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## **Captain Michael Gitt Papers - Colonial Airlines Annual Reports 1946, 1948, 1953, 1954**

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## COLONIAL AIRLINES, INCORPORATED

### Report of the President

To the Stockholders:

#### ANNUAL ACCOUNTS

Your Company's annual accounts for the year 1954 certified by Arthur Young & Company, independent public accountants, are presented herewith. Also included in this report are detailed comments regarding these accounts, as well as other matters of interest to the stockholders.

#### STATUS OF COLONIAL-EASTERN INTEGRATION AGREEMENT

Your Management has entered into an Agreement to sell all of the Company's assets to Eastern Air Lines, Inc. This Agreement is being submitted to stockholders for approval at the annual meeting to be held April 20, 1955. The steps which have been taken in the interest of a merger, as well as the status of the petitions which Colonial has filed for extensions and revisions of its route structure, are fully described in the proxy material which accompanies this report. Rather than attempt to sketch these in this report, I refer you to the proxy material for detailed information on these matters.

#### RESULTS OF OPERATIONS

Systems operations for 1954 resulted in a net profit of \$90,945 as compared to a net profit of \$125,465 for the year 1953. This is the first time Colonial has shown a profit in two successful years.

Through intensive effort, non-mail revenues increased by \$290,000 or 3% over the year 1953. This increase follows an increase of \$2,182,000 or 35% in 1953 over 1952. Expenses increased by \$317,000 or 4% over 1953.

Total taxes levied for the year 1954 amounted to \$142,700 including \$38,955 paid to the Federal Government on purchases of gasoline and oil. This tax bill paid by Colonial, a relatively small carrier, is indicative of the sizable contribution which the certificated air carriers are making to the costs of facilities provided by the United States Government. In addition, Colonial collected for and paid to the Government \$602,000 in transportation taxes. These transportation taxes alone exceed Colonial's mail subsidy by \$91,000.

#### TRAFFIC

Your Company reached another all-time high during 1954 with 434,446 revenue passengers flown over the system as compared with 418,756 in 1953 and with 317,244 in 1952, an increase of 37% in the last two years. The additional 1954 Domestic traffic was obtained through an increase in the number of seat miles provided while, at the same time, decreasing the number of aircraft miles flown.

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Important gains were made on the highly competitive route between New York and Montreal. Through-traffic increased from 129,354 passengers in 1953 to 141,244 passengers in 1954. There was also an increase of 11% in local traffic on this route. These gains are particularly significant in view of the past development of traffic on this route.

Couch service on the New York-Montreal route continues to assist in the generation of additional traffic. During 1954 Colonial carried 18,449 couch passengers and this couch business was developed while our regular services were showing strong growth.

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Coach service on the New York-Montreal route continues to assist in the generation of additional traffic. During 1954 Colonial carried 18,449 coach passengers and this coach business was developed while our regular services were showing strong growth.

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