

**TIGER
INTERNATIONAL**

1983

**ANNUAL
REPORT**

FINANCIAL HIGHLIGHTS

For the year ended December 31.

(Amounts in thousands, except
per share data)

	1983	1982
Revenues	\$1,250,276	\$1,161,196
Loss from continuing operations	(95,628)	(73,533)
Loss from discontinued operations	(147,004)	(62,690)
Net loss before extraordinary gain	(242,632)	(136,223)
Extraordinary gain	19,792	—
Net loss	\$ (222,840)	\$ (136,223)
Loss per share		
Continuing operations	\$ (5.30)	\$ (4.34)
Discontinued operations	(8.14)	(3.70)
Extraordinary gain	1.10	—
Total	\$ (12.34)	\$ (8.04)
Assets	\$1,113,766	\$2,440,619
Stockholders' equity	\$ 84,536	\$ 283,166
Book value		
per common share	\$ 4.16	\$ 16.72
Cash dividends paid		
per common share	—	—

**TIGER INTERNATIONAL, INC.
1983 ANNUAL REPORT**

In the interest of providing stockholders comprehensive information on the Company's operations and results, this Annual Report includes the Company's Annual Report on Form 10-K (without Exhibits), as filed with the Securities and Exchange Commission.

TO OUR STOCKHOLDERS:

The year 1983 was by all odds the most difficult period in the company's history. However, we are confident that the rigorous measures we have taken to return our company to profitable growth will be effective. We feel that the fourth quarter profit on continuing operations was a harbinger of a turnaround.

We have made a strategic decision to concentrate on our freight transportation businesses—airfreight, trucking and intermodal—and to discontinue our leasing and financial service activities. At year end we announced that a subsidiary of General Electric Company had taken over the management and operation of the railcar leasing and repair business of our North American Car subsidiary. In addition, we have decided to sell or liquidate all of Tiger Leasing Group's other operations.

Although these leasing activities have been excellent profit generators for Tiger International in past years, the capital requirements are of such magnitude as to impede our overall efforts to support the growth of our transportation activities, particularly airfreight. The General Electric transaction will help us to solve North American Car's cash stringency and will, we are confident, permit

us to realize a fair price for our assets over the longer term.

In 1983, Flying Tigers was faced with a most difficult set of challenges which required prompt and aggressive action. On the one hand we had to conserve and generate cash, while at the same time we had to develop new airfreight services to meet our customers' needs. Flying Tigers' cash position was strengthened as a result of the restructuring of its debt and through sale of certain non-productive assets. Flying Tigers was able to significantly expand its Asian business and continued to offer new products and services for its domestic United States, South American and Australian markets. Furthermore, by increasing trucking service in Europe, we were able to allocate needed 747 equipment from Europe to Asia, with an overall improvement in profits.

To improve our overall financial condition we took two important steps. The parent company had debt of \$117.4 million, \$60 million of which was convertible subordinated debentures, and \$49.9 million of which was debentures issued in connection with the Seaboard World Airline acquisition in 1980. The annual interest burden on this debt was \$11.5 million. Through a successful debt-equity exchange we were able to reduce this debt to \$57.1 million and to reduce our annual cash interest costs by \$9.4 million. This

very significant benefit assisted us in our negotiations for restructuring the debt of Flying Tiger Line and North American Car.

In February 1984, we initiated a debt-equity exchange for Flying Tigers which will reduce certain of its public debt and could save a significant amount of cash in 1984. This exchange offer was also the device by which stock of Flying Tigers is now in public hands and is trading on the over-the-counter market. The company will continue to own more than 90% of the stock of Flying Tigers.

Flying Tigers has excellent growth opportunities, but its costs must be brought more into line with those of its competitors, particularly in the burgeoning domestic market, if we are to see adequate and sustainable profits.

Flying Tigers, also, is expanding its trucking activities, both in the United States and Europe. This trend is expected to continue, and many more cities will be opened to Flying Tigers' worldwide air cargo service through joint truck-air service.

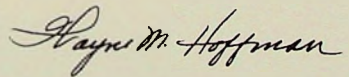
Our trucking operations also returned to overall profitability in the fourth quarter. We expect to continue to develop and expand our trucking and intermodal activities.

Warren Transport, which benefits from low labor costs, has been consistently profitable. It operates without debt and is able to meet its expanding business needs wholly through internally generated cash. Hall's Motor Transit, like all other large less-than-truckload truck companies, has had to adjust to the new demands of deregulated competition. New marketing and operating techniques have begun to show good results, as the fourth quarter profit demonstrates.

For the future, we intend to continue to concentrate on developing the outstanding potential of our airfreight, trucking and intermodal transportation activities. We will complete our transition to the highly competitive, deregulated environment of the future and we expect to achieve the profits necessary to assure our healthy growth.

On behalf of the members of the board of directors, let me express our gratitude to our customers, suppliers, lenders and investors for their support of our efforts during this past, most difficult, year.

Lastly, and most importantly, the Tiger men and women have demonstrated those qualities of toughness, skill and fighting spirit that are required for success in today's environment. We are grateful for their efforts.



Wayne M. Hoffman
Chairman of the Board
Chief Executive Officer and
President



AIR CARGO:

Flying Tigers provides scheduled air cargo service throughout North and Latin America, Asia, Europe, the Middle East and Australia, as well as global charter service. The world's largest all-cargo carrier offers shippers a full range of transportation services and specialized distribution programs.

Flying Tigers continued to expand its international route structure by launching weekly B-747 southbound scheduled

jetfreighter service to Australia, filling a critical shortage of cargo capacity for United States shippers. Flying Tigers markets its outbound flights by offering charter service for Australian livestock exporters transporting breeding stock to Asian markets, which positions aircraft in Asia for the high yielding return flights to the United

States. No other carrier has the capability or flexibility to offer this unique triangular flight pattern.

Also in 1983, Flying Tigers inaugurated scheduled service to Buenos Aires, Argentina; Jeddah, Saudi Arabia, and to Dubai, in the United Arab Emirates.

In the Fall, Flying Tigers changed its North Atlantic operations in response to low yields in that market. The number of flights were reduced,



hubs were established in London and Frankfurt and trucking was expanded throughout Europe. The new strategy enabled the airline to utilize aircraft previously in service across the North Atlantic in other world markets, notably Asia and Australia, where there was a large increase in demand.

The transpacific market remains strong and profitable. Flights between the United States and Asia increased significantly during 1983, jumping from 32 weekly flights in August to 43 weekly transpacific flights, for an increase of 34 percent.

Flying Tigers' domestic door-to-door program, which features three levels of service and guaranteed on-time delivery to any destination in the United States, reached record volumes in 1983, both in pounds and shipment count.

The United States Air Force's Military Airlift Command awarded Flying Tigers a \$72.2 million contract for cargo and passenger services commencing in October 1983. Flying Tigers' share of the Air Force's basic contract amounts to 31 percent.

Flying Tigers posted a pretax profit in the fourth quarter of \$8.2 million, compared to a pretax loss for

the same period in 1982 of \$15.8 million. Record revenues topped \$299.7 million, more than 25 percent higher than the fourth quarter of 1982 with \$238.6 million.

With an all-freighter fleet of B-747, stretched DC-8 and B-727 aircraft, Flying Tigers is well positioned to take advantage of the global economic recovery as it continues to provide reliable transportation services to the world's shippers.





MULTIMODAL:

Tiger Distribution Services is a multimodal freight management company providing import/export services specializing in the support of overseas construction projects and sea/air intermodal transportation. Tiger Distribution offers a freight management system with single party responsibility

for the movement of goods from origin to destination.

Services include domestic and international transportation, packing, warehousing, consolidation, documentation, purchase order administration and insurance.

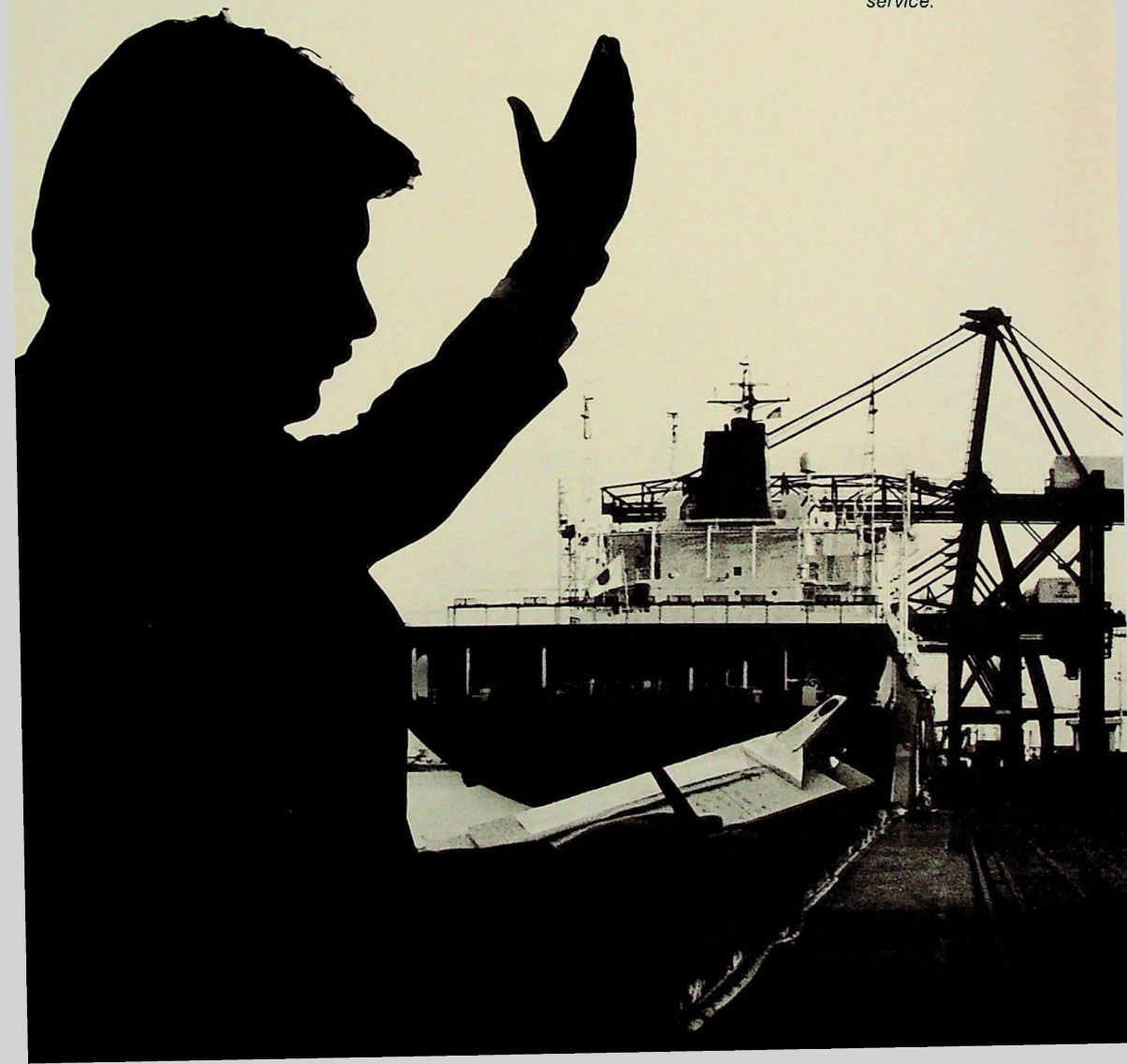
The freight management system is designed to facilitate the movement of freight from point of purchase to consignee in the most controlled and cost-effective manner possible,

utilizing Tiger Distribution's state-of-the-art computer system, called Tiger Tracs.

