

Financial Results

Tiger International and Flying Tigers Report Record Increases in Second Quarter and First Half 1987 Results

Tiger International, Inc. reported the highest second quarter net income in its history: \$17,242,000, or \$.46 per share, compared to a net loss of \$22,830,000, or \$.74 per share in the comparable 1986 period. The year-to-year improvement reflects an increase of \$40,072,000, or \$1.20 per share. Revenues rose 13 percent to \$296,082,000 in the second quarter of 1987, from \$261,336,000 for the same period last year.

Largest Second Quarter Operating Profit for Flying Tigers

The Flying Tiger Line Inc. reported a pretax profit of \$25,836,000 in the second quarter of 1987, compared to a pretax loss of \$16,489,000 in the same period last year, a swing of \$42,325,000. Revenues were \$285,480,000 compared to \$251,071,000 a year earlier, a 14 percent increase.

Tiger International also reported net income for the 1987 first half of \$22,087,000, or \$.59 per share, compared to a net loss of \$56,986,000, or \$1.85 per share, in the first six months of 1986. Revenues for the first half were \$561,395,000 in 1987, compared to \$524,509,000 last year.

Flying Tigers' pretax profit was \$38,861,000 in the first half of 1987 on revenues of \$541,685,000, compared to a pretax loss of \$44,398,000 on revenues of \$505,433,000 last year. The airline's operating profit was \$66,765,000, the largest in its history, which produced an operating margin of 12 percent.

Combination of Positive Factors

"These substantially improved results and a major financial restructuring were achieved through a combination of factors, including an extensive cost reduction

effort and implementation of a new and focused marketing plan at Flying Tigers," Chairman Stephen M. Wolf said.

The airline's second quarter results were also favorably affected by strong transpacific traffic and increased Military Airlift Command business.

In 1986, Flying Tigers initiated a revitalization effort which began with an innovative Employee Partnership Program, which provided for comprehensive cost reductions, coupled with the extension of profit sharing and stock ownership plans to all participating employees.

"We are beginning to see the fruits of our labor. The Employee Partnership Program encourages employee productivity by offering individual employees a share in profits and an ownership stake in the airline. Our employees now have a vested interest in the financial performance of the Company. The better our financial results, the higher the monetary returns to employees from the profit sharing program," Mr. Wolf said.

Highest Quarter-to-Quarter Earnings

Tiger International also report-

ed the highest quarter-to-quarter earnings increase in the Company's history. The 1987 second quarter net income of \$17,242,000 was 256 percent higher than this year's first quarter result of \$4,845,000. Earnings per share in the second quarter rose 207 percent over the first quarter 1987 (46 cents vs. 15 cents). Revenues in the second quarter were 12 percent higher than in the first quarter.

New Marketing Strategy

"A major contributor to our success in the second quarter was the development of a new and focused marketing strategy, beginning with product improvements and service enhancements which were introduced beginning late last year. Our marketing goal is the definition and implementation of a long-term strategy which will give us a worldwide marketing niche which we can defend and expand," Mr. Wolf said.

Domestic service improvements to date in 1987 include new domestic schedules: 727 service to San Diego and Phoenix, which started in May; dedicated 727 aircraft for the Seattle and Denver markets; the new DC-8 service in the United States, replacing some

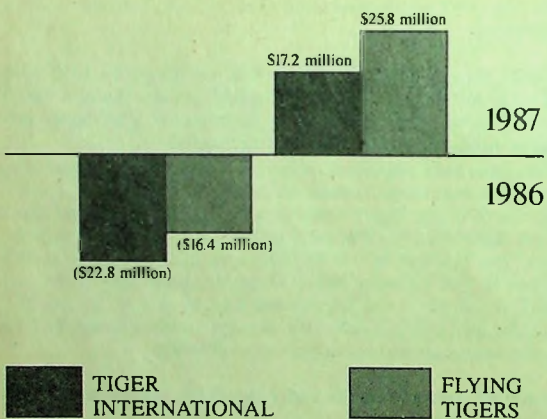
of the former 727 and 747 service; and, the earlier departures to and from the airline's hub in Columbus.

