u>\$ 568,345</u>	<u>\$ 218,144</u>
<b>LONG-TERM DEBT—Note 3:</b>		
5½ percent debentures due 1967 (subordinate).....	\$ 2,724,000	\$ 2,746,000
Bank loans—5 percent, secured, less current installment shown above.....	—	4,204,123
Other.....	—	41,128
	<u>\$ 2,724,000</u>	<u>\$ 6,991,251</u>
<b>RESERVE FOR DEFERRED INCOME TAXES.....</b>	<u>\$ 1,097,000</u>	<u>\$ —</u>
<b>CAPITAL STOCK AND SURPLUS:</b>		
Preferred stock—		
Authorized, 500,000 shares of \$10 par value		
Issued and outstanding, 99,112 shares		
Series A, 5 percent cumulative.....	\$ 991,120	\$ 991,120
Common stock—		
Authorized, 1,500,000 shares of \$1 par value (290,560 shares and		
292,907 shares are reserved for conversion of outstanding		
debentures at respective dates)		
Issued and outstanding, 886,796 and 784,452 shares at respective		
dates.....	886,796	784,452
Capital surplus—per accompanying statement.....	2,640,663	1,732,398
Earned surplus (see Note 3)—per accompanying statement.....	5,849,106	2,922,891
	<u>\$10,367,685</u>	<u>\$ 6,430,861</u>
	<u>\$17,701,128</u>	<u>\$17,382,258</u>

The accompanying notes are an integral part of these statements.

# THE FLYING TIGER LINE INC.

## STATEMENTS OF INCOME

FOR THE YEARS ENDED JUNE 30, 1956 AND 1955

	1956	1955
<b>OPERATING REVENUES:</b>		
Common carriage freight.....	\$ 7,817,165	\$ 5,104,790
Rentals, charters, and service sales (net).....	14,114,155	10,258,499
Total.....	\$21,931,320	\$15,363,289
<b>OPERATING EXPENSES:</b>		
Flying operations.....	\$10,456,745	\$ 6,074,085
Ground operations.....	2,435,323	1,702,376
Maintenance.....	4,882,429	3,113,768
Traffic, sales, advertising, and publicity.....	1,010,101	628,190
General and administrative.....	1,351,555	1,182,404
Depreciation and amortization.....	1,713,097	2,061,283
Total.....	\$21,849,250	\$14,762,106
Net income from operations.....	\$ 82,070	\$ 601,183
<b>OTHER INCOME AND (EXPENSE):</b>		
Interest on long-term debt.....	\$ (315,130)	\$ (411,976)
Amortization of debt discount and expense.....	( 15,691)	( 15,691)
Miscellaneous (net).....	51,854	87,307
Total.....	\$ (278,967)	\$ (340,360)
Net income or (loss) before Federal income taxes.....	\$ (196,897)	\$ 260,823
<b>PROVISION OR (CREDIT) FOR FEDERAL INCOME TAXES.....</b>		
Net income or (loss).....	(102,000)	135,628
Net income or (loss).....	\$ ( 94,897)	\$ 125,195
<b>SPECIAL ITEMS:</b>		
Federal income tax reductions due to accelerated amortization of emergency facilities and other tax adjustments (net).....	\$ (184,828)	\$ 232,098
Gain on disposal of seven DC-6A aircraft, applied as deposit on purchase of new Super Constellations, less provision of \$1,097,000 for deferred income taxes.....	2,556,935	—
Gains on sales and disposals of other aircraft, net of applicable Federal income taxes of \$232,854 and \$46,470.....	698,561	42,895
Total.....	\$ 3,070,668	\$ 274,993
Net income or (loss) and special items.....	\$ 2,975,771	\$ 400,188

( ) Denotes red figure.

The accompanying notes are an integral part of these statements.



# THE FLYING TIGER LINE INC.

## STATEMENTS OF SURPLUS

### CAPITAL SURPLUS

	1 9 5 6	1 9 5 5
<b>BALANCE AT BEGINNING OF YEAR</b> .....	\$ 1,732,398	\$ 1,732,398
<b>ADD—</b>		
Excess of proceeds from sale of 100,000 shares of common stock over par value thereof.....	890,000	—
Surplus arising from conversion of debentures into common stock.....	18,265	—
<b>BALANCE AT END OF YEAR</b> .....	\$ 2,640,663	\$ 1,732,398

### EARNED SURPLUS

<b>BALANCE AT BEGINNING OF YEAR</b> .....	\$ 2,922,891	\$ 2,572,259
<b>ADD—</b>		
From accompanying statement—		
Net income or (loss).....	(94,897)	125,195
Special items.....	3,070,668	274,993
	\$ 5,898,662	\$ 2,972,447
<b>DEDUCT—</b>		
Cash dividends on preferred stock Series A—50 cents per share.....	49,556	49,556
<b>BALANCE AT END OF YEAR (see Note 3)</b> .....	\$ 5,849,106	\$ 2,922,891

( ) Denotes red figure.

