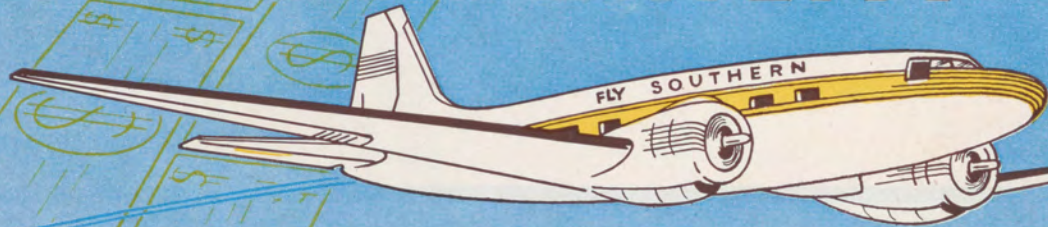


A YEAR of ACHIEVEMENT



FIRST REPORT TO STOCKHOLDERS, CUSTOMERS, FRIENDS

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IKE F. JONES, *Vice-President*
TOM D. EVE, *Vice-President, Traffic and Sales*
GEORGE F. ESTEY, *Secretary-Treasurer*
CECIL A. BEASLEY, JR., *Assistant Secretary*
W. B. WHITE, JR., *Assistant Secretary*
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BIRMINGHAM, ALA.
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GENERAL OFFICES
Municipal Airport, Birmingham, Ala.
OPERATIONS HEADQUARTERS
Municipal Airport, Atlanta, Ga.





A YEAR OF ACHIEVEMENT

Southern Airways, Inc., is one of America's newest certificated airlines. The company provides daily scheduled airline service to 20 cities in seven Southeastern states. Our general offices are in Birmingham, Ala. Traffic, sales and operations are conducted from the Municipal Airport in Atlanta, Ga. At present, two daily round trips are provided between Memphis and Charlotte, and between Atlanta and Jacksonville. Atlanta to Columbus, Ga., receives three daily round trips, while Columbus, Ga.-Charleston, S. C., receives one daily round trip. This service involves almost 5,000 miles of daily scheduled flying.

On January 5, 1944, we filed an application with the Civil Aeronautics Board for the right to establish a system of feeder airline routes throughout the South. After more than five years of studies, hearings, and other procedural steps, our award for the system presently operated became effective on February 8, 1949, when we were granted a Certificate of Public Convenience and Necessity to provide service to 23 cities, covering 1,332 route miles. Three of these cities, namely Tupelo, Miss., Rock Hill and Orangeburg, S. C., are not presently being served

because of inadequate airport facilities. It is contemplated that service to Tupelo will commence in the fall of 1950.

On June 10, 1949, scheduled service was inaugurated between Memphis and Atlanta with one daily round trip. On June 25 the Atlanta-Jacksonville segment was activated with one daily round trip. On July 5 service was increased to provide two daily round trips between Jacksonville and Atlanta. On August 5 service was started between Atlanta and Charlotte with two daily round trips. The final segment, Columbus, Ga., to Charleston, S. C., was activated on September 15.

A pre-inaugural flight was operated over each segment of our system shortly before scheduled service began. Prominent citizens from each of the communities were carried on these flights, which received extensive press and radio publicity.

Shortly after inauguration of service over our complete system, we were granted instrument flying authorization, which made our operations much more dependable. Early in January we were approved for the use of the Instrument Landing System, which has enabled us to operate

under the same weather conditions as the older airlines that have been serving this area for years.

Of the 20 communities served by Southern, seven had never received scheduled airline service before. These are: Athens, Ga.; Moultrie, Ga.; LaGrange, Ga.; Gadsden, Ala.; Tuscaloosa, Ala.; Greenwood, S. C., and Columbus, Miss. We are proud of the fact that we have placed these cities on the airline map of the world.

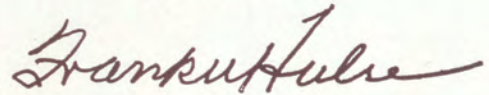
Southern has applied for additional routes to round out local coverage of the South. It is hoped that we will be approved for service into New Orleans and other Mississippi Valley points during the summer of 1950.