International service enhancements in 1987 include increased Asia eastbound flights; Bangkok, Thailand service began in February; new Asia-to-Europe service started in March; a Canadian Airlines joint venture for around-the-world service began in March; the commencement of DC-8 weekend service to Europe and Asia; and the introduction of a newly acquired B-747-200 on Flying Tigers' Pacific routes.

Warren Transport Also Gains

Warren Transport's revenues were \$10,602,000 in the second quarter, up 3 percent from revenues of \$10,265,000 for the year-earlier period. Pretax profits for the second quarter 1987 were \$742,000 compared to \$643,000 in the same period last year, an increase of 15 percent. Warren's pretax income was \$1,207,000 in the first half of 1987 on revenues of \$19,710,000, compared to a pretax profit of \$1,204,000 on revenues of \$19,076,000 for the same period last year.

SECOND QUARTER PROFIT



IATA Ranking

Flying Tigers #1 Again in Air Cargo Worldwide

Flying Tigers continues to be the world's top air cargo carrier, according to the latest rankings of the International Air Transport Association (IATA), based on the performance of the association's 160 members in 1986.

During 1986, Flying Tigers transported 3,099 million freight ton kilometers on its scheduled worldwide route system. (A freight ton kilometer is one metric ton of freight carried one kilometer.)

In 1985, the company also ranked number one, logging 3,145 million freight ton kilometers worldwide.

"The number one ranking reinforces many of Flying Tigers' existing strengths," said Chairman Stephen M. Wolf. "Shippers require a variety of transportation ser-

vices on a global, integrated route network and Flying Tigers worldwide cargo operating authority and service patterns are the broadest in the industry.

"In 1987, we have taken a number of substantial marketing and operating steps—such as the acquisition of additional freighter aircraft including six DC-8s and one 747 to be delivered later this year; the introduction of service to an increased number of domestic and international cities; and a major adjustment in aircraft operating schedules," Mr. Wolf said. "These actions are in support of our ongoing objective to remain the largest cargo carrier in the world based upon our ability to provide a superior pattern of service."



Fleet Addition... Flying Tigers signed a long-term lease agreement for a 747 jettfreighter aircraft from GPA Group Limited in early July, expanding the Company's 747 jettfreighter fleet—which is the world's largest—to 19 all-cargo widebody aircraft. Ned Wallace, Flying Tigers senior vice president-international sales and service, and Einar Olafsson, executive vice president for GPA Corporation, l-r above, shake hands at the airline's headquarters after signing the agreement. For more on this story, please see page 2 of this issue.

Cyril Murphy Named VP of Market Planning

Cyril D. Murphy has been named vice president-market planning for Flying Tigers, reporting to James Cronin, senior vice president-marketing.



Cyril Murphy

In his new position, Mr. Murphy will have responsibility for market development, pricing, industry and product development, marketing services and scheduling and capacity planning. A 21-year employee of Flying Tigers, he previously served as vice president-international and governmental affairs.

"Mr. Murphy brings extensive experience to his new position, having worked in the maintenance, marketing and legal affairs divisions during his career with Flying Tigers," said Chairman Stephen M. Wolf. "His vast background in the Company's operations will be invaluable in his new position."

Mr. Murphy joined Flying Tigers' maintenance division in 1966 while working his way through college. He was awarded a scholarship from the International Association of Machinists (IAM) and graduated summa cum laude from California State University, Dominguez Hills in 1973, with a bachelor of arts degree in political science. He was granted a leave of absence from Flying Tigers to attend Harvard

Law School, graduating in 1976.

Serving in a variety of management positions with the airline, Mr. Murphy has participated in the formulation of policy matters regarding regulatory and industry affairs and facilitation. He was promoted to vice president-international and governmental affairs in March, 1984. Previous to that, he served as senior executive director of government and public affairs.

Flying Tigers to Lease B-747-200 Freighter

As the result of a recently signed long-term lease agreement for a 747 jetfreighter aircraft between Flying Tigers and GPA Group Limited, the number of B-747 jetfreighters in the airline's fleet will increase to 19 when the aircraft is delivered on September 21. Upon receipt, the aircraft will be immediately deployed on Flying Tigers' expanding international routes.

"Increased demand for Flying Tigers' international all-cargo service has sparked the need for additional 747 freighter equipment," Chairman Stephen M. Wolf said. "This aircraft will be put into service immediately on our trans-pacific routes to provide increased capacity during the critical fourth quarter when shippers require additional lift capabilities," he said.