The accompanying notes are an integral part of these statements.





# THE FLYING TIGER LINE INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1956

### (1) Aircraft:

At June 30, 1956, the company had a fleet of 32 aircraft as follows:

Type	Owned	Leased	Total
Cessna.....	1	—	1
C-46.....	19	—	19
C-54.....	5	3	8
DC-6A.....	—	4	4
	<u>25</u>	<u>7</u>	<u>32</u>

The lease for three of the DC-6A aircraft expires April 30, 1963, with an option of renewal for five years and with an option to purchase such aircraft during the third, fourth, or fifth years of the lease. The fourth DC-6A is under lease until August 4, 1960, but the lease may be canceled by either party with 30-days notice.

The leases for C-54's expire in September, 1956, June, 1957, and July, 1958. Under the lease expiring in July, 1958, the company has the option to purchase the aircraft up to the expiration date of the lease.

### (2) Purchase of aircraft:

The company has entered into agreements aggregating approximately \$23,000,000 for the purchase of ten new Super Constellation aircraft, to be delivered from February to June, 1957, and for spare parts and equipment. Deposits of \$5,505,750 have been made under these purchase agreements.

### (3) Long-term debt:

The company has entered into a credit agreement providing for loans of \$13,000,000 from certain banks. No loans were outstanding under this agreement at June 30, 1956. The credit agreement provides that the company will not pay dividends (other than on preferred stock up to an annual amount of \$50,000) or make any other distribution (other than stock dividends) on any stock of the company which, together with preferred dividends, would exceed 40 per cent of the net earnings of the company from June 30, 1955, or which would reduce working capital below a defined amount. Under this provision, substantially all of the earned surplus balance at June 30, 1956, is restricted against cash dividends on capital stock, other than the preferred stock dividends of \$50,000 mentioned above. The credit agreement also sets forth minimum amounts of working capital and net worth, as defined, which the company has agreed to maintain and places restrictions on additional borrowings, capital expenditures, acquisitions of capital stock, and leasing of mortgaged property.

The 5½ percent debentures due 1967 (subordinate) are redeemable at varying premiums to July 1, 1966, and if not so redeemed, a minimum of \$275,000 principal amount is redeemable at par annually on July 1 from 1960 to 1966 through the operation of a sinking fund. The debentures are convertible into common stock until July 1, 1962; the effective conversion price at June 30, 1956, was \$9.375 principal amount of debentures for each share of common stock. Surplus restrictions under the debenture indenture are less restrictive than under the terms of the credit agreement referred to above.

During the year the company issued 100,000 shares of its common stock at a price of \$10 per share to certain mutual investment funds, and from the proceeds purchased securities of the investment funds, having a market value of approximately \$1,000,000.

Subsequent to June 30, 1956, the company has agreed to issue an additional \$1,000,000 principal amount of Series A—5½ percent debentures due 1967 (subordinate), convertible into common stock at \$15 per share, and to use the proceeds to purchase additional securities of the investment funds.

ARTHUR ANDERSEN & CO.  
ACCOUNTANTS AND AUDITORS

612 SOUTH FLOWER STREET  
LOS ANGELES 17

TO THE STOCKHOLDERS,  
THE FLYING TIGER LINE INC.:

We have examined the balance sheet of *THE FLYING TIGER LINE INC.* (a Delaware corporation) as of June 30, 1956, and the related statements of income and surplus for the year then ended. Our examination was 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. It was not practicable to confirm accounts receivable from the United States Government totaling \$1,546,000 at June 30, 1956, but we satisfied ourselves by other auditing procedures with respect thereto. We had made a similar examination for the year ended June 30, 1955.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of The Flying Tiger Line Inc. as of June 30, 1956, and the results of its operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

Los Angeles, California,  
September 14, 1956.



# OFFICERS AND DIRECTORS

SAMUEL B. MOSHER, *Chairman of the Board*

**directors**

ALLEN T. CHASE      NORMAN L. MEYERS      ROBERT L. SMITH  
 JAMES E. DAVIDSON    ROBERT W. PRESCOTT    WILLIAM ZECKENDORF  
 HOUSTON REHRIG      JOHN C. COSGROVE

**officers**

*President* . . . . . ROBERT W. PRESCOTT  
*Vice-President* . . . . . WILLIAM E. BARTLING  
*Vice-President* . . . . . GEORGE T. CUSSEN  
*Vice-President* . . . . . L. C. BURWELL, JR.  
*Vice-President* . . . . . L. S. KIMBALL  
*Vice-President* . . . . . FRANK B. LYNOTT  
*Vice-President* . . . . . GEORGE M. MESSENGER  
*Assistant Vice-President* . . . . . JOHN L. HIGGINS  
*Secretary-Treasurer* . . . . . FRED BENNINGER  
*Assistant Secretary-Treasurer* . . . . . O. R. BURGHARDT  
*Assistant Secretary* . . . . . NORMAN L. MEYERS