Tiger Tracs was specially designed to meet the complex transportation and scheduling needs of the construction project business, where time is a critical factor and sequenced delivery requirements a necessity. The system is designed for non-project business as well.

Tiger Distribution, with Hall's Motor Transit, recently introduced Tiger Export Services which provides consolidation services on a through bill of lading from points in the Eastern and Midwestern United States to points in the Far East and Australia.

Tiger InterModal, a Tiger Distribution company, is the world's largest sea/air intermodal operation providing shippers with sea, air and road services. In addition, Tiger InterModal operates a non-vessel operating common carrier service.



T**TRUCKING:**

Tiger International owns two trucking subsidiaries, Hall's Motor Transit, a general freight carrier, and Warren Transport, Inc., a specialized truckload carrier.

Hall's, based in Mechanicsburg, Pennsylvania, specializes in less-than-truckload (LTL) operations. In 1983, to better serve its customers,

Hall's improved its geographic coverage by opening 13 new terminals in key industrial areas. Hall's now has a network of 76 ideally situated locations.

For over 60 years Hall's has been serving customers in the greater Northeast and Central states regions. Hall's now offers ON TRACK intermodal service to California and Florida. This new service provides customers with an optimum combination of transportation modes

and services under single party responsibility, as well as quality LTL truck service at substantial cost savings.

Warren Transport, headquartered in Waterloo, Iowa, is the nation's leading motor carrier of agricultural equipment. Warren also specializes in transporting heavy machinery which requires special equipment or handling. Warren owns more than 1200 trailer units and

has contracts with over 400 independent owner-operators.

Throughout 1983 Warren remained a strong and profitable carrier and continued to expand its customer base. Warren Transport's truckload general commodities van division also reported excellent growth and a profitable year after its first full year of operation. Warren serves customers in 48 states, Canada and Mexico, and works with other Tiger companies to move intermodal traffic.



FIVE-YEAR FINANCIAL SUMMARY*(Amounts in thousands, except per share and ratio data)*

	1983	1982	1981	1980	1979
Revenues from Continuing Operations					
Air Cargo	\$1,019,832	\$ 905,496	\$ 879,104	\$ 708,485	\$ 457,611
Trucking and Intermodal	236,340	262,347	286,950	184,039	—
Other	(5,896)	(6,647)	(4,133)	—	—
Total	\$1,250,276	\$1,161,196	\$1,161,921	\$ 892,524	\$ 457,611
Loss from Continuing Operations					
Before Income Taxes	\$ (95,628)	\$ (127,433)	\$ (62,695)	\$ (9,386)	\$ (7,143)
Income Tax Benefit	—	(53,900)	(41,846)	(13,816)	(7,538)
Income (Loss) from Continuing Operations					
	(95,628)	(73,533)	(20,849)	4,430	395
Income (Loss) from Discontinued Operations					
	(147,004)	(62,690)	4,236	37,945	43,232
Net Income (Loss) Before Extraordinary Gain					
	(242,632)	(136,223)	(16,613)	42,375	43,627
Extraordinary Gain	19,792	—	—	—	—
Net Income (Loss)	\$ (222,840)	\$ (136,223)	\$ (16,613)	\$ 42,375	\$ 43,627
Per Share Data					
Earnings (Loss) per Share					
Continuing Operations	\$ (5.30)	\$ (4.34)	\$ (1.23)	\$.28	\$.03
Discontinued Operations	(8.14)	(3.70)	.25	2.40	3.00
	\$ (13.44)	\$ (8.04)	\$ (.98)	\$ 2.68	\$ 3.03
Extraordinary Gain	1.10	—	—	—	—
Total	\$ (12.34)	\$ (8.04)	\$ (.98)	\$ 2.68	\$ 3.03
Book Value per Share	\$ 4.16	\$ 16.72	\$ 24.76	\$ 26.45	\$ 25.12
Cash Dividends Paid per Share	\$ —	\$ —	\$.88	\$.80	\$.80
Shares Used for Computation of Earnings (Loss) per Share (000)					
	18,050	16,936	17,000	15,810	14,405
Other Data					
Funds from Operations	\$ 114,568	\$ 105,253	\$ 337,650	\$ 301,196	\$ 225,136
Long-term Debt to Equity Ratio	8.18	5.75	4.05	3.70	3.20
Stockholders' Equity	\$ 84,536	\$ 283,166	\$ 419,389	\$ 446,279	\$ 357,846
Total Assets	\$1,113,766	\$2,440,619	\$2,702,397	\$2,758,425	\$1,940,601
Number of Employees	10,800	13,200	13,952	14,769	8,684

FIVE-YEAR SUMMARY OF OPERATING STATISTICS

	1983	1982	1981	1980	1979
Air Cargo					
<i>Scheduled Cargo Service</i>					
Freight revenue ton miles (000)	2,018,563	1,604,964	1,603,217	1,405,117	1,164,382
Mail and Other revenue ton miles (000)	99,630	85,224	86,730	66,291	57,827
<i>Sources of Operating Revenues (percent)</i>					
Scheduled cargo operations	82.9	72.0	71.3	73.1	80.1
Military Airlift Command	8.3	12.7	12.7	12.1	9.9
Charter	6.3	10.3	11.3	11.3	8.5
Other	2.5	5.0	4.7	3.5	1.5
Fuel Cost per Gallon (\$)	.94	1.09	1.13	.99	.58
Trucking					
<i>Hall's Motor Transit^(a)</i>					
<i>Tonnage (000)</i>					
Truckload	605	1,084	1,697	1,707	2,294
Less-than-Truckload	754	776	923	695	705
Total tonnage	1,359	1,860	2,620	2,402	2,999
Operating Ratio (percent)	103.1	104.1	100.7	96.9	95.7
Number of Terminals Operated	76	75	80	58	56
<i>Warren Transport^(b)</i>					
Ton-Miles (000)	430,811	463,307	525,022	484,800	454,714
Intercity miles (000)	31,665	35,067	42,452	42,071	38,400
Operating Ratio (percent)	95.4	95.5	92.0	91.3	90.7
Number of Trailers Owned	1,237	1,315	1,281	1,128	1,107

(a) The operating statistics for Hall's include the results of Dohrn Transfer Company as of January 1981. Hall's was acquired by Tiger International in January 1980.

(b) Warren Transport was acquired in June 1981.

DIRECTORS

Wayne M. Hoffman
Chairman of the Board,
Chief Executive Officer
and President
Tiger International

J. Howard Edgerton
Chairman of the Board-Emeritus
California Federal Savings
& Loan Association

The Honorable Gerald R. Ford
Former President of
the United States of America

Peter M. Kennedy
Chairman
Dominick & Dominick, Incorporated
(Investment Banking Firm)

Charles Luckman
Founder
The Luckman Partnership, inc.
(Architects)

Charles T. Manatt
Manatt, Phelps,
Rothenberg & Tunney
(Attorneys)

William E. McKenna
General Partner
McKenna Equities
(Private Investment Company)

Gordon M. Metcalf
Retired Chairman and
Chief Executive Officer
Sears, Roebuck & Company

Houston Rehrig
President
Rehrig International, Inc.
(Plastic Molders)

EXECUTIVES

Tiger International:
Wayne M. Hoffman
Chairman of the Board,
Chief Executive Officer and
President

Rolf Bodenburt
Vice President-Taxes

James A. Cronin
Vice President
Assistant to the Chairman

Robert J. Harter, Jr.
Vice President
General Counsel
and Secretary

Joseph K. McDonnell
Vice President-Controller

Flying Tigers
Wayne M. Hoffman
Chairman of the Board
and President

Lewis H. Jordan
Executive Vice President

Hall's Motor Transit
Gerald N. Hall
President and
Chief Executive Officer

Buddy G. Cummings
Executive Vice President and
Chief Operating Officer

Warren Transport
Robert J. Molinaro
President and Chief Executive Officer

Tiger Distribution Services
Thomas E. Liesy
President

FORM 10-K**Securities and Exchange Commission
Washington, D.C. 20549****Form 10-K
Annual Report Pursuant to Section 13 of
The Securities Exchange Act of 1934
For the fiscal year ended December 31, 1983**

Commission file number:
(Exact name of registrant as
specified in its charter)
(State or other jurisdiction of
incorporation or organization)

1-6457**TIGER INTERNATIONAL, INC.****Delaware**

(I.R.S. Employer Identification No.)

95-2623176

(Address of principal executive offices)

**1888 Century Park East,
Los Angeles, California**

(Zip Code)

90067

Registrant's telephone number,
including area code:

(213) 552-6300

Securities registered pursuant to
Section 12(b) of the Act:

Common Stock, \$1 Par Value*

*Listed on the New York, Midwest and
Pacific Stock Exchanges

**Listed on the New York Stock
Exchange only

11½% Sinking Fund Debentures Due October 1, 1995
8% Convertible Subordinated Debentures
Due July 1, 2005****

Securities registered pursuant to
Section 12(g) of the Act:

None

Indicate by check mark whether the
registrant (1) has filed all reports
required to be filed by Section 13 of
the Securities Exchange Act of 1934
during the preceding 12 months and
(2) has been subject to such filing
requirements for the past 90 days:

Yes No

State the aggregate market value of
the voting stock held by non-affiliates
of the registrant:

**\$105,911,534 as of March 28, 1984 based
upon the average bid and asked price for that date.**

Indicate the number of shares
outstanding of each of the
registrant's classes of common
stock, as of March 28, 1984:

20,826,400 Shares of Common Stock, \$1 Par Value

Documents Incorporated by Reference:

**Information called for by Part III is incorporated
by reference from registrant's definitive proxy
statement for registrant's 1984 annual meeting
of stockholders, which meeting will involve the
election of directors. Said proxy statement will
be filed with the Securities and Exchange
Commission prior to April 30, 1984, pursuant to
Regulation 14A.**

ANNUAL REPORT ON FORM 10-K

Tiger International, Inc.
December 31, 1983

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* Certain Portions Incorporated by Reference from Registrant's Definitive Proxy Statement for Registrant's 1984 Annual Meeting of Stockholders.

** Incorporated by Reference from Registrant's Definitive Proxy Statement for Registrant's 1984 Annual Meeting of Stockholders.

ITEM 1. BUSINESS.

Tiger International, Inc. ("Tiger") is engaged, through subsidiaries, in the air cargo transportation and trucking businesses. The Company, on December 15, 1983, completed the transfer of the management of, and the sale of certain assets of, its railcar services business to a subsidiary of General Electric Credit Corporation. The Company has agreed to sell additional assets of its railcar services business to such subsidiary upon the receipt by the Company of certain required consents and has granted such subsidiary an option to purchase its remaining railcar fleet. The Company has disposed of substantially all of its operations in its aviation services business, which it discontinued effective December 31, 1982. Effective December 31, 1983, the Company discontinued its railcar services business and its other leasing operations. The term, the "Company", when used herein, shall mean Tiger International, Inc., together with its subsidiaries, unless the context otherwise requires.

Tiger was incorporated under Delaware law in 1969 and is a successor to a corporation organized in 1945. Its principal executive offices are located at 1888 Century Park East, Los Angeles, California 90067 and its telephone number is (213) 552-6300.

FINANCIAL RESTRUCTURING

On February 14, 1983, Tiger's air cargo transportation subsidiary, The Flying Tiger Line Inc. ("Flying Tigers"), Tiger's railcar services subsidiary, North American Car Corporation ("North American"), Tiger's aviation services subsidiary, TigerAir, Inc. ("TigerAir") and certain other subsidiaries of Tiger unilaterally began deferring payments of principal of and interest on a substantial portion of their bank and institutional debt as a cash conservation measure.

During July, August and September 1983, Tiger made an exchange offer (the "Tiger Exchange Offer") to holders of its publicly-held debt securities pursuant to which it reduced the principal amount of its debt by approximately \$29 million.