In January, the Company acquired six DC-8-73 freighter aircraft and announced a recall of all furloughed Flying Tigers pilots and a new hire program which will result in a net increase of over 250 additional pilots at the airline.

"The addition of another 747 jetfreighter complements the many international and domestic service improvements the Company has made thus far in 1987 supporting our long-term marketing strategy to provide a superior pattern of service to our global shipping customers," Mr. Wolf explained.

The seven-year lease agreement includes an option to purchase. In addition to the Company's 747s, it operates 6 DC-8 and 11 727 jetfreighter aircraft.



Fact-finding Visit... A high level delegation from Singapore, led by Mr. Guong Ching Tan, permanent secretary of the Ministry of Communications and Information, visited Flying Tigers' headquarters in Los Angeles recently to discuss future opportunities available in the Singapore airfreight market and to learn more about the airline's plans in that region. The delegation, which consisted of members of the Singapore Economic Development Board, met with Chairman Wolf and other Company officials. Mr. Tan, second from right above, and members of the delegation get a first-hand look at the inside of a B-747 jetfreighter during a tour of the airline's facilities.

The Chairman's Column

by Stephen M. Wolf

Our lead story in this issue reports on record profits for Flying Tigers and Tiger International in the second quarter and now, the first half of 1987. The idea of being profitable on a consistent basis seemed an unlikely occurrence to many people, but this improvement in our fortunes is really the inevitable result of what we have accomplished over the past months.

The heart of this accomplishment has been the Employee Partnership Program coupled with our successful refinancing and the initial implementation of our marketing program. Building revenues and controlling costs are the two basic ingredients of every successful business. The profits which are generated from this combination of factors benefit employees, shareholders and ultimately, customers, who receive increasingly better service because of the profits which we reinvest in service enhancements.

Employees benefit from consistent profitability in several ways: first, profits "fuel" the Company's financial health and enable us to grow our business on a stabler and more secure footing; second, profits make all of our jobs more secure; third, profits offer employees a greater potential for advancement; and fourth, profits activate the employee profit sharing plan, which is a key part of the Employee Partnership Program, and result in a financial return to employees to reward their efforts.

Shareholders are interested in the favorable effects profits have on shareholders' equity, which is their ownership stake in the Company, and on higher stock market values, which consistently profitable companies generally attract.

"Being profitable" energizes a business. The favorable impact goes far beyond the actual numbers, as important as they are. Profits represent the "report card" on a company, reflecting what a group of talented people who are committed to being successful can do when the occasion demands it. The "occasion" in our case was survival followed by corporate health.

While we remain a long way from true financial health, these profitable quarters are the sort of report card grades which should make us all extremely proud and should spur us on to even higher levels of performance.

Q. What is your forecast for Tigers for the second half of the year? Will we continue to be profitable?

A. We are committed to a corporate policy at Tiger International, which conforms to Securities and Exchange Commission (SEC) and New York Stock Exchange (NYSE) guidelines, of not making public forecasts or predictions about future financial results. In general terms, however, through the revitalization steps which are by now familiar to all employees, we have brought revenues and costs into a more competitive balance and have generated profits in the first two quarters of 1987. As I indicated recently to a media inquiry, the second half historically has been better than the first half. We plan that to be the case in 1987.

Q. With our current successes and profits, why do people leave the Company and how are they going to be replaced?

A. We are in a very dynamic business and the opportunities for job advancement are many and varied. Decisions to make job changes outside the Company are highly individual and often have little to do with overall business and economic factors. While we have lost some good people to other organizations—which, by the way, reflects well on our original decisions regarding these people, Flying Tigers' ability to attract quality people has improved significantly as a result of our strengthened competitive position and the vibrancy of our organization. As vacancies occur and as our business continues to improve, we will hire in people from the outside on a selective basis, recognizing that our first priority in filling vacancies is to do so from within the Company, whenever possible. For instance, in the past week, Gloria Dickey was promoted to Director-Employee Relations and Stan Balcomb was promoted to Senior Director-Technical Planning.