**executive offices**

Lockheed Air Terminal, Burbank, California

**transfer agents**

THE CHASE MANHATTAN BANK . . . . . New York  
 THE BANK OF AMERICA . . . . . Los Angeles

**registrars**

BANKERS TRUST COMPANY . . . . . New York  
 CITIZENS NATIONAL TRUST & SAVINGS BANK . . . . . Los Angeles

**general counsel**

MEYERS & BATZELL . . . . . Washington

**auditors**

ARTHUR ANDERSEN & CO. . . . . Los Angeles



## SALES OFFICES

AKRON-CANTON, OHIO  
Akron-Canton Airport  
Akron: Tyler 6-2353  
Canton: Hyacinth 9-5900

ALBANY, N. Y.  
60-74 Broadway  
Albany 3-4203

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

BOSTON, MASS.  
Logan International Airport  
East Boston 7-6161

BUFFALO, N. Y.  
Municipal Airport  
Plaza 3071

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

CLEVELAND, OHIO  
Cleveland Hopkins Airport  
Winton 1-5777

DETROIT, MICH.  
Detroit-Wayne-Major Airport  
Logan 2-9520

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

LONG BEACH, CALIF.  
2751 E. Wardlow Rd.  
Nevada 6-2687

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

MILWAUKEE, WIS.  
Mitchell Field  
Humboldt 3-5000

MINNEAPOLIS-ST. PAUL, MINN.  
International Airport  
Parkway 1-3311

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

NEW YORK, N. Y.  
International Airport  
Olympia 6-5157  
Newark Airport  
Whitehall 3-8787

OAKLAND, CALIF.  
International Airport  
Lockhaven 2-1871

PHILADELPHIA, PA.  
International Airport  
Belgrade 2-7100

PORTLAND, ORE.  
International Airport  
Atlantic 1-1158

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

ROCHESTER, N. Y.  
22 Edinburgh St.  
Baker 1473

SAN DIEGO, CALIF.  
Lindbergh Field  
Cypress 6-6273

SAN FRANCISCO, CALIF.  
International Airport  
Plaza 5-9406

SEATTLE, WASH.  
Boeing Field  
Lander 5916

SOUTH BEND, IND.  
412 E. Tut St.  
Atlantic 9-2437

TACOMA, WASH.  
1821 So. Dock St.  
Market 2167

TOLEDO, OHIO  
145 So. St. Clair St.  
Cherry 4-4276

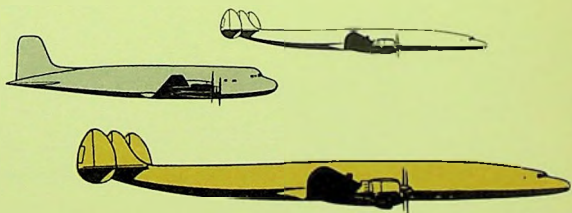
## EUROPEAN SALES OFFICES

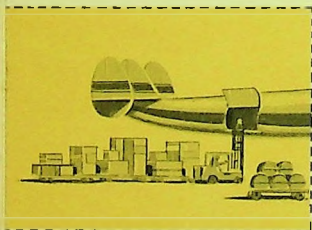
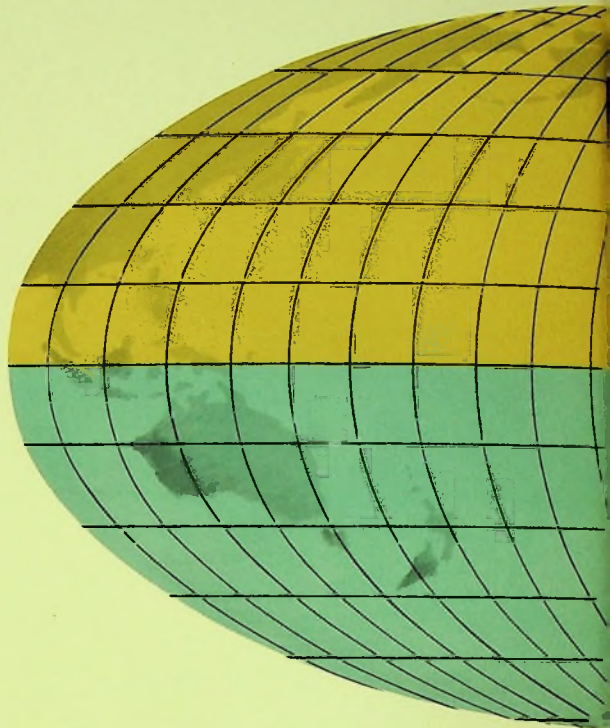
GENEVA, SWITZERLAND  
Geneva Airport  
Tel. 34 34 60

FRANKFURT/M, GERMANY  
Rhein Main Airport  
Tel. 698021—Ext. 539

PARIS, FRANCE  
American Lloyd, 7 Rue Auber  
Tel. Richelieu 63-69







THE FLYING TIGER LINE INC.

AIR FREIGHT WORLD WIDE

LOCKHEED AIR TERMINAL

BURBANK, CALIFORNIA