It is gratifying to know that in the short twelve months that we have operated, Southern Airways has become an integral part of the

communities which we serve. In addition to the cities that have never enjoyed scheduled airline service before, we have opened new markets and new opportunities for many other cities. At least one new industry has been brought into the area by Southern Airways.

The 215 employees working for Southern are all young, energetic, and specialists in their respective fields. Every one of them is anxious to provide you with the safest, most convenient and dependable service possible.

Respectfully yours,



June 20, 1950

TOM D. EVE

*Vice-President,
Traffic and Sales*

Joined Southern Airways Company in 1941. Managed Augusta, Greenville, Charlotte, Atlanta operations. Prior to this he had obtained commercial pilot's rating. In 1949, was named vice-president, Southern Airways, Inc., and was active in financing of new company.



HUGH W. DAVIS

Operations Manager

Active in aviation for 16 years. Associated with TWA, the Civil Aeronautics Adm., Colonial Airlines, and Robinson Airlines, before joining Southern Airways. Now has charge of all Southern operations.



F. L. MCLEOD

Assistant Treasurer

Has wide experience in Airline accounting procedures. Formerly with Chicago & Southern Air Lines, Colonial Airlines, Consolidated Aircraft, and Florida Airways.



GEORGE F. ESTEY

Secretary-Treasurer

Has 25 years of auditing and accounting experience. Joined Southern Airways in 1945. In 1948 he was named secretary-treasurer.