Q. At a recent Chairman's Conference, in response to a question, you mentioned the ULD (Unit Load Device) maintenance staff at LAX and their efforts regarding ULD repair. You also told of progress that the terminal services group has made at improving its container interchange program. Does this container interchange program really have financial impact?

A. Yes. As the result of improved control and accountability of containers interchanged between Flying Tigers and other carriers, the Company has experienced a dramatic shift in fees it pays for container usage versus monies received for the use of Flying Tigers' containers. During the first six months of 1986, when balancing payables against receivables, the Company had a negative impact of approximately \$85,000 in container usage fees. That is, it cost us a net \$85,000 in container rental fees to other carriers. In contrast, during the first half of 1987, a positive impact of approximately \$26,000 has been received by Flying Tigers for the use of its containers. Our terminal services, traffic services and ULD Control groups are to be congratulated for their efforts in achieving this significant improvement. This is therefore but one example of how our actions can and do impact our profitability.

Q. When and how will employees actually receive benefits under the Profit Sharing and Equity Plans?

A. As hopefully everyone knows, we have produced very favorable operating results for the first two quarters of 1987, and thus I am hopeful, barring significant change in conditions, that our employees can expect true benefits from our Partnership Program. Specifically, under the Profit Sharing Plan, employees can expect to receive a cash profit sharing distribution (less required withholding taxes) toward the end of February—first of March based on Company profits for the full calendar year 1987. This distribution will be in accordance with the formula set forth in the Plan.

Under the Equity Plan, the Company is currently preparing to issue to a trustee a "Master Warrant" to purchase 1,818,950 shares of the Company's common stock. On December 1, 1989 the trustee will then distribute "Participant Warrants" to purchase shares of Flying Tigers' stock for \$1.00 per share to eligible participating employees in accordance with the formula, and subject to the conditions set forth in the Plan. One-third of these "Participant Warrants" will be allocated as of December 1 in each of the years 1987, 1988 and 1989 with all exercisable December 1, 1989.

It is personally very satisfying to me to be able to work with so many dedicated employees in achieving the positive results we have produced so far this year. Under our Profit Sharing and Equity Plans, participating employees share in our success. This gives true meaning to the phrase "Partnership Program."

Q. There have been press reports that you may change jobs. Are you planning to leave the Company?

A. In an industry where mergers, acquisitions and other reorganizations are reported in the press on almost a weekly basis, there are also management changes which create opportunities at other companies. From time to time, I may have been asked to consider such opportunities. When asked if such a contact had been made, our response to those inquiries has been that we do not comment on rumors. Because of an escalation in rumors that I might go to a larger corporation, the *Wall Street Journal* reported last week as a result of an interview that "I'm committed here. We've got a lot to do and I intend to accomplish it."

Questions from employees to the Chairman should be directed to the Corporate Communications Department, HDQ 905, HDQSRFT.

VP Jack Kane Reviews Sales Organization, Goals and Future Plans

As vice president-sales, Jack T. Kane is responsible for all U.S. sales activities for Flying Tigers which includes U.S. domestic and export sales as well as corporate sales, which encompasses national accounts, agents/forwarders, U.S. government, interline and intermodal sales programs. Mr. Kane joined Flying Tigers in 1969 as a sales trainee in Los Angeles and has subsequently served in a variety of management positions in sales, marketing and operations including manager of commodity and industry marketing, manager of terminal sales, and manager of terminal services. In 1977, he was named general manager-midwest with overall responsibility for Flying Tigers' sales and service activities in an 11-state region. In 1980, Mr. Kane was promoted to vice president-sales. Raised in Southern California, he attended Loyola University and the University of California, both in Los Angeles. Flying Tigers Review interviewed Mr. Kane on July 10.



Jack Kane

Q. What is the role of the sales function at Flying Tigers?

A. Sales is the face-to-face representation and selling of the services (product) that our Company offers to our customers. In essence, the sales organization is responsible for generating new business as well as managing current business to achieve profitable growth. Every employee must remember that our customer is the cornerstone of our business. Our commitment to quality, in every job that we perform here at Flying Tigers, not only keeps customers with the Company but allows us to secure new ones.

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Q. Specifically, what is your role in the sales organization?