On September 8, 1983, North American and TigerAir executed restructuring agreements with most of their respective bank lenders, pursuant to which defaults on approximately \$283 million and \$62 million principal amounts of indebtedness, respectively, were waived. The North American restructuring agreement was amended and restated as of December 6, 1983 by North American and the lenders which are parties to such agreement.

On December 15, 1983, North American, pursuant to an agreement with General Electric Credit Corporation (which, together with its subsidiaries, is hereinafter referred to as "GECC") entered into on September 7, 1983, sold certain of its assets and management operations to GECC. North American has agreed to sell additional assets to GECC pursuant to such agreement upon receipt by North American of certain required consents. Such additional sale is expected to be completed prior to December 15, 1985.

On December 30, 1983, Flying Tigers and substantially all of its private lenders executed restructuring agreements pursuant to which defaults on approximately \$588 million principal amount of indebtedness were waived or suspended and a new \$45 million credit facility was provided.

The North American and Flying Tigers restructuring agreements provide for the deferral of approximately \$221 million of principal and interest otherwise payable in 1983 through 1985. Negotiations are continuing with lenders of Tiger Leasing Group, Inc., a direct subsidiary of Tiger ("Tiger Leasing Group"), and other subsidiaries at which obligations are in default, and with lenders of TigerAir to amend and cure certain defaults not relating to the payments required under TigerAir's restructuring agreement.

During February, 1984, Flying Tigers commenced exchange offers to holders of its publicly held debt securities pursuant to which, as of March 28, 1984, it reduced the principal amount of its debt by approximately \$2.6 million. As a result of such exchange offers, Flying Tigers is no longer a wholly-owned subsidiary of Tiger.

Tiger

Tiger has continued to make payments on all debt at the parent company level. Pursuant to the Tiger Exchange Offer, Tiger acquired \$37,894,000 principal amount, or 72%, of its outstanding 11½% Sinking Fund Debentures due October 1, 1995 (the "Old 11½% Debentures"), and \$55,563,000 principal amount, or 93%, of its outstanding 8½% Convertible Subordinated Debentures due July 1, 2005 (the "Old 8½% Debentures" and, together with the Old 11½% Debentures, the "Old Debentures").

In exchange, Tiger issued \$28,368,600 principal amount of its 11½% Sinking Fund Debentures due April 1, 1995 (the "New 11½% Debentures"), and \$36,030,000 principal amount of its new 8½% Senior Subordinated Debentures due July 1, 1995 (the "New 8½% Debentures" and, together with the New 11½%

Debentures, the "New Debentures"), 3,156,924 shares of common stock, \$1 par value, of Tiger ("Common Stock") and warrants to purchase an additional 3,156,924 shares of Common Stock. Both principal (including sinking fund obligations) of and interest on the New Debentures are payable at Tiger's option in cash or in Common Stock.

Tiger also issued \$1,313,000 principal amount of New 11½% Debentures, 56,022 shares of Common Stock and warrants to purchase an additional 56,022 shares of Common Stock in exchange for \$1,751,000 principal amount of Old 11½% Debentures held by Flying Tigers at the time of the Tiger Exchange Offer.

As a result of the exchange, Tiger's outstanding long-term debt has been reduced by \$29,058,000 principal amount. Furthermore, if Tiger elects to pay interest on the New Debentures by issuing Common Stock rather than paying in cash, annual cash requirements for interest expense with respect to Tiger's outstanding public debentures will be reduced from \$11,500,000 annually prior to the Tiger Exchange Offer to \$2,100,000 annually. Tiger did so elect with respect to the payment of interest on October 1, 1983, on its New 11½% Debentures and on January 1, 1984, on its New 8¼% Debentures, satisfying its respective \$1.7 million and \$1.6 million interest obligations by delivering 259,989 and 332,691 shares of Common Stock, respectively, and \$4,182 and \$141, respectively, in cash for fractional shares. On March 27, 1984, Tiger announced that it had elected to pay the interest due on April 1, 1984, on its New 11½% Debentures, in Common Stock, and approximately 265,000 shares of Common Stock will be issued in connection with the April 1, 1984 interest payment.

Tiger has executed agreements with the lenders who are parties to the North American and Flying Tigers restructuring agreements described below. Such agreements prohibit the payment by Tiger of dividends (other than dividends payable solely in Common Stock) or other distributions (other than distributions of Common Stock, other equity securities or rights to purchase Common Stock or equity securities) on or with respect to Tiger's outstanding Common Stock, or any other class of its stock outstanding thereafter, until all obligations owing to such lenders have been paid. Amounts are presently scheduled to be paid to such lenders over a period extending through 1990. These agreements also provide for the issuance to such lenders of warrants to purchase Common Stock in connection with advances made by North American and Flying Tigers to Tiger. Each such warrant as well as each warrant issued in connection with deferred interest as described below (each a "Restructuring Warrant") will entitle the holder to purchase one share of Common Stock, subject to adjustment, exercisable for a period expiring September 30, 1993.

The North American and Flying Tigers restructuring agreements provide for one Restructuring Warrant to be issued to the lenders who are parties to such agreements for each \$50 expected to be advanced to Tiger by North American and Flying Tigers in each fiscal quarter during the respective terms of such restructuring agreements. The exercise price of the Restructuring Warrants issued under this provision will be equal to, subject to adjustment, the lesser of (i) \$9.00 and (ii) the average closing price of the Common Stock over a 10-day period ending on or prior to the fifteenth day of the month in which such Restructuring Warrants are to be issued.

In connection with advances to be made by North American and Flying Tigers during the second fiscal quarter of 1984, an aggregate of 50,579 Restructuring Warrants at an exercise price of \$7.3875 were issued as of March 20, 1984 to the North American and Flying Tigers lenders. Because advances are limited under the terms of the North American and Flying Tigers restructuring agreements, no more than 1,400,000 Restructuring Warrants in total over the terms of the restructuring agreements are expected to be granted to the North American and Flying Tigers lenders for advances made to Tiger.

In addition to Restructuring Warrants issued in connection with advances, Restructuring Warrants have been and are to be issued to the North American lenders which are parties to the North American restructuring agreement in connection with specified amounts of interest deferred pursuant to such agreement. Pursuant to this provision, 117,245 Restructuring Warrants were issued as of October 1, 1983 (the "October Restructuring Warrants") and 54,109 Restructuring Warrants were issued as of January 1, 1984 (the "January Restructuring Warrants"). The North American lenders which are parties to the North American restructuring agreement will be entitled to receive an additional 74,850 Restructuring Warrants as of April 1, 1984 (assuming no change in the prime rate). The exercise price of all such Restructuring Warrants issued with respect to deferred interest is or will be, as the case may be, the average closing price of the Common Stock over a 10-day period immediately preceding the date of issuance of such Restructuring Warrants. The exercise prices of the October Restructuring Warrants and the January Restructuring Warrants are \$6.46 and \$5.15, respectively, subject to adjustment.

Tiger has agreed that advances from North American and Flying Tigers to Tiger will be limited to up to a total of \$7,265,000 in 1984 and \$9,350,000 in 1985 (which limit shall increase by \$350,000 per year through 1990) for payment of Tiger's general and administrative expenses through 1990 and for the

amounts required to pay interest due on the Old Debentures through September 30, 1986. Such expenses and interest will be paid from equal advances made to Tiger by North American and Flying Tigers. The advances for payment of interest on the Old Debentures, amounting to approximately \$1 million annually through 1986 from each of Flying Tigers and North American, will become intercompany obligations owing from Tiger to such subsidiaries. Such obligations will bear interest at 7% per annum payable at maturity and will be due and payable in 1991. Notes evidencing such intercompany obligations have been pledged by Flying Tigers and North American to the lenders under their respective restructuring agreements.

Tiger's right to such advances from North American and Flying Tigers is subject to several conditions including but not limited to the following: at the time of any advance, no event of default may exist under the North American or Flying Tigers restructuring agreements, and North American and Flying Tigers each must have remaining balances of cash, cash equivalents or other current assets aggregating at least \$5,000,000 following any such advance. The amount permitted to be advanced will be reduced by the sum of the amount, if any, that Tiger's Cash Balance (as defined) exceeds \$2,000,000 and the amount by which the amount previously advanced exceeded actual general and administrative expenses and interest payments on the Old Debentures. Advances by North American or Flying Tigers to pay Federal income taxes attributable to taxable earnings of North American or Flying Tigers are prohibited unless and until, among other things, Tiger and its affiliates on a consolidated basis become a tax-paying entity, all payments required to be made under the North American and Flying Tigers restructuring agreements are made when due and intercompany tax receivables of approximately \$80,000,000 owed to North American by Tiger and \$80,000,000 owed to Flying Tigers by Tiger have been paid in cash or through an offset of the tax-related amount that would otherwise be owing by North American or Flying Tigers to the Company.

As a result of the limitations in the aforementioned agreements, absent an amendment or change in the terms thereof, Tiger will be prohibited from paying dividends (other than Common Stock dividends) on its Common Stock, and will receive from Flying Tigers and North American only sufficient cash for a limited amount of general and administrative expenses and for payment of interest on the Old Debentures through September 1986. No provision has been made to permit payment by Flying Tigers or North American to Tiger of cash for interest payments on the Old Debentures after September 1986, for sinking fund payments on the Old Debentures, for any payments on the New Debentures, for payments on any additional debt which might be incurred by Tiger, or for payments of any extraordinary expenses. In the event Tiger is unable to satisfy its cash payment obligations under the Old Debentures, such inability could result in the acceleration of the Old Debentures and the acceleration of the \$132 million promissory note described below, which is owing by Tiger to North American and which has been pledged to the lenders who are parties to the North American restructuring agreement.

In addition, although the amount of advances that are permitted to be made by Flying Tigers and North American to Tiger under their respective restructuring agreements are expected to be sufficient to meet Tiger's general and administrative expenses, there can be no assurance that such advances will be sufficient and no provision has been made to allow payment by Flying Tigers or North American to Tiger of cash to pay any expenses in excess of such advances. Furthermore, should Tiger and its subsidiaries become a tax-paying entity on a consolidated basis, it would not receive cash from Flying Tigers or North American to make tax payments until tax credits have been fully allocated to both Flying Tigers and North American.

In order to obtain cash for purposes of making payments on the Old Debentures after September, 1986, any payments under the New Debentures, payments on additional debt, payments for extraordinary expenses or payments for taxes, Tiger would be required to sell additional securities (which would in all probability be equity securities), to sell some of its assets, or to obtain cash from its trucking subsidiaries. Tiger's principal trucking subsidiary, Hall's Motor Transit Company, ("Hall's"), however, is permitted to advance to Tiger only up to \$1 million annually under the terms of Hall's credit agreements. There can be no assurance that Tiger will be able to sell such additional securities or assets, that the proceeds from any such sale will be sufficient to make such payments or that sufficient cash will be available from Tiger's trucking subsidiaries.

In connection with the North American restructuring agreement, Tiger executed a promissory note in the principal amount of \$132 million in favor of North American, representing advances previously made to Tiger by North American, which note was pledged by North American to the lenders under such restructuring agreement to secure its obligations thereunder. Such note bears interest at 7% per annum, payable at maturity, and matures January 1, 1991. The obligations under this note may be accelerated and declared due and payable prior to January 1, 1991 upon the occurrence of certain events, including a default by North American under its restructuring agreement which is not waived within 45 days or the acceleration of Tiger's Old or New Debentures, and will be automatically accelerated in the event of an insolvency proceeding involving North American. In the event of a default under the North American restructuring agreement, there is a risk that the lenders who are parties thereto would institute proceedings

to collect such intercompany receivable or seek to foreclose on such note. An action by such a lender to collect such intercompany receivable or to foreclose on such note could result in the forced sale of assets of Tiger, including the stock of its subsidiaries, to satisfy its obligations thereunder. Further, a representative of the creditors of North American has taken the position that such intercompany obligation owed by Tiger constitutes "Senior Indebtedness" within the meaning of the indentures pursuant to which Tiger's public subordinated and senior subordinated debentures were issued. If such claimed position that these intercompany obligations constitute "Senior Indebtedness" was upheld by the courts, this would substantially increase the amount of "Senior Indebtedness" ranking prior in right of payment to such subordinated and senior subordinated debentures and on a par with Tiger's public senior indebtedness. There can be no assurance that such asserted position would not be upheld by the courts.