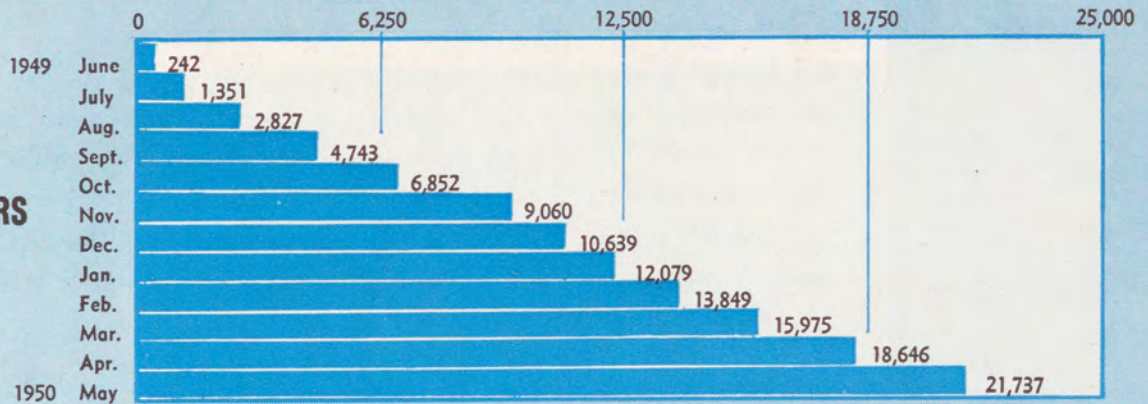


YOUR COMPANY'S PROGRESS

CUMULATIVE TOTALS — MONTHLY FROM JUNE 1949 — MAY 1950

AIR PASSENGERS

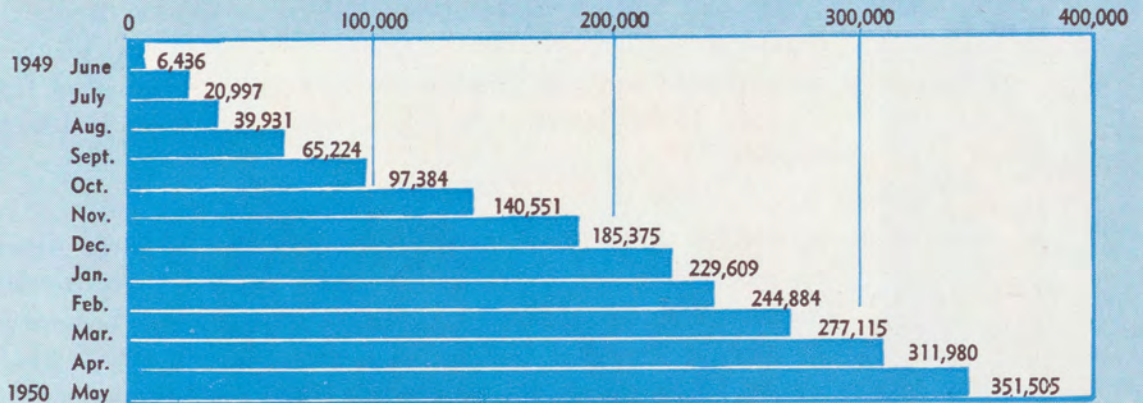
THROUGH



POUNDS

AIR MAIL

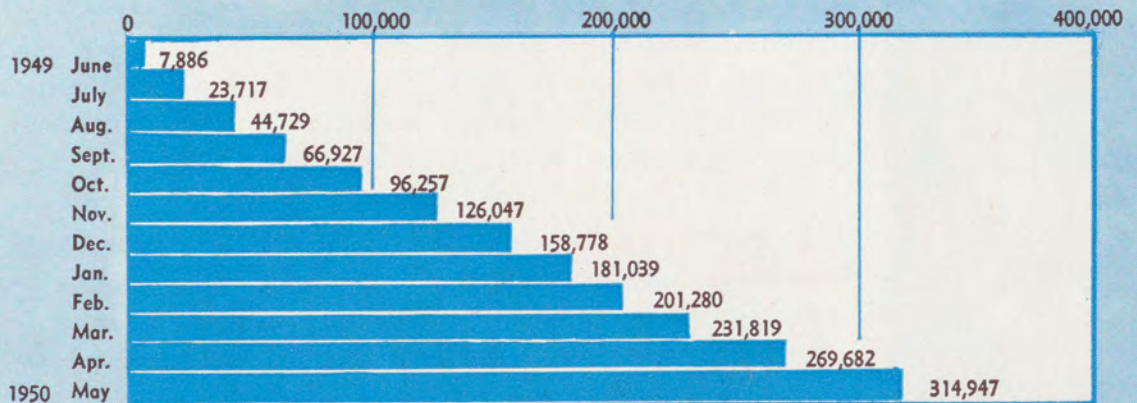
THROUGH




POUNDS

AIR EXPRESS

THROUGH




BUILDING THE SOUTHEAST




INDUSTRY—The growth of Southeastern industry is one of the most phenomenal in the history of American business. Manufacturing plants from crowded eastern areas find climate and labor conditions ideally suited to their requirements.

Columbus, Mississippi, for example, was selected as the location of a great nursery company's operations because Southern Airways service was available.


More and more industries are choosing Southern sites with *air service*.




AGRICULTURE—The once bare and eroded Southeastern cotton fields have now become green and verdant due to the diversification of crops. No longer a one-crop economy, Southern agriculture is keeping up with the growth of industry in the southeast. Southern Airways expedites the sale of farm produce, helps the farmer travel so he may broaden his markets and shop in larger centers.



BUSINESS—Retail stores reduce inventories with Southern Airways service. Air parcel post, air express and air mail help move goods faster between factory and consumer. Retail stores benefit through rapid turnover and reduced inventory. A jeweler in Gadsden, Ala., says it saves money to have air service because, "I can get goods from almost anywhere in less than one day."



FINANCE—Southern Airways carries a record volume of air mail, much of it money in the form of checks. Checks clear faster and the rapid exchange thereby expedites many business transactions. Checks, drafts, bonds, and stocks are taking wings and flying to work on Southern Airways.



RECREATION—The week-end vacation has come to the Southeast. With Southern Airways service, hours and days are added to holidays. The farmer or merchant and his family in the mid-South can go to the mountains or to the beach in a couple of hours, and the business man can commute between vacation spot and office.

SOUTHERN AIRWAYS

Helps Build Business In Twenty Leading Southeastern Cities

**Offering Scheduled
Airline Service to
More Than 2 Million
People.**

**Annual Retail Sales
of Cities Served Are
More Than 2 3/4
Billion Dollars.**



CITY	CITY LIMITS POPULATION* (Est. 1950)	RETAIL SALES† (1949—000 omitted)
Albany, Georgia	33,900	\$ 38,973
Athens, Georgia	27,800	32,538
Atlanta, Georgia	358,400	573,639
Augusta, Georgia	81,700	87,675
Birmingham, Alabama	321,400	432,188
Charleston, South Carolina	84,900	112,787
Charlotte, North Carolina	133,212‡	173,391
Columbus, Georgia	81,000	91,588
Columbus, Mississippi	19,100	19,393
Gadsden, Alabama	62,100	58,802
Greenville, South Carolina	71,600	105,874
Greenwood, South Carolina	13,617‡	21,158
Jacksonville, Florida	240,900	291,047
La Grange, Georgia	28,100	20,470
Macon, Georgia	87,800	93,616
Memphis, Tennessee	351,800	446,426
Moultrie, Georgia	13,900	12,656
Spartanburg, South Carolina	36,668‡	78,384
Tuscaloosa, Alabama	42,100	42,978
Valdosta, Georgia	24,800	18,491
TOTALS	2,114,797	\$2,752,074,000