A. I am responsible for the direction, management and development of U.S. sales strategy and tactics resulting in the generation of revenue. In the U.S. sales organization, we are responsible for both domestic and international revenue including all of our business from the United States to Asia, Australia, Europe, the Middle East and Latin America. The domestic side of my responsibility includes revenue generation for our door-to-door product, as well as our airport-to-airport traffic—both from commercial accounts and freight forwarders and agents. Additionally, I have responsibility for the development of our major national and multi-national account sales programs.

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Q. How is the U.S. sales organization structured?

A. Our U.S. sales organization is divided into two divisions—the field sales organization located at our terminals and our corporate sales organization, which is responsible for national/multi-national accounts. The U.S. field sales group is divided into three regions, each headed by a regional sales director located in LAX, (Bill Nelson); ORD, (Mike Bourke); and JFK (Bruce Barash). Reporting to the three directors are district sales managers who supervise our 117 account executives. Charles Malone is our senior director of Corporate sales. It is interesting to note here that we have streamlined our sales organization. At one time, we had over 300 account executives, today we have 117. Late last Fall, we combined the international and domestic sales organizations to eliminate duplication of account coverage and to unify the sales staff. This streamlining action has focused our sales staff to do the best job possible in seeking increased revenue generation.

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Q. How does our Corporate sales organization differ from the field sales organization?

A. Since deregulation, there has been a more professional and sophisticated approach in managing the transportation and distribution functions in corporate America. What has occurred is a centralization of the distribution decision-

making process at the corporate level, both with commercial accounts and large multi-national accounts, as well as forwarders and agents. What we have done is to parallel our organization to meet the needs of the marketplace. Our corporate sales organization designs, sells and manages "tailor-made" programs for these corporate accounts which have many manufacturing plants located throughout the U.S. Each of these plants are then sold by the field sales organization to use Flying Tigers. This team sales approach at the corporate and field levels is essential to our continued development of revenue from major accounts.

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Q. Are you saying that corporations are now placing more importance on the transportation function as part of their own marketing and distribution planning?

A. Yes. They are now managing the purchase of transportation services much more effectively. Decision making is not made exclusively on the dock or at the traffic manager level. Companies are now consolidating their purchasing power and transportation decision making. The needs of large corporate shippers and consolidators can be reduced down to simple terms: they are looking for reduced inventory costs, a higher quality of on-time delivery, more timely transportation reports and reduced transportation costs. In order for us to ensure that we are in tune with the marketplace, and to grow with the industry, we need to have a dedicated sales staff to interface with these decision makers on a corporate-to-corporate level. The corporate sales organization is not responsible for any one city. They are responsible for specific accounts on a national basis and in some cases on a global basis. We manage the account from a "system" standpoint and we then manage the specific accounts by location through the field sales organization. This requires coordination and teamwork between our field sales organization as well as our corporate sales organization in conjunction with customer service, traffic service, marketing and accounting departments and our offshore sales organizations. This "team selling" is the fundamental, strategic approach that distinguishes Flying Tigers. It is an integrated approach that is starting to produce significant results.

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Q. How do we get business from these corporate accounts?

A. They present Flying Tigers and our competitors with a bid and say, "this is the volume we project for the next 12 months in this particular part of the United States for domestic business and these are the standards of service that we have mandated." Among others, the major requirements are quality of performance; on-time delivery; billing accuracy; timely availability of shipping informa-

tion; and cost for transportation services. Standards are clearly defined and dictated by the customer. If we are selected to participate as a preferred carrier, we then meet with the customer—on a regular basis—and review our overall system performance against their corporate standards. Quality of service is extremely important and is the ultimate criterion for carrier selection. Therefore we require close coordination with our traffic service, customer service, pickup and delivery, data processing and accounting departments to make sure we are providing the level of service that our customers expect.

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Q. One would not readily think of information systems or data processing as a part of account management. Could you elaborate on their role?

A. Information-based systems will represent the most important expansion of services in the industry over the next decade. With the commitment made by the Company in the area of information systems, we are now moving into an arena where we will compete by providing an array of computer-based services. These include automated labelling, KIACCESS and tailor-made computerized reports for a specific account. These services allow our customers to expedite their shipments, track and measure our performance, and control their costs. These reports break down specifics as to whether or not we are meeting their performance standards by origin and destination as well as providing a "system" performance review. Customers need feedback, and these reports—which must be accurate and available on a timely basis—are critical to our ability to service the account properly. The role of our information systems group underscores the impact that every Flying Tigers employee can have in maintaining customer satisfaction. Every job when well performed positively affects our business and our customers—as a service organization we can never lose sight of our commitment to quality and the impact of each individual's performance in providing that quality service.