Flying Tigers

At Flying Tigers, the restructuring agreements were executed on December 30, 1983 and provide for a new \$45 million credit facility and the deferral of approximately \$48 million of principal and interest otherwise payable in 1983 and 1984. The deferred principal and interest will be payable in 20 quarterly installments of approximately \$2,400,000 each commencing July 2, 1985. The new credit facility will be a revolving loan with amounts outstanding at June 30, 1985 convertible into a five-year term loan with 20 equal quarterly payments of principal plus accrued interest. Amounts outstanding under the revolving loan and the term loan will bear interest at two percent above the prime rate. In addition to stated interest, Flying Tigers has agreed to pay annually in each of the years from 1986 through 1990 supplemental interest contingent upon its earnings. The cumulative amount of such supplemental interest may not exceed \$20 million.

The restructuring agreements contain strict financial covenants and substantially all unencumbered assets, then held or subsequently acquired, of Flying Tigers have been pledged to secure its obligations thereunder. The restructuring agreements also require that 80% of the aggregate net proceeds in excess of \$15,000,000 from sales on or after May 11, 1983 of certain of the assets pledged under the restructuring agreements be paid to the participating creditors to reduce the outstanding amount of the revolving loan and, if such sale occurs prior to June 30, 1985, to reduce correspondingly the available amount of the revolving credit facility. In addition, 80% of the aggregate net proceeds from sales on or after May 11, 1983 in excess of \$15,000,000 of all other assets pledged under the restructuring agreements must be paid to the participating creditors to reduce the outstanding amounts of deferred principal and the outstanding amount of the revolving loan; and, if such sale occurs prior to June 30, 1985, to reduce correspondingly the available amount of such revolving credit facility. Flying Tigers has the option with respect to required prepayment amounts relating to sales of revolving loan assets from \$15,000,000 to \$20,000,000 to deliver such amounts as cash collateral for its revolving loan obligations for a period of time rather than to prepay such obligations.

Among the assets pledged to the lenders which are parties to the Flying Tigers restructuring is a promissory note issued to Flying Tigers by Tiger in the amount of up to \$5,349,000 for future advances from Flying Tigers to Tiger for payment of interest on the Old Debentures. Such note bears interest at 7% payable at maturity and matures January 1, 1991. The obligation under such note may be accelerated upon the occurrence of certain events, including a default by Flying Tigers under its restructuring agreements, which is not waived within 45 days, or the acceleration of Tiger's Old or New Debentures.

North American

At North American, a restructuring agreement was executed as of September 8, 1983 by North American and certain of its major lenders which hold, in the aggregate, \$283 million of North American's \$778 million principal amount of long-term debt and capitalized lease obligations and have issued letters of credit in the aggregate amount of \$17 million in behalf of North American. Pursuant to such restructuring agreement, as amended on November 15, 1983, and amended and restated on December 6, 1983, North American paid on September 15, 1983, and December 12, 1983, approximately \$15 million and \$18 million, respectively, of interest that was otherwise payable earlier in 1983. On June 1, 1983, in connection with settlement agreements with all certificateholders under three of its equipment trust agreements, North American paid to such certificateholders the installments of principal and interest payments on which it had defaulted, in the aggregate amount of approximately \$6,301,000.

Such restructuring agreement also provides for the deferral until 1986 and beyond of approximately \$173 million of principal and interest otherwise payable in the period from 1983 through 1985. The \$173 million of deferred principal and interest will be payable over a five-year period commencing in March 1986. In the event that asset sales by North American exceed the asset sale projections submitted to the lenders which are parties to such restructuring agreement, \$27 million of interest will not be deferred. Beginning February 1984, North American will be obligated, pursuant to the terms of such restructuring agreement, to make monthly payments of 85% of the stated original contract interest requirements (substantially all of which are

... tied to the prime rate) under the restructured loan and credit agreements accruing after December 31, 1983 and prior to January 1, 1986. Each such monthly payment will be approximately \$2,300,000, and each monthly deferral of interest through December 31, 1985, will be approximately \$625,000 assuming a prime rate of 11% per annum and no change therein. Subject to the condition that assets sales by North American are not in excess of the asset sale projections thereof agreed to by the lenders which are parties to the North American restructuring agreement, North American may reborrow \$23,954,000 of the interest prepaid by it in 1983, if needed by North American in 1984 and 1985, in accordance with the provisions of such restructuring agreement.

The executed restructuring agreement contains strict financial covenants and substantially all unencumbered assets, then held or subsequently acquired, of North American have been pledged to the participating lenders to secure North American's obligations under the agreement. The agreement also requires that substantially all proceeds from asset sales by North American be paid to the lenders to reduce debt owed to them. It is projected that, in addition to cash generated from operations, North American will be required to sell approximately 19,000 railcars over the term of the restructuring in order to satisfy its debt payment obligations under the restructuring agreement. Such railcar sales must include the sale of railcars which are currently encumbered under equipment trust agreements and there can be no assurance that North American will be able to obtain the releases which will be required to consummate such sales.

The releases required to consummate the necessary railcar sales must be obtained from certain institutional and other lenders to North American which were not parties to the restructuring agreement and which are lenders with respect to approximately an additional \$265 million principal amount of North American's debt. Furthermore, certain of these lenders have asserted that the terms of their respective agreements may entitle them to declare defaults, notwithstanding the fact that either there has been no failure to make scheduled payments to such lenders or all payment defaults were subsequently cured. Such lenders have argued that actions taken and proposed to be taken by North American in connection with its restructuring violate provisions in such lenders' respective agreements which limit North American's right to dispose of, or grant security interests with respect to, its properties. North American previously requested waivers of such provisions from such lenders but such waivers were not agreed upon. Such lenders have not, however, served North American with any notice of default. North American is currently seeking waivers and amendments to equipment trust agreements which, if obtained, will permit North American to engage in a long-term plan to sell a substantial portion of its assets without having to obtain additional consents from the holders of trust certificates thereunder.

Among assets pledged to the lenders which are parties to the restructuring agreements are promissory notes issued to North American by Tiger, in the amount of approximately \$132 million, and by Tiger Leasing Group, in the amount of approximately \$81 million, representing advances previously made by North American to such entities, plus a note issued to North American by Tiger in the amount of up to \$10 million for future advances from North American to Tiger for payment of interest on the Old Debentures. Such notes bear interest at 7%, are payable at maturity and mature January 1, 1991. The obligations under such notes may be accelerated and declared due and payable prior to January 1, 1991, under certain conditions. The \$132 million Tiger note may be accelerated in the event of a default by North American under its restructuring agreement which is not waived within 45 days or the acceleration of Tiger's Old or New Debentures, and will be automatically accelerated in the event of an insolvency proceeding involving North American. The \$81 million Tiger Leasing Group note may be accelerated in the event of certain defaults under the agreements pursuant to which Tiger Leasing Group has guaranteed approximately \$170 million of debt of North American and other Tiger Leasing Group subsidiaries and has pledged the stock of North American for the benefit of the North American, Tiger Leasing Group creditors and certain creditors of Tiger Leasing Group's other subsidiaries.

Payment by North American on a guarantee of an affiliate's defaulted obligations aggregating approximately \$9 million has not been made and payment has been demanded by the creditor thereunder. North American's failure to pay under such guarantee, if not cured or waived, would be the basis for a notice of default under the North American restructuring agreement if the lender which is the beneficiary of such guarantee garnishes, executes upon or attaches any property or assets of North American or otherwise receives any payment or collateral from North American under such guarantee.

During 1983, North American defaulted on the payment of three consecutive quarterly dividends on its outstanding \$3.00 cumulative preferred stock, in the aggregate amount of approximately \$250,000, which defaults were cured in March, 1984. In addition, North American failed to satisfy a mandatory sinking fund redemption of 8,000 shares of such preferred stock on September 10, 1983, but North American has committed to purchase the number of shares required to satisfy such redemption requirement. North American is prohibited pursuant to the terms of its restructuring agreements from satisfying the dividend or

sinking fund requirements of the preferred stock after the 1984 annual meeting of stockholders of North American. Absent amendment of the restructuring agreement, this would entitle the holders of the preferred stock to nominate and elect two members to the board of directors of North American, which may, at North American's option, have the effect of increasing the number of board members to seven at the 1985 annual meeting of stockholders of North American.

A stipulated judgment was entered against North American in connection with litigation relating to the default under Credit Suisse's \$25 million loan to North American. Such judgment required North American to satisfy its defaulted interest payment of \$4,380,000 on or before December 7, 1983, under the Credit Suisse loan documents, to pledge 1,159 formerly unencumbered railcars to secure the obligation owed to Credit Suisse, and to pay Credit Suisse in full at scheduled maturity in January 1985. The \$4,380,000 payment was made on December 7, 1983.

In connection with the pledge of 1,159 railcars to Credit Suisse pursuant to the stipulated judgment, North American inadvertently pledged 58 railcars owned by a wholly-owned subsidiary of North American, rather than by North American itself and, consequently, Credit Suisse has alleged that North American is in default under the Credit Suisse loan documents and the stipulated judgment. As a result, Credit Suisse could seek to enforce various available remedies, including foreclosing on the railcars pledged to Credit Suisse. North American is currently negotiating with Credit Suisse to substitute other collateral acceptable to Credit Suisse for such 58 railcars. Although North American has taken the position that such substitution will cure such default, Credit Suisse has not concurred and has not agreed to waive such default upon the completion of such substitution. No assurances can be made that such negotiations will prove successful.

Under the terms of the North American restructuring agreement, to which Credit Suisse is not a party, North American is permitted to satisfy the principal amount of its debt to Credit Suisse at scheduled maturity (other than by conveying to Credit Suisse the railcars pledged to it, which is expected to be insufficient to satisfy such debt in full) only to the extent that the debt due to North American's lenders, which are parties to such restructuring agreement, is paid on a pro rata basis. Therefore, under the terms of the North American restructuring agreement, it will be necessary to renegotiate certain provisions of the North American restructuring agreement to permit North American to satisfy its debt to Credit Suisse or for a party which is not a subsidiary of North American to assume or satisfy the obligations to Credit Suisse in order to avoid a requirement that all the restructured debt be paid in January 1985 or to avoid defaulting under the Credit Suisse stipulated judgment, which default could result in a default under the North American restructuring agreement.

Pursuant to settlement agreements between North American and all certificateholders under three of its equipment trust agreements, such certificateholders parties may declare a default if the North American restructuring was on terms significantly less favorable to North American than terms specified in such settlement agreements, or if North American fails to take appropriate action to amend all of its equipment trust agreements in certain respects. While representatives of such certificateholders have expressed the view that the North American restructuring contains terms that are significantly less favorable than those specified in such settlement agreements, none of such certificateholders has declared a default. North American has taken all steps required on its part to amend such equipment trust agreements as required, but the amendments have not been approved or executed by the other parties to such equipment trust agreements. A default under its equipment trust agreements could constitute a default under the North American restructuring agreement under certain circumstances specified therein.