* "Sales Management" Survey of Buying Power, 1950.

† "Editor and Publisher" Market Guide, 1950.

‡ 1950 census.

TYPICAL CITIES SERVED BY SOUTHERN

BIRMINGHAM Alabama

Beautiful industrial city—the “Pittsburgh of the South.” One of the leading manufacturing, and trading centers of the South, with great natural mineral reserves. Serves as a wholesale market for more than 2 million people in a radius of 150 miles.



CHARLOTTE North Carolina

“Queen City” of the Carolinas, and the largest city in both states. Distribution, manufacturing, and financial center of a rapidly expanding region. One of the 25 largest markets in the U. S. 360 Charlotte manufacturers employ more than 20,000 people.



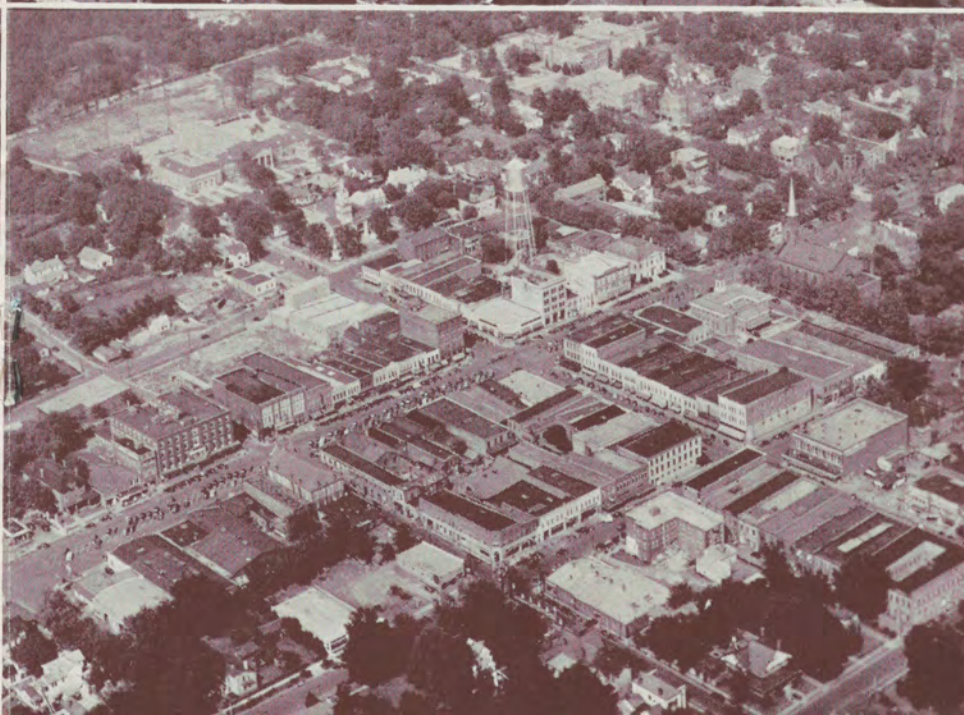
TUSCALOOSA Alabama

County seat; industrial, chemical, agricultural, mining, and educational center. The University of Alabama is one of the great institutions of higher learning in the South.



COLUMBUS Mississippi

An important center of trade, agriculture, and industry for a large area between Memphis and Birmingham. A true city of The Old South. Now has 40 diversified industries. A variety of crops, chiefly cotton, are grown in Lowndes County.



SOUTHERN AIRWAYS IS

IT IS THE BUSINESS OF THE MANUFACTURER AND WHOLESALER . . .

Southern Airways is, of course, a large purchaser of the supplies and materials necessary to operate an enterprise of its kind. Too, other manufacturers and distributors are interested in Southern as a means of rapid shipment of their goods, and expediting other phases of their activities.