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Q. Do our service employees join our sales personnel in making sales calls?

A. Yes, they do. Our traffic and customer service organizations play a key role in satisfying the needs of our customers. Our approach has been that we must be parallel in our objectives to successfully meet the service requirements of our customers and Flying Tigers' own corporate goals. Since these groups are involved in every step necessary to create and maintain service programs for our customers, it is essential that they work together and each agree on what services we can provide. If we commit ourselves to more than we can reasonably handle, then our relationship with the shipper will erode and our credibility will

be seriously affected. To avoid this, it is necessary to have sales and service employees work in concert with the shipper.

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Q. How is the performance of our sales staff measured?

A. Our U.S. field and Corporate sales organizations are measured against quantitative and qualitative objectives. The primary measurement of every sales person in our organization including myself, is based on his/her success in achieving revenue quotas. At the beginning of each year, we forecast revenue by product line, and then review that against an economic forecast prepared by our marketing group. Once that overall forecast is completed, it then becomes the plan. This plan is broken down to monthly increments in terms of volume (pounds), yield and revenue. The primary focus is on revenue generation. The field portion of my revenue plan is the total of the three regions in the United States. It is further distributed to the district and city level and on to the account executives in the form of revenue quotas. This system allows each of us to know, each day of the week, what we must do in order to meet our revenue plan.

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Q. Is our sales force measured on the number of sales calls they make?

A. Our account executives, district sales managers, regional directors and corporate sales team are measured on the number of sales calls made each week. We have standards and we expect our people to be able to meet those standards. The objective, however, is not to simply make seven or eight calls a day. We want quality sales calls. If an account executive makes only four calls on a given day, because one sales call took most of the day and he or she generated \$100,000 in revenue from that one call, then that particular day was very productive and worthwhile. So we make adjust-

ments and are pragmatic in our business approach. Remember the goal is increased revenue generation—not sales calls.

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Q. Is there anything else unique about our sales group?

A. We have the best trained, most knowledgeable sales people in the industry. We truly have a very competent group of sales people. Our training and development department has created and manages one of the most sophisticated and comprehensive training programs in the business. Flying Tigers has earned a reputation as having one of the most professional sales teams in the airfreight arena. The sales force views our Company's revitalization steps taken this year as positive elements which we can effectively "sell" to our customers. Now more than ever, we are in a position to provide the quality of service required to be competitive in the marketplace. With the positive trend we have been experiencing in the reliability of our door-to-door service—our future continues to look bright not only through the eyes of every employee but especially so by our customers.

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Q. Earlier you mentioned briefly the role of all employees in our relationship with our customers. Could you be a little more specific?

A. There are some areas of the Company which have direct contact with our customers on a daily basis. Customer service, sales, pickup and delivery and some of our accounting personnel have constant, direct contact. But every employee impacts our service, and therefore, our sales efforts. The accuracy of data entry into our KIAC system with regard to document preparation and shipment monitoring is very important. The timely transmission of that information and following up with paperwork impacts our business. Basic courtesy, whether on the

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Personnel Update

Dickey Named Director Employee Relations

Gloria Dickey has been named director-employee relations effective August 1, reporting to Sue Heinberg, senior director-personnel relations. Ms. Dickey, who joined Flying Tigers in 1982, most recently served as manager-personnel relations. Her new responsibilities include benefits and compensation, employee records, personnel systems and employee relations.

Redditt, Tymczyszyn to Flight Operations Posts

Richard Redditt has been appointed director of flight operations-technical and Captain John Tymczyszyn has been named director of flight operations-domestic, both reporting to Captain Donald Pritchett, vice president-flight operations.

Mr. Redditt will be responsible for the technical aspects of flying operations including operating procedures, flight publications, flight planning and performance engineering functions. A Flying Tigers employee since 1978, Mr. Redditt previously served as a check airman.

Captain Tymczyszyn will be re-

sponsible for all B-727 flight operations including the administration and direction of all flight personnel assigned to that aircraft. Most recently a B-747 airman, Captain Tymczyszyn joined the Company in 1974.