In the event of a default by North American under its restructuring agreement, or a default under the TLG Guaranty or the TLG Pledge, there is a risk that the lenders which are parties thereto or the beneficiaries of the TLG Guaranty or the TLG Pledge as the case may be would seek to collect the intercompany receivables owing to North American by Tiger and/or Tiger Leasing Group, in the respective amounts of \$132 million and \$81 million as the case may be, or seek to foreclose upon the notes evidencing such receivables which were pledged to the lenders under such restructuring agreement by North American to secure its obligations thereunder. Any action by such a lender or beneficiary could result in the forced sale of the assets of Tiger or Tiger Leasing Group (including the stock of their respective subsidiaries), as the case may be, to satisfy their respective obligations. An action for the attachment of assets of North American brought by Societe Generale de Banque Brussels prior to the execution of the North American restructuring agreement has been dismissed, but there can be no assurance that creditors of the Company's subsidiaries would not bring attachment or foreclosure actions or that any such action could be settled on favorable terms. A number of such creditor actions could prevent such subsidiaries from conducting their respective businesses, thereby making them unable to contribute to the earnings of the Company or to meet their obligations, and may result in the bankruptcy of such subsidiaries. Furthermore, defaults by subsidiaries of Tiger Leasing Group may cause defaults under agreements of other subsidiaries, including North American.

On December 15, 1983 North American contracted with GECC to manage a significant portion of North American's business and transferred certain assets to GECC. North American has also granted to GECC an option to purchase its remaining railcars. See "DISCONTINUED OPERATIONS — RAILCAR SERVICES" below.

TigerAir

At TigerAir, the business of which is being discontinued and the assets of which are being sold, a credit agreement with respect to principal in the amount of \$62 million was executed as of September 8, 1983 by TigerAir, Tiger Leasing Group and with lenders of TigerAir in substitution for an equivalent amount of existing debt, some of which was secured. Although TigerAir has made all scheduled payments under its restructuring agreement, it is currently in default under covenants and similar terms of such restructuring agreement. TigerAir is currently negotiating the amendment of such agreement and the waiver of such default. TigerAir assets have been sold to repay a portion of this debt and, as of December 31, 1983, TigerAir's lenders which participated in the restructuring had received approximately \$24.2 million of principal and interest payments since September 8, 1983. Substantially all of TigerAir's assets have been pledged to its lenders and will be sold over a period of years, with sale proceeds to be paid to the TigerAir lenders. It is expected that these proceeds will be insufficient to fully satisfy the TigerAir debt and that TigerAir will have a shortfall of approximately \$10 to \$15 million. Tiger Leasing Group has agreed to make, beginning in 1986, certain payments on this projected shortfall.

A lender who participated in the TigerAir and North American restructurings has taken the position that TigerAir is in default under the TigerAir restructuring agreement because the pledge of assets by Tiger Leasing Group pursuant to the North American restructuring was prohibited under the TigerAir restructuring agreements.

Tiger Leasing Group

Tiger Leasing Group has guaranteed approximately \$170 million in principal amount of the debt of TigerAir and certain other of its subsidiaries in connection with the restructuring of the debt of such subsidiaries. Under the guarantees in connection with North American's, TigerAir's and certain other subsidiaries' restructuring agreements, Tiger Leasing Group is to make, beginning in 1986, certain minimum payments on the projected \$25 million to \$32 million of its subsidiaries' indebtedness (other than North American) which will be outstanding after application of the proceeds of sales of the assets of such subsidiaries to such indebtedness. Pursuant to such agreements, Tiger Leasing Group has pledged the stock of North American to collateralize its obligation under such guarantees. An intercompany debt obligation of approximately \$81 million owed by Tiger Leasing Group to North American has also been secured by a pledge of North American stock, and the Tiger Leasing Group obligation has been assigned as security to the creditors who participated in the North American restructuring. Tiger Leasing Group is also liable under the terms of guarantees for the benefit of creditors which have not agreed to forbear from proceeding against Tiger Leasing Group. Since Tiger Leasing Group's only assets are the common stock of its subsidiaries and since its principal subsidiary, North American, and all of its other subsidiaries are unable to advance funds to Tiger Leasing Group, Tiger Leasing Group currently is not in a position to pay its obligations under any of its guarantees, if demands for payment are made thereunder (and it is expected that such demands will be made), and is not in a position to pay its intercompany debt obligation. Legal actions by creditors of Tiger Leasing Group could lead to the forced sale of the assets of Tiger Leasing Group, including the sale of the stock of North American and Tiger Leasing Group's other subsidiaries.

Tiger Leasing Group has guaranteed obligations of certain of its subsidiaries and affiliates in the aggregate amount of approximately \$170,000,000. Demand for payment in the aggregate amount of approximately \$2,450,000 has been made by certain lenders under certain of such guarantees and such lenders have obtained judgments in such amount against Tiger Leasing Group. See "ITEM 3. LEGAL PROCEEDINGS."

Other Subsidiaries

Tiger Equipment & Service, Ltd. ("TES") has completed a restructuring of its \$9.8 million principal amount of indebtedness. TES is currently in default under its restructuring agreement as a result of, among other things, its failure to make a principal payment when due under the terms of such agreement. In addition, the lender who participated in the TES and North American restructurings has taken the position that the guarantee by Tiger Leasing Group under the North American restructuring constitutes a default under the terms of the TES restructuring agreement.

Negotiations with creditors of other subsidiaries, including in particular National Equipment Rental, Ltd. ("NER"), are in preliminary discussions. The total amount of such unstructured debt is approximately \$21 million. On December 30, 1983, NER pledged all of its assets to a major bank lender to hold as agent for the benefit of the creditors of NER who have agreed to waive existing defaults under their respective

agreements and to forbear from pursuing claims against NER for a period of 120 days, commencing December 30, 1983. On March 28, 1984, the 120 day period was extended to 180 days. During such period, the parties will be engaged in negotiations with respect to a restructuring agreement. Tiger has agreed, subject to the execution of a definitive NER restructuring agreement and the approval of the Flying Tiger and North American lenders, to transfer 713,000 shares of Tiger common stock (the "Tiger Stock") to NER for the benefit of NER's creditors in exchange for certain assets carried on NER's balance sheet at a value of \$6.4 million. As part of the proposal, Tiger would also agree to use its best efforts to register the Tiger Stock in order to permit its sale for the benefit of NER's creditors. As of March 1, 1984, NER had assets of approximately \$18.3 million, consisting of receivables, equity securities and cash.

Ability to Complete Restructuring

Although Flying Tigers and North American have entered into restructuring agreements with lenders, not all lenders of North American have participated in such restructuring, and certain defaults not relating to payment may still exist with respect to portions of North American's debt. In addition, certain smaller subsidiaries of Tiger, including those which have previously entered into restructuring agreements, continue in many cases to be in default in payment of their obligations or in technical default thereunder. Although it is anticipated that the restructuring of the debt of each of such subsidiaries will be completed, and all defaults will be either cured or waived, there can be no assurance that agreements will be reached with all lenders to achieve such restructurings, that all remaining defaults under North American or other subsidiaries' obligations will be waived or cured, that all conditions and covenants contained in the Flying Tigers or the North American restructuring agreements, or in the restructuring agreements of other subsidiaries, will be met, that agreements will be reached with all lenders of North American or other subsidiaries which are not currently parties to any restructuring, that all lenders will agree to the terms of any restructuring, or that lenders whose obligations continue to be in default will not accelerate such obligations, seize or otherwise exercise creditors' remedies with respect to assets which collateralize such obligations, commence proceedings under Federal bankruptcy laws against Tiger or one or more of its subsidiaries or take any other action available to creditors.

Even if all remaining creditors agree to the current restructuring proposals, there can be no assurance that the Company will be able to meet all of its obligations under the executed Flying Tigers, North American and TigerAir restructuring agreements or any further restructuring plans. Payment schedules under each existing and proposed plan are based upon certain projections with respect to future operating results of the subsidiaries involved and upon the ability to dispose of certain assets at reasonable prices. There can be no assurance that such projections will be achieved or that the Company will be able to sell such assets at projected prices. In particular, North American projects that it must sell approximately 19,000 railcars, some of which are subject to equipment trust agreements, in order to pay all its debt obligations under its restructuring. North American may not be able to obtain releases from such equipment trust agreements to enable it to make such sales.

In addition, it is expected that, commencing in 1986, those creditors of subsidiaries of Tiger Leasing Group which have agreed to defer recovery on their Tiger Leasing Group guarantees will demand certain minimum payments from Tiger Leasing Group on approximately \$25 million to \$32 million of Tiger Leasing Group guarantees. In addition, certain other creditors of Tiger Leasing Group which have not agreed to defer recovery on their guarantees may assert such claims in 1984. Since Tiger Leasing Group has no assets other than the common stock of its subsidiaries and all of such subsidiaries are unable to advance funds to Tiger Leasing Group, Tiger Leasing Group is not in a position to meet its obligations under any of such guarantees.

Furthermore, unless North American is able to renegotiate provisions of its restructuring agreement or a party other than a subsidiary of North American assumes or satisfies North American's obligations to Credit Suisse, due in January 1985, North American will be in default under the Credit Suisse stipulated judgment, which default could result in a default under the North American restructuring agreement, or North American will be required to pay, in addition to the principal due to Credit Suisse, all debt owed to lenders who are parties to the restructuring agreement, which amounts North American would be unable to pay. Since the restructuring plans require the pledge of substantially all remaining unencumbered assets of Tiger's subsidiaries, this will restrict further borrowing to cover any shortfalls, and will affect the willingness of existing creditors to participate in a further restructuring if this becomes necessary. Finally, while the current restructuring plans would permit Flying Tigers and North American to advance funds to Tiger for the purpose of paying interest on Tiger's Old Debentures until 1986, no provision has been made for advancing funds to cover interest payments due thereafter or principal amounts which become due in 1993 and thereafter, or to pay interest or principal on the New Debentures in cash should Tiger decide to do so.

If the Company is unable to complete its current restructuring or to perform in accordance with the terms of the restructuring agreements, holders of the Common Stock are likely to be adversely affected. If the restructuring is unsuccessful, the Company may be required to either renegotiate the terms of the restructuring, to seek court protection through the filing of a reorganization case under Chapter 11 of the United States Code in an effort to rehabilitate the Company or to liquidate. If the Company is compelled to liquidate, there is a likelihood that stockholders will receive little or nothing in respect of their shares of Common Stock. While the Company cannot predict the effect of a Chapter 11 filing on the stockholders of the Company, there is a reasonable probability that such stockholders would be better off if the Company were successfully able to confirm a plan of reorganization than in the event of the Company's liquidation. It is possible, however, that even in the event of a successful Chapter 11 proceeding for the Company, stockholders of the Company would receive little or nothing in respect of their shares of Common Stock.

Information generally concerning the Company's financial resources is included in PART II under the caption "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS."

Revenue and Operating Results

Information regarding Tiger's revenues, operating results and identifiable assets by business segment and geographic area is included in PART II under the caption "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA."

AIR CARGO

Flying Tigers is a certificated air carrier primarily engaged in the scheduled common carriage of freight and mail over a route system serving major cities in the United States, Mexico, Asia, Europe, Australia, South America and the Middle East. It is the largest air cargo carrier in the free world as measured by cargo revenue ton miles carried in 1983, based on statistics maintained by the International Air Transport Association ("IATA") and is currently the only international all-cargo air carrier which also services the United States domestic market.