IT IS THE BUSINESS OF THE LOCAL BUSINESSMAN . . .

Southern employees buy locally for their own needs, and retail merchants benefit accordingly. Other businessmen engaged in serving the traveling public, such as restaurants, hotels, and cab companies, also profit from air travel.

IT IS THE BUSINESS OF THE FARMER . . .

Farm income in the South trebled in nine years from \$2.5 billion in 1940 to \$9.6 billion in 1948. Many factors, among them mechanization, crop diversification, and the development of rural markets through improved air transport, have brought about this rural prosperity, which is of course reflected in the town and cities of the South.

IT IS THE BUSINESS OF THE SOUTHERN FAMILY . . .

The family living on the farm or in town is now only a few hours away from the recreational, business, and shopping centers of the South. (In fact, each city served by Southern is now no more than 65 hours away from any point in the world served by scheduled airlines.) Beaches, mountains, resort areas of all kinds are as close in distance as in time, and Southern families are making new neighbors of those living everywhere in the Southeast.

EVERYBODY'S BUSINESS

IT IS THE BUSINESS OF SOUTHERN AIRWAYS EMPLOYEES . . .

Southern Airways is a Company of men and women dedicated to building their country and their company. Southern Airways is truly their company—50% of the pilots, ticket agents, office personnel and other employees have invested their savings in company stock so that modern air transportation might be available to Southern cities.

SOUTHERN AIRWAYS' RELATIVE INDUSTRY POSITION

Mail and Express Flown Per Mile by Feeder Airlines of the U. S.*

	MAIL	EXPRESS
September, 1949 . . . . .	.6th	3rd
October, 1949 . . . . .	.4th	4th
November, 1949 . . . . .	.1st	3rd
December, 1949 . . . . .	.4th	4th
January, 1950 . . . . .	.1st	5th
February, 1950 . . . . .	.4th	6th
March, 1950 . . . . .	.3rd	4th
April, 1950 . . . . .	.2nd	3rd
<i>Average Position</i>	<i>.3rd</i>	<i>4th</i>

* Position shown is among 12 operating feeder airlines using Douglas DC-3 equipment.

C. W. BRADFORD
Chief Pilot



T. R. FOSTER
Superintendent of Maintenance

E. A. BOSTLEMAN
Superintendent of Communications



F. A. SHINE
Manager of Schedule and Tariffs

R. W. HUNT
Manager of Traffic and Sales



C. M. DEKLE
*Chief Dispatcher and
Superintendent of Stations*

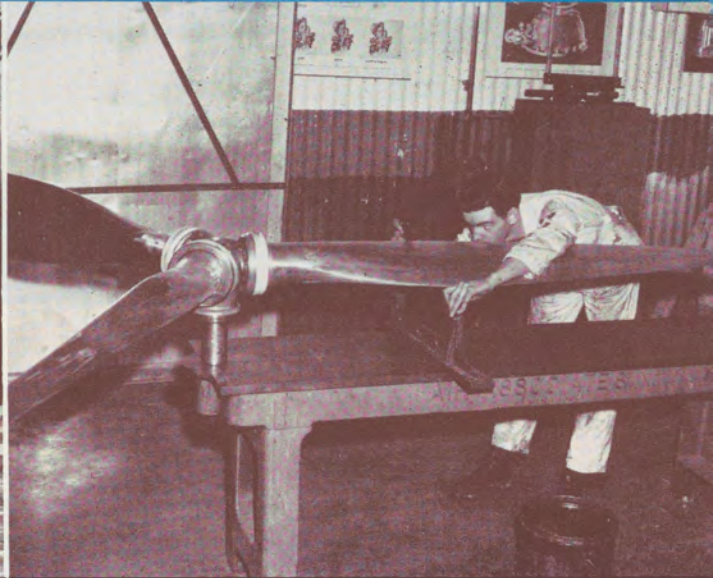


DEPARTMENT HEADS

The combined aviation experience of Southern Airways officers and department heads is more than 160 years.



PRATT AND WHITNEY 1200 H.P. ENGINES . . . are inspected at frequent intervals.



IN THE PROP SHOP . . . mechanical tolerances are carefully checked to assure maximum propeller efficiency.