New Organizational Structure for Benelux

In line with continuing cost reduction efforts, the position of general manager-Benelux is being eliminated resulting in the following organizational changes:

Marcel Buelens, previously terminal operations manager-Belgium, has been promoted to manager-Belgium with responsibility for all sales and service activities within Belgium and Israel. Gerald Prins, previously sales manager-Netherlands, has been named manager-Netherlands with responsibility for sales and service activities within the Netherlands. Both will report to Roy King, vice president-Atlantic.

Martin Atack, manager-terminal operations in Dubai, who previously reported to the general manager-Benelux, will now report to Robert Wetherill, general manager-United Kingdom/Ireland. Mr. Gilbert de Vleeschouwer, general

manager-Benelux, has resigned to pursue other endeavors.

Horacio Gandini is District Manager for Argentina

Horacio Gandini has been named district manager-Argentina, responsible for all operations, sales, accounting and administration functions in Argentina and Uruguay. He will report to Juan Cento, general manager-Latin America. Mr. Gandini most recently served as terminal operations manager in Buenos Aires. A Flying Tigers employee since 1983, he joined the airline as a customer service agent in Buenos Aires.

Judi Kennel is Manager of Flight Attendants

Judi Kennel has been promoted to manager of flight attendants, reporting to Marge Hough, director of inflight services. Ms. Kennel will be responsible for the administration and management of the activities of the airline's 250 flight attendants who support its Military Airlift Command Passenger Contract. A Flying Tigers employee since 1979, Ms. Kennel most recently served as supervisor of inflight services.

Promotions

Promotions around the system:

- Toni Colon** . . . to customer finance job 4, from customer finance job 2 (HDQ).
- Brian Cowan** . . . to ramp serviceman (BOS), from part-time controller (LCK).
- Lue Fields** . . . to ramp serviceman (BOS), from part-time cargo handler (LCK).
- Gwen Dyer** . . . to cost analyst, from jr. financial analyst (HDQ).
- Ed Franklin** . . . to manager-market forecasting, from senior analyst (HDQ).
- Reiner Hoffmann** . . . to ramp serviceman (BOS), from part-time cargo handler (LCK).
- James Ingersoll** . . . to manager-ground training, from senior ground instructor (HDQ).
- Elaine Johnson** . . . to account executive, from customer service representative (LAX).
- Michael Kinnett** . . . to crew controller (HDQ), from part-time operations control assistant (LCK).
- Alan Larson** . . . to maintenance instructor (HDQ), from salaried mechanic (MIA).
- Rene Septimo** . . . to coordinator-material record keeping, from computer data recorder B (HDQ).
- Margaret Timothy-Tozer** . . . to lead payroll accountant, from accounting clerk A (JFK).
- Laura Villegas** . . . to customer finance job 4, from customer finance job 2 (HDQ).
- Yu Chen Wang** . . . to customer finance job 4, from patron code clerk 2 (HDQ).

Kane Interview. . .

Continued from Page 3.

telephone, or one of our ramp service employees interfacing with a truck driver is of critical importance. And, of course, timely and accurate billing is absolutely necessary. The quality of service that our maintenance employees provide on our fleet affects our customer. Virtually every function of the airline, performing to the highest level of quality possible, improves our overall performance to our customers. And that is the name of the game. It is important that we focus on leading the way in terms of product and service enhancements which we provide the customer. But we cannot sell service enhancements if we do not have a consistent and credible service as a foundation. If we cannot perform the basics, then we will not be able to sell or perform additional services. Our customers are not looking for fancy, flash-in-the-pan programs—they are looking for reliable airfreight and transportation services for each and every shipment.

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Q. Is it necessary for your sales group to coordinate with the offshore sales force?

A. Yes it is. Our offshore sales group is an important component to our team sales approach at Flying Tigers. We work closely with our offshore sales force for business leaving the United States to a foreign destination. We ask our offshore group to contact the consignee at their end to recommend Flying Tigers. In addition, we frequently become involved in selling consignee controlled traffic here in the United States and in both supporting and coordinating with our offshore sales organization which, by the way, does a superb job.

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Q. What is the outlook for our domestic door-to-door service?