On February 16, 1984, Flying Tigers offered (i) to exchange (the "ETC Exchange Offer") 76 shares of its common stock, \$1 par value ("FT Common Stock"), and Warrants to purchase 36 shares of FT Common Stock for \$11 per share, subject to adjustment, exercisable from issuance through March 15, 1989 ("Warrants"), for up to \$6,300,000 of the outstanding \$34,790,000 principal amount of its outstanding 9% Equipment Trust Certificates due October 1, 1991 (the "ETC's") and (ii) to exchange (the "Debtenture Exchange Offer" and, together with the ETC Exchange Offer, the "Flying Tigers Exchange Offers") 80 shares of FT Common Stock and Warrants to purchase 30 shares of FT Common Stock for all of the outstanding \$7,730,000 principal amount of 5% Convertible Subordinated Debentures due April 1, 1986 (the "5% Debentures").

The ETC Exchange Offer will expire at 12:00 midnight, Eastern time, on April 13, 1984, subject to extension by Flying Tigers. As of March 28, 1984, approximately \$2,400,000 principal amount (7%) of the outstanding ETCs had been tendered and accepted and approximately 181,944 shares of FT Common Stock and Warrants to purchase 86,184 shares of FT Common Stock had been or were to be issued therefor. Flying Tigers has reserved the right to accept up to approximately \$16,050,000 ETCs duly tendered.

The Debenture Exchange Offer expired on March 28, 1984, under which \$88,000 of 5% Debentures were duly tendered and accepted and 7,040 shares of FT Common Stock and Warrants to purchase 2,640 shares of FT Common Stock had been or were to be issued therefor.

The purposes of the Flying Tigers Exchange Offers are to convert a portion of the debt represented by the ETCs and 5% Debentures to equity and to conserve cash by reducing the cost to Flying Tigers of interest and sinking fund payments on its outstanding debt. If \$16,050,000 principal amount of ETCs are duly tendered and accepted pursuant to the ETC Exchange Offer, Flying Tigers may apply ETCs so acquired to satisfy all mandatory sinking fund requirements for the ETCs through April 1, 1987 and to satisfy a portion of the sinking fund payment on October 1, 1987. If all such ETCs are duly tendered and accepted, Tiger will own 93% of the FT Common Stock, and if all Warrants issued in connection therewith are also exercised, Tiger will own 91% of the FT Common Stock.

Scheduled Operations.

As of March 1, 1984, Flying Tigers provided domestic scheduled air service for both cargo and mail directly to 31 United States cities and San Juan, Puerto Rico. A portion of such service is provided by leased aircraft. Service is provided to additional United States cities through intermodal trucking operations and pursuant to interline agreements with other carriers. Flying Tigers historically has transported cargo on an airport-to-airport basis, but entered the guaranteed door-to-door delivery market as of January 1, 1982.

In the years ended December 31, 1982 and 1983, the guaranteed door-to-door business produced 23.6% and 48.9%, respectively, of Flying Tigers' domestic scheduled service revenues.

As of March 1, 1984, Flying Tigers provided international scheduled air service for both cargo and mail between points in the United States and points in Japan, the Republic of Korea, Hong Kong, the Republic of China (Taiwan), the Philippines, Malaysia, Singapore, the Federal Republic of Germany, the United Kingdom, the United Arab Emirates, the Kingdom of Saudi Arabia, the Republic of Ireland, Mexico, Belgium, Brazil, Argentina and Australia. Effective October, 1983, Flying Tigers discontinued scheduled flights to the Netherlands, France, Switzerland and Italy and established two European hubs at London and Frankfurt. Service to other European countries is provided by way of international trucking operations to and from the two hubs which are served by air.

Charters.

Flying Tigers provides commercial cargo charters within the United States and throughout the world. Flying Tigers formerly conducted commercial passenger charters and scheduled service under the name Metro International Airways, but in 1983 disposed of its three Boeing 747 passenger aircraft and terminated such operations. Total charter and passenger operations generated revenues of \$98,981,000 in 1981, \$109,513,000 in 1982 and \$66,644,000 in 1983, of which commercial cargo charter operations were \$63,894,000 in 1981, \$53,157,000 in 1982 and \$50,272,000 in 1983.

Military Airlift Command.

Military Airlift Command ("MAC") contracts for both passenger and cargo service are awarded annually on the basis on an airline's participation in the Civilian Reserve Air Fleet ("CRAF"). All of Flying Tigers' aircraft are committed to CRAF. Revenues from MAC charters were \$112,045,000 in 1981, \$114,984,000 in 1982 and \$84,274,000 in 1983. Flying Tigers was awarded a new MAC contract for the 12 months from October 1, 1983 to September 30, 1984, the fixed portion of which is in the amount of \$72,155,000, subject to expansion. MAC contracts contain standard provisions which make them subject to renegotiation and termination at the convenience of the U.S. Government.

Aircraft Operating Fleet.

As of March 1, 1984, Flying Tigers' operating fleet consisted of 11 DC-8-63 aircraft, six DC-8-61 aircraft, seven Boeing 747-100F aircraft, ten Boeing 747-200F aircraft, one Boeing 747-273C aircraft and four Boeing 727-100 aircraft. All of Flying Tigers' operating fleet is encumbered by equipment trust certificates, capital leases or similar obligations. Of the aircraft in Flying Tigers' operating fleet, as of March 1, 1984, 12 are subject to operating leases, 12 are subject to capital leases and 14 are owned by Flying Tigers. In addition to its operating fleet, as of March 1, 1984, Flying Tigers owned one DC-8-63 aircraft, and leased one DC-8-63 aircraft and one DC-8-61 aircraft, which were leased to other carriers. In 1982, Flying Tigers sold its interests in three re-engined DC-8-63 aircraft and related equipment for approximately \$55,500,000. In 1983, Flying Tigers sold its interest in one re-engined DC-8-63 aircraft and related equipment for approximately \$21,600,000, exchanged three Boeing 747-200 passenger airframes and related equipment for four Boeing 747-100 freighter airframes, four engines and related equipment and sold its interest in two DC-8-63 aircraft for \$6,800,000. In addition, in 1983, Flying Tigers sold its rights in three DC-8-63 aircraft and entered into agreements to sell its rights in four DC-8-63 aircraft. As of March 1, 1984, Flying Tigers had sold or was in the process of selling its rights in six remaining DC-8-63 aircraft. During 1983, Flying Tigers decided to eliminate all DC-8 aircraft from its fleet. (See "Environmental Regulations" below)

Fuel.

The availability of fuel is critical to Flying Tigers' operations. Aviation jet fuel prices and supplies are not controlled and suppliers of aviation fuel have, in previous years, allocated the available fuel when required to do so. In 1982 and 1983, Flying Tigers was able to obtain adequate fuel supplies to meet its operational requirements. The average price per gallon of fuel paid by Flying Tigers decreased from \$1.13 in December, 1981 to \$1.05 in December, 1982, and to \$.91 in December, 1983.

Revenues and Revenue Ton Miles.

The following table presents a percentage breakdown of Flying Tigers' sources of operating revenue for each of the past three fiscal years. Flying Tigers' revenues are seasonal, with more cargo carried in the third and fourth quarters of each year.

	Year Ended December 31,		
	1981	1982	1983
Scheduled cargo operations	71.3%	72.0%	82.9%
Military Airlift Command	12.7	12.7	8.3
Charter	11.3	10.3	6.3
Other	4.7	5.0	2.5
	100.0%	100.0%	100.0%

The following table presents certain statistics relating to Flying Tigers' scheduled and nonscheduled cargo operations for the same periods. The load factors (percentage of capacity utilized) in the table are based on weight. On a volume basis such load factors would be higher since capacity tends to be limited more by volume than by weight.

	Year Ended December 31,		
	1981	1982	1983
Scheduled Cargo			
Revenue ton miles (thousands)			
Freight	1,603,217	1,604,964	2,018,563
Mail and Other	86,730	85,224	99,630
Load Factor (percent)	70.0	69.6	70.8
Revenue per ton mile (cents)	37.1	38.6	39.9
Nonscheduled Cargo			
Revenue ton miles (thousands)			
Military Airlift Command	236,681	232,210	158,453
Charter	272,276	238,398	152,581

Customers.

Approximately 16% of Flying Tigers' business in 1981, 17% in 1982 and 12% in 1983 was performed for two agencies of the United States Government: MAC and the United States Postal Service. MAC charter rates are determined by MAC based upon average costs for participating carriers. International and domestic service mail rates are established by the Civil Aeronautics Board ("CAB") through a procedure whereby those rates are revised on a semiannual basis to reflect cost changes.

Flying Tigers' domestic and international cargo customers are freight forwarders, brokers, direct shippers and cargo agents. During 1982, Flying Tigers lost a significant amount of freight forwarding business as customers purchased or leased aircraft for use in their operations.

In early 1982, Flying Tigers introduced door-to-door service directly to retail customers, with guaranteed on-time delivery to most cities in the continental United States.

Regulation of Air Transport Industry.

Flying Tigers is subject to the Federal Aviation Act under which the CAB, the Federal Aviation Administration ("FAA") and, in certain cases, the President of the United States, exercise jurisdiction over various phases of its business. Generally, air cargo carriers are permitted to provide air cargo service between any points in the United States, Puerto Rico and the Virgin Islands and to price such service at any level or in any manner so long as such prices are not unduly discriminatory, prejudicial, preferential or predatory. Although the domestic portion of Flying Tigers' business has been substantially deregulated, the CAB regulates international routes, fares, rates and practices and is authorized to investigate and take action against discriminatory treatment of American air carriers abroad. The CAB's jurisdiction also extends to several aspects of Flying Tigers' business, including its accounts and records, certain mergers and acquisitions of control, consolidations, interlocking relations, competitive practices and cooperative agreements. The FAA is concerned with the regulation of flying operations, including matters dealing with safety, aircraft, personnel and ground facilities. The CAB is subject to a sunset provision effective at the end of 1984, at which time its authority may be transferred to other governmental entities.

International Route Authorizations and Rates.

Flying Tigers serves its transpacific routes pursuant to a temporary Certificate of Public Convenience and Necessity which remains effective until October 1984, its transatlantic routes pursuant to permanent Certificate of Public Convenience and Necessity and its South American and Australian routes through temporary exemption authority from the CAB. Flying Tigers' authorization to operate its international routes and to serve foreign points is further dependent upon the permission of foreign authorities. Often, Flying Tigers' rights stem from bilateral agreements between the United States and a foreign government.

Flying Tigers is a member of IATA as are most major United States and foreign international air carriers. Rates for services over international routes are usually established by member agreement at periodic IATA

Traffic Conferences. Such agreements are subject to approval of the CAB (and when so approved may be exempted from the antitrust laws of the United States) and generally, of the foreign governments having jurisdiction over the points served.

Environmental Regulations.

To comply with a regulation issued by the FAA under the Noise Control Act of 1972 (the "FAA Noise Rule"), Flying Tigers entered into contracts on favorable terms, to replace the existing engines on its DC-8 fleet with newer, quieter engines ("re-engining"). Flying Tigers subsequently decided to eliminate the DC-8 aircraft from its fleet. Between January 1, 1982 and December 31, 1983, Flying Tigers sold its interests in nine DC-8 aircraft, together with the re-engining contracts relating thereto, and had entered into agreements to sell its interests in four DC-8 aircraft, together with the re-engining contracts relating thereto. As of March 1, 1984, Flying Tigers had sold or was in the process of selling its interests in an additional six DC-8 aircraft which are owned or leased by Flying Tigers, together with the re-engining contracts relating thereto, prior to the date that any re-engining with respect to such aircraft is required to be performed. Flying Tigers intends to sell the remaining two DC-8 aircraft in its fleet, for which re-engining contracts were not obtained, without re-engining such aircraft.

Certain of the airports at which Flying Tigers operates have adopted noise abatement regulations. To date these regulations have not had a significant impact on Flying Tigers' overall operations.

Competition.