AIRPLANE MAINTENANCE

A total of 3,599 equipment checks and inspections were made in the first year of operation

UP TO DATE EQUIPMENT . . . is used in Southern's maintenance, making for greater aircraft performance, economy, safety.

READY TO GO . . . this Southern DC-3 has been rigidly inspected and made mechanically safe and efficient for the period before the next scheduled check.



SOUTHERN AIRWAYS, INC.

BALANCE SHEET
AS OF MAY 31, 1950

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks	\$ 68,248.97
U. S. Government Bonds	300,000.00
Accounts Receivable—U. S. Mail Pay	98,101.16
Other Accounts Receivable and Notes Receivable	50,094.69
Inventories	64,378.66
Total Current Assets	\$ 580,823.48
Additional Mail Revenue Due From U. S. Post Office Department	\$ 287,834.41*
Investments and Special Funds	511.00
Operating Property and Equipment	\$616,074.06
Less: Reserve for Depreciation	207,729.48
408,344.58	
Prepayments and Deferred Charges	159,482.87
TOTAL ASSETS	\$1,436,996.34

*Represents net operating costs, extension and development expenses which are considered to be minimum additional amount reimbursable by the U. S. Post Office Department upon establishment of a permanent mail rate by the Civil Aeronautics Board. It is expected that the permanent mail rate will include a reasonable profit. No such profit, however, is reflected in this statement.

LIABILITIES

CURRENT LIABILITIES:

Notes Payable	\$ 169,467.93
Accounts Payable	125,682.24
Other Current and Accrued Liabilities	94,948.91
Total Current Liabilities	\$ 390,099.08
Deferred Liabilities	95,637.57
Long Term Debts	475,776.60

CAPITAL AND NET WORTH

Capital Stock: Common, \$3.00 par value;	
Outstanding 164,223 1/3 shares	\$ 492,700.00
Surplus	(17,216.91)
Total Capital	\$ 475,483.09
TOTAL LIABILITIES AND CAPITAL	\$1,436,996.34

SOUTHERN AIRWAYS, INC.

CONDENSED INCOME AND EXPENSE STATEMENT

June 10, 1949, thru May 31, 1950

REVENUE

Passenger	\$ 208,824.49
U. S. Mail	1,007,958.36
Air Express	10,030.29
Excess Baggage	1,084.04
Incidental	<u>2,284.54</u>
Total Revenue	\$1,230,181.72

OPERATING EXPENSES

Flying Operations	\$ 703,558.04
Depreciation Flight Equipment	81,895.38
Ground Operations	230,469.09
Indirect Maintenance	87,123.30
Passenger Service	41,407.92
Traffic and Sales	114,276.72
Advertising and Publicity	46,978.00
General and Administrative	130,977.17
Ground Equipment Depreciation	<u>16,889.07</u>
Total Operating Expenses	\$1,453,574.69

Net Operating Profit (Loss) (223,392.97)

Non-Operating Income (Expense) (68,940.27)

Net Profit (Loss)—Based on Present Mail Rate (292,333.24)

Minimum Additional Amount Reimbursable

Upon Establishment of a Permanent Mail Rate 287,834.41*

Net Loss: After Additional Anticipated Revenue (4,498.83)

*It is expected that the permanent mail rate will include a reasonable profit. No such profit, however, is reflected in this statement.

"Your Service In The South"



A YEAR OF
ACHIEVEMENT

A Typical Southern Crew

Step-Door Equipment on All Planes

Interior of Cabin



TO STOCKHOLDERS, CUSTOMERS AND FRIENDS:

Since the preparation of our first report to you, the Civil Aeronautics Board has approved our application for additional service in the lower Mississippi Valley area. This will give us a total of 2,122 route miles between 31 cities in 8 southeastern states. The map below shows our expanded system, and also Tupelo, Mississippi to which service will begin shortly.

The additional mileage will enable us to operate more economically and to provide better service for the entire area which we serve.

Service to the newly approved area will be inaugurated as rapidly as equipment can be obtained and installations made. The company expects to provide two daily round-trips over all of the new routes before the end of 1950.

The extension of our system reaffirms the confidence of the Civil Aeronautics Board in the South and in Southern Airways.

Respectfully yours,

Frank W. Hulse
Frank W. Hulse
President.