A. We are very optimistic. There has been a positive trend in our

reliability which allows us to say to our customers, "Look, this is how we are performing from a system standpoint." We continue to grow the number of new shippers using our door-to-door service which is extremely encouraging. With continued mergers and acquisitions taking place in the industry, competition is much more intense. This means there is a continual upgrade in the types of services that our competition is providing the nation's shippers. We are very pleased with the array of new services that we have under development, which will assist us in providing an extended menu of services to our customers. Barcoding, electronic data interchange and other projects under development are now getting positive feedback. With these new developments, we will be better able to penetrate existing accounts as well as acquire new customers for Flying Tigers.

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Q. The Company has added a number of new cities in the United States with direct aircraft service in 1987. How are these new services received?

A. As we expand our interior network in the United States, it dramatically improves our service capability for our door-to-door commercial accounts and our airport-to-airport commercial and forwarder accounts. Expansion in the United States also allows us to focus on picking up international traffic where we have service and where our competition does not. We can take international traffic all the way from an interior point to a foreign country or return. For example, IBM recently changed their shipping pattern for traffic to Australia. Instead of only shipping out of New York or San Francisco, they are now taking traffic from points such as Atlanta, Charlotte, Columbus, Chicago and Boston. And they are using Flying Tigers

to do it. The same concept is applicable for traffic coming into the United States. Our hub is a major part of our future success for both domestic and international traffic. The services that we are planning to add at the hub will allow our sales organization both in the United States and offshore to offer a wider range of services to meet our customers' needs.

* * *

Q. You are also responsible for multi-national corporate accounts. Why do we have a sales force dedicated to these types of accounts?

A. We sell to our multi-national agents and commercial shippers' agents on a corporate-to-corporate basis. We have an advantage over our competition because we have staffed our corporate sales and certain field locations with multi-lingual employees who can call on these customers and communicate effectively in order to meet their transportation needs. We have tailored our sales approach to conform to the way in which Japanese, Korean and Chinese agents and forwarders are structured here in the United States to ensure that we stay competitive. This is not a new program for us—we have been successful with this approach since 1974.

* * *

Q. How do you cover multi-national, American and European forwarders and agents?

A. Our sales strategy and tactics parallel these multi-national accounts as just discussed. The major difference is that these accounts ship both domestically within the United States as well as internationally. We design corporate programs to generate both domestic and international revenue. We also "team sell" a large commercial account that has export volumes. The commercial account normally selects its international agent, and we in conjunction

with that agent, work together to ensure that all of the needs of the shipper are met. Obviously, we gain business both from the commercial account as well as additional revenue from the agent's consolidation.

* * *

Q. The U.S. Post Office is a major customer of Flying Tigers. What services do we provide them?

A. The U.S. Post Office is a very important customer. Currently, we carry mail in both the domestic system and also to and from international cities in Asia, Europe, Australia and South America. We compete with all carriers for this year-round business through "requests for proposals." The bids are awarded based upon the number of cities served, schedule reliability and a competitive price structure. Our international revenue from the U.S. Postal Service continues to be an area of opportunity and growth.

* * *

Q. How is our sea-air business doing?

A. SeaTiger service is an important element of our total sales effort. Our SeaTiger department is responsible for working with large multi-national shippers who have manufacturing facilities in Asia which move products to the United

States via ocean vessel, then by air to South America, Europe or markets within the United States. The SeaTiger program has great potential for generating additional business from ocean ports on the west coast.

* * *

Q. You joined Flying Tigers almost twenty years ago in an entry level position within the sales department. During that time, Flying Tigers has developed into a billion dollar corporation. How do you view the Company's future?

A. I am more excited and optimistic about our future now than I have ever been. We have five major divisions which report to the Chairman. Each division has quantitative and qualitative objectives with precise timeframes. I am very pleased about the organization, the structure, and its clear direction. We have a sense of urgency and a renewed pride in Flying Tigers that says we are in the marketplace to stay and that we have the people and plan to be a successful competitor. In order to succeed we must have growth in revenue and in the number of customers with whom we do business. By providing a quality service, we will succeed. It is a lot of hard work, but we all enjoy being a winner and that's what Flying Tigers, in my opinion, is becoming.

FLYING TIGERS review

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