The air cargo industry is highly competitive. As a result of deregulation, the number of Flying Tigers' domestic competitors has increased and may continue to increase. Further, current international aviation policies of the United States government are increasing significantly the number of foreign competitors in the domestic market and expanding the number of points in the interior of the United States served by foreign competitors. Some air freight forwarders, such as Emery Air Freight Corp. and Airborne Freight Corp., are customers of Flying Tigers' airport-to-airport service, but are becoming increasingly independent because they have a direct relationship with the original shipper and are buying or chartering aircraft for their own use. Such corporations are Flying Tigers' principal competitors in the domestic door-to-door delivery market.

In its domestic operation, Flying Tigers also competes with cargo services provided by most of the major passenger air carriers. In international service, Japan Air Lines, Northwest Orient Airlines, China Airlines and Korean Airlines are Flying Tigers' major transpacific competitors; Air France, Alitalia, British Airways, KLM, Lufthansa, Pan American, SAS and TWA are Flying Tigers' major transatlantic competitors; Varig and Aerolineas Argentinas are Flying Tigers' major South American competitors; and Qantas and Air New Zealand are Flying Tigers' major Australian competitors.

International rates in the air cargo industry are subject to the approval of the CAB as well as of various foreign governments. Competition in air cargo markets is based on both price and service. Flying Tigers' market research indicates that the following factors are most important in the shipper's decision as to which carrier or forwarder to use: door-to-door time, pickup and delivery service, tracing ability, claims processing, customer service and price.

TRUCKING

Each of Tiger's two trucking companies, Hall's and Warren Transport, Inc. ("Warren"), is separately managed and specializes in different types of motor carrier service. Hall's was acquired in 1980 and Warren was acquired in 1981.

Hall's is a common carrier of general commodities by motor vehicle. In 1982, Hall's received from the ICC a grant of nationwide, general commodities authority. Previously, Hall's ICC authority to operate in interstate or foreign commerce was limited in 38 states and the District of Columbia. Hall's operates in foreign commerce to and from specified points in the Province of Quebec under authority granted by the Transport Commission of Quebec, and in intrastate commerce in five states under authority granted by the applicable state commissions. Hall's also operates under certain contract authority issued by the ICC.

Warren is primarily a specialized truckload hauler of heavy machinery and other commodities that require special equipment. Warren is authorized by the ICC to operate in interstate or foreign commerce, as a motor common carrier of general commodities, between all points in the United States. Warren also is authorized by the Ontario Highway Transport Board to operate in the Province of Ontario and by the applicable state commissions to operate in intrastate commerce in six Midwestern states.

Hall's operating revenues were \$253,352,000 in 1981, \$215,335,000 in 1982 and \$193,408,000 in 1983. For these same three fiscal years, Hall's handled 1.2 billion ton-miles in 1981, 778 million ton-miles in 1982 and 649 million ton-miles in 1983. Hall's operating ratio was 100.7% in 1981, 104.1% in 1982 and 103.1% in 1983.

During the last three fiscal years, approximately 80% of Hall's gross revenue from the intercity hauling of freight was accounted for by regular customers. Intercity freight hauling services are provided to a broad cross-section of important industries. Only two of Hall's customers accounted for more than 1% of Hall's revenues in 1983. As of Hall's 1983 fiscal year-end, Hall's owned 1,675 truck tractors, 3,284 van semi-trailers and 60 trucks, substantially all of which are encumbered by debt.

Warren is the leading specialized hauler of agricultural machinery in the United States. Warren's operating revenues were \$51,692,000 in 1981, \$39,745,000 in 1982 and \$36,031,000 in 1983. For these same three fiscal years, Warren handled 525 million ton-miles in 1981, 463 million ton-miles in 1982 and 431 million ton-miles in 1983. Warren's operating ratio was 92% in 1981, 95.5% in 1982 and 95.4% in 1983. A significant portion of Warren's business in 1981 through 1983 was performed for Deere and Company. As of December 31, 1983 Warren owned 17 tractors (switch only) and 1,236 semi-trailers. Warren leases truck tractors with drivers from owner-operators.

Regulation of the Motor Carrier Industry.

Hall's and Warren are subject to the Interstate Commerce Act, under which the ICC and the Department of Transportation's Bureau of Motor Carrier Safety exercise jurisdiction over various phases of each carrier's business.

Trucking companies operate pursuant to certificates of public convenience and necessity or contract carrier permits issued by the ICC. These certificates and permits specify the commodities that can be hauled and the territory in which a carrier can operate. The ICC also has jurisdiction over rates, mergers, acquisitions and certain issuances of securities. Carriers set their own rates subject to ICC review to assure that such rates are not prejudicial, preferential, predatory or unduly discriminatory. The Motor Carrier Act of 1980 imposed restrictions on collective ratemaking activities by trucking companies, but has allowed greater pricing flexibility for carriers independently setting rates.

The Bureau of Motor Carrier Safety is concerned with the safety of motor carrier operations, including the general safety of a carrier's operators and equipment and the qualification and the maximum hours of service of Hall's and Warren drivers.

Hall's and Warren are subject to economic regulation by regulatory agencies of the states in which each is authorized to transport intrastate traffic and by the provincial agencies of Canada. Hall's and Warren's operations are also subject to administrative regulation by all the jurisdictions in which each operates.

Competition.

The motor carrier industry is highly competitive. Hall's and Warren compete with other motor common carriers, motor contract carriers, private carriers and railroads. The operating authorities granted to Hall's and Warren do not give them exclusive rights in any of the areas in which they do business. A substantial number of motor carriers operate within the same areas served by Hall's and Warren, and the ICC, the various state regulatory agencies, and the provincial agencies in Canada may authorize operations by additional carriers in the same areas of interstate, intrastate and foreign commerce now served by Hall's and Warren. Some showing of public need must be made before these regulatory agencies will authorize service by additional carriers. The passage by Congress of the Motor Carrier Act of 1980, however, has substantially lessened the burden of proof that the ICC requires to authorize operations by additional carriers.

Rates.

The rates and charges assessed by Hall's and Warren for regulated interstate transportation are on file with the ICC. Regional tariff bureaus, on behalf of their members, including Hall's and Warren, publish revisions of rates and charges subject to the approval of the ICC. Due to the changing regulatory and market environment, many carriers, including Hall's, are now issuing and filing individual carrier tariffs with the ICC outside of the regional tariff bureau procedure.

While rate increases have generally been granted to cover increased costs incurred by members of regional tariff bureaus because of increased expenses, there can be no assurance that further rate increases will be sufficient to offset future increases in wages and expenses, or that rate increases will follow these increases promptly.

Cost and Availability of Fuel.

Hall's has been and continues to be able to obtain diesel fuel in the quantities, at the times, and in the locations needed, without interruption or other adverse effect upon its ability to provide freight hauling services. During 1983, Hall's average cost of fuel was \$.84 per gallon which was a significant decrease from the \$.95 per gallon in 1982.

Warren uses owner-operators who are responsible for purchasing their own fuel.

OTHER ACTIVITIES

Tiger Distribution Services.

Tiger Distribution Services ("TDS") was established to develop customized products which incorporate the capabilities of Tiger's existing businesses and to introduce innovative services in attractive transportation segments. In 1983, TDS developed a freight management system which permits TDS to efficiently manage the movement of freight through any mode or combination of modes. TDS does more than simply provide transportation; it also offers all other services required to move freight dependably and cost-effectively including packing, warehousing, and import and export documentation. The key to the TDS freight management system is a state-of-the-art, interactive database computer system called Tiger Tracs. Through Tiger InterModal, Inc. ("TIM"), TDS provides arrangements for sea-air and sea-surface transportation services. Because TIM holds broad regulatory authority permitting it to provide ocean, air and surface support services, it can offer shippers a wide range of customized arrangements for transportation services, including intermodal and international. In 1982 and 1983, TIM had revenues of approximately \$7,267,000 and \$6,890,000, respectively.

Computer Leasing.

Through its Tiger Computer division in the United States and its Tiger Leasing Division in Europe, NER provides administrative and remarketing services in connection with a portfolio of IBM System 370 and 3000 Series computer equipment.

DISCONTINUED OPERATIONS — RAILCAR SERVICES.

Discontinued Operation. The railcar services division of the Company provided a major portion of the earnings of the Company through 1981, but earnings declined in 1982 and railcar services incurred a loss of \$69.4 million in 1983. Accordingly, Tiger has determined to dispose of its railcar services business, through the GECC transaction and option described below or otherwise, and is treating its railcar services business as a discontinued operation effective December 31, 1983.

General Electric Credit Corporation Transaction

On December 15, 1983, GECC undertook most of North American's obligations to manage, lease and remarket railcars owned by third parties and obtained North American's right to the income derived therefrom and additionally purchased most of North American's office furniture and equipment, office leasehold interests, proprietary information and other miscellaneous assets, including stock of three of its subsidiaries, for an aggregate purchase price of approximately \$5.8 million, evidenced by promissory notes from GECC. On the same date, North American also contracted with GECC to manage on a long-term basis its railcar fleet and most of its railcar repair facilities. As a result of these transactions, the majority of North American's management personnel, including virtually all of its executive officers and three members of its board of directors, became employed by GECC as of December 15, 1983. These transactions were completed pursuant to a Purchase and Loan Agreement entered into with GECC on September 7, 1983, as subsequently amended (the "Purchase and Loan Agreement"). The total purchase price for the assets and rights to be acquired by GECC pursuant to the Purchase and Loan Agreement will be approximately \$156,500,000, subject to adjustments, of which \$100,000,000 will be in cash (\$40,000,000 of which was received on December 15, 1983 — see below) and the balance in notes and the assumption of certain debt of North American. The terms of GECC's management of North American's railcar fleet are governed by a Management and Service Agreement, and the terms of the management by GECC of most of North American's railcar repair facilities are governed by a Repair Business Management Agreement.

Pursuant to the Purchase and Loan Agreement, GECC committed to make a secured revolving loan to North American in an amount of up to \$55 million, which loan will be due on the earlier of the second closing under the Purchase and Loan Agreement (the "Second Closing") or December 31, 1985. Repayment of all or a portion of the principal amount of the loan may be extended beyond these dates under certain circumstances. On December 15, 1983, the date on which the first closing under the Purchase and Loan Agreement was completed, GECC funded approximately \$31 million of the loan, which was paid by North American to the trustees under certain equipment trusts in order to obtain the release of 5,022 railcars subject to those trusts. Upon the release of such railcars from such equipment trusts, a first lien, superior to liens held by North American's bank creditors on such railcars, in favor of GECC was granted thereon to secure North American's obligations under such loan. The balance of the loan, when drawn down by North American, will be used primarily for working capital.

In addition, on December 15, 1983, North American sold to GECC 1,405 railcars for a cash purchase price of \$40 million pursuant to the Purchase and Loan Agreement. Under the Purchase and Loan Agreement, North American is committed to sell, at the Second Closing, an additional number of railcars

for \$60 million in cash and most of the assets of its railcar repair division for approximately \$51 million, (subject to adjustment), represented by a promissory note and an assumption by GECC of certain debt of North American. GECC may pay all or a portion of the cash purchase price payable to North American at the Second Closing by cancellation of a portion of the outstanding balance due and payable as of the Second Closing on the revolving loan.

Under the Purchase and Loan Agreement, GECC also has an option, exercisable after the Second Closing, to purchase all remaining railcars owned or acquired by North American after the date of the Purchase and Loan Agreement at a price equal to the outstanding debt on the railcars plus the deferred income taxes applicable to the railcars (from depreciation and investment tax credits) and one-half of the difference between the fair market value of the railcars and such taxes and debt.

The Second Closing is conditioned upon, among other things, North American obtaining certain consents and releases from certain creditors and holders of certain equipment trust certificates relating to the railcars to be sold. In the event that the Second Closing has not occurred on or before December 15, 1985, or if at any time a scheduled number of railcars are not subject to the Management and Service Agreement with GECC referred to above, GECC may cancel the various agreements and reconvey to North American all assets purchased by GECC (other than the railcars) and all options to purchase assets in favor of GECC will likewise terminate. At the Second Closing, the Repair Business Management Agreement with GECC referred to above will be terminated as it relates to car repair facilities sold to GECC at the Second Closing but will remain in effect for any car repair facilities retained by North American after the Second Closing. After the Second Closing, and assuming that a scheduled number of railcars are subject to the management of GECC, GECC will continue to manage North American's remaining railcar fleet pursuant to the terms of the Management and Service Agreement.

As a result of the employment of GECC by North American to fulfill certain management functions, North American's financial performance will be dependent upon the management of North American's railcar fleet by GECC. GECC will manage North American's remaining fleet for a term of 20 years, for a management fee equal to 10% of revenues generated by full service leases and net leases of the managed railcars. GECC will provide railcar maintenance and repair services to North American for charges which are not higher than those generally charged to others. GECC will also provide certain accounting functions and financial managerial reports with respect to North American and certain subsidiaries and properties retained by North American. In addition, it will be the obligation of GECC to perform all commitments, rights and obligations of North American which relate to railcars managed for others or railcars owned by North American. North American continues to be responsible for the repayment of its debt obligations. GECC also will receive a 5% commission of all sales of railcars. Because of this and GECC's option to purchase all remaining railcars of North American, North American's potential for earnings will be limited. Since GECC will be managing North American's operations, it is unlikely that the management agreement will be terminated by North American. Nevertheless, if the management agreement were to be terminated, North American would not have sufficient employees to manage and operate its business and would be required to employ another manager.

GECC is an owner-lessor and North American is a lessee under two leveraged lease agreements which expire in 1994 and 1995, respectively. As of December 31, 1983, the present value of the future minimum lease payments due to GECC and certain other debt holders under such lease agreements is approximately \$29.7 million. In addition to its involvement with North American, GECC is a major creditor of Flying Tigers, holding as of December 30, 1983 approximately \$238.7 million of Flying Tigers' capital lease obligations. The consummation of the first closing with GECC was a condition precedent to the effectiveness of the restructuring agreements at Flying Tigers.

North American and its subsidiaries are primarily engaged in furnishing specialized types of railcars to industrial shippers in the grain, chemical, petroleum, food processing, fertilizer, lumber, and other industries. The shippers supply these railcars to the railroads which transport the shippers' products in the United States, Canada and Mexico. Railcars are also provided directly to the railroads.

Most railcars have been furnished pursuant to full-service leases under which North American's agent, GECC, provides and maintains railcars, collects mileage compensation from railroads, pays certain related taxes, and performs various other administrative functions. GECC, as North American's agent, also sells new and used railcars to customers and others.

Railcar Fleet.

North American's fleet, as of December 31, 1981, 1982 and 1983 consisted of approximately 63,000, 63,000 and 46,000 cars, respectively. As of December 31, 1981 and 1982, North American's fleet included railcars operated by North American for others under North American's investor management program and serviced by North American for others under administrative services and other contracts. Railcars managed by North American under such investor management programs or administrative services contracts were

not reflected in North American's consolidated balance sheet as of such dates and represented approximately 20% of the railcars in the above-described fleet as of such dates. Such railcars are now managed by GECC and consequently, are not included in North American's railcar fleet as of December 31, 1983. As of December 31, 1983, approximately 54% of the railcars in the fleet were covered hopper cars, 32% were tank cars and 14% were other types of railcars. The fleet, as of December 31, 1983, is comprised of railcars owned by North American or held by North American under capitalized leases or similar obligations. On December 15, 1983, North American sold 1,405 railcars to GECC. North American has agreed to sell an additional number of railcars to GECC for \$60,000,000 in cash upon the receipt by North American of certain required consents. During 1983, in addition to sales in the ordinary course of business and sales in connection with the GECC transaction, North American concluded sales of several large groups of railcars, aggregating approximately 3,000 railcars, with an aggregate sale price of approximately \$20,000,000. All of the railcars in North American's fleet are encumbered under security agreements.

Leases.

Leases for railcars are generally at fixed rentals not subject to escalation during the term of the lease. Leases for railcars in the fleet are for terms ranging from specific trips to over 15 years. Average fleet utilization of railcars was approximately 91% during 1981, 81% during 1982 and 75% during 1983. Calculations of railcar utilization include railcars leased for specific trips with rentals based on utilization.

In response to reduced demand for railcars during 1982 and 1983, North American leased certain covered hopper railcars with rentals based on usage. As of December 31, 1982 and 1983, 4,500 and 7,500 railcars were so leased.

North American's railcars are leased to approximately 815 shippers and railroads. No single customer leases more than 5% of North American's fleet, and less than 35% of the fleet is leased to North American's 20 largest customers.

Supply.

Railcars and components are available from a number of different manufacturers and assemblers in the United States, Canada, Mexico and Europe. During the last three years, the demand for railcars has decreased and North American currently has railcars for which it has no sale or lease commitments. In January 1981, North American purchased the manufacturing business of its exclusive supplier of P.D.TM railcars for transporting dry bulk commodities.

Maintenance.

The railcars under full-service leases are repaired and maintained by GECC as of December 15, 1983 at North American's shops and at various facilities owned by railroads and others. Running repairs, which accounted for approximately 50% of North American's total maintenance expense in 1983, are normally made by railroads and billed to North American in accordance with rates established by the Association of American Railroads. North American has agreed to sell most of its repair facilities to GECC upon the receipt by North American of certain required consents.

Competition.

The business in which North American is engaged is highly competitive, and there are a number of well established companies which actively compete with North American in the business of leasing and servicing railcars, including three concerns with larger fleets. Price and service are important considerations in dealings with customers and the availability of specialized equipment for lease historically has been a major factor in the leasing of railcars. For the past two years there has been, and there is currently, a surplus of grain covered hopper railcars available for lease in relation to demand.

Railroads supply covered hopper cars for grain and fertilizer service and such cars compete directly with privately-owned covered hopper cars suitable for such service. However, railroads do not generally offer large covered hopper cars (those in excess of 5,000 cubic feet) for light density commodity service such as pelletized plastic resin or P.D.TM covered hopper cars and hence do not generally compete with respect to such cars. Railroads do not supply tank cars and hence do not compete with North American in offering tank cars to shippers. North American currently has approximately 4,800 plastic pellet and P.D.TM type railcars in its fleet, but is currently negotiating the sale of its P.D.TM cars.

The competition with railroad-supplied grain covered hopper cars arises in part because of railroad restrictions on the use of this type equipment when supplied by shippers. Railroads in the United States are required to establish reasonable rules for the use of privately-supplied railcars under the Interstate Commerce Act and other applicable laws. In periods of railcar shortages, railroad approval of shipper-supplied cars is obtained fairly easily. However, in periods of oversupply, as in the case currently with respect to grain covered hopper railcars, railroads may decline to grant new approvals or otherwise impede shippers from being able to utilize privately-supplied railcars in order to keep railroad-owned cars

moving in preference to private cars. As a result, competition of privately-supplied grain covered hopper cars with railroad-supplied grain covered hopper cars is particularly intense for cars originating on most Class I railroads.

Regulation.

North American is not a common carrier and is not subject to regulation or supervision by the ICC. North American is subject to and affected by various industry requirements and government laws, rules and regulations concerning construction condition and operation of its fleet of railcars. Changes in these laws, rules and regulations have required North American to make modifications to its railcars from time to time.

International Activities.

North American's activities outside the United States include the leasing and sale of railcars, principally in Canada and Mexico. In 1983, North American sold one of its two railcar leasing subsidiaries in Europe and a substantial portion of its interest in the other for approximately \$11,000,000. Information as to North American's revenues, income and identifiable assets is included in the Notes to the Consolidated Financial Statements, "Note 2 — Discontinued Operations."

Other Activities.

North American's Terminal Services and Chemical Divisions were sold in 1983 for approximately \$10,500,000.

Tiger Financial Services, Inc. ("Tiger Financial"), a wholly owned subsidiary of North American, has been involved in lease brokerage transactions of various types of capital equipment, primarily transportation and energy-related equipment. On November 17, 1983, certain contract rights with respect to future brokerage commissions and all furniture and fixtures of Tiger Financial were sold and most of its personnel became employees of the purchaser thereof. Tiger Financial currently is a non-operating entity, holding a portfolio of contract rights and remarketing rights.

The Bi-Modal Corporation ("Bi-Modal"), a subsidiary of North American, is involved in the development, production and marketing of the RoadRailer®. The RoadRailer® is an intermodal vehicle equipped to operate on both highways and railroad tracks. Commercial operations for the RoadRailer® began in 1981. North American has announced its intention to sell Bi-Modal, and currently is engaged in discussion with parties concerning such sale.

Tiger Leasing Group, through certain directly and indirectly minority-owned subsidiaries, including Tiger Arrendadora S.A. de C.V. and Endasa S.A. de C.V., operates and leases railcars and other equipment in Mexico.

DISCONTINUED OPERATIONS — AVIATION SERVICES

The Company's management decided to discontinue TigerAir's aviation and supply and manufacturing operations effective December 31, 1982. As of December 31, 1983, the Company had sold the Salt Lake City, Utah, Denver, Colorado and White Plains, New York fixed base operations ("FBOs") for an aggregate amount of approximately \$14,100,000 in cash and the assumption of an aggregate amount of approximately \$4,100,000 of debt. In addition, the Company sold the Aviquipo and Aircraft Tank Services subsidiaries of TigerAir in 1983 and substantially all of the assets of TigerAir's spare parts division in 1984 for an aggregate amount of approximately \$7,800,000 in cash and the assumption of an aggregate amount of approximately \$3,500,000 of debt. The aggregate cash proceeds from such sales were applied to reduce TigerAir's indebtedness under its \$62 million credit agreement dated as of September 8, 1983. In March, 1984, the Company entered into an agreement for the sale of substantially all of the assets of its Burbank, California FBO.

At December 31, 1983, TigerAir's fleet included four Boeing 727-200 aircraft leased under capital leases and two owned DC-10 aircraft with an aggregate net book value of approximately \$54,000,000. During 1983, TigerAir sold seven aircraft for approximately \$10,540,000. The four Boeing 727-200 aircraft are leased to a carrier for terms equal to the terms of the respective capital leases relating thereto. The two DC-10 aircraft are encumbered by debt. In early 1984, TigerAir entered into an agreement for the sale of one of its DC-10 aircraft.

TIGER EMPLOYEES

As of December 31, 1983 Tiger and its subsidiaries had approximately 10,310 employees.

ITEM 2. PROPERTIES.

Tiger leases its executive offices in Los Angeles, California under two leases expiring in 1996.

Flying Tigers' headquarters and its principal maintenance and training bases are located on a 30-acre tract leased at Los Angeles International Airport. A hangar, a general office building and a flight training center have been constructed on this property by Flying Tigers. Flying Tigers also has entered into long-term leases at airport facilities in several of the cities it serves.

Hall's owns a 36-acre tract in Mechanicsburg, Pennsylvania where it maintains its executive and general offices, breakbulk terminal, and principal garage facility. Of the 73 terminal facilities operated and owned or leased by Hall's as of March 5, 1984, Hall's owns 45 and leases 28. Of the 15 terminals not used by Hall's, seven are leased to unrelated parties and eight are vacant.

Warren leases its executive and general offices and principal garage facilities in Waterloo, Iowa. Of the 17 terminal facilities operated by Warren, Warren owns 10 and leases seven. In July, 1983, Hall's closed ten terminals which had been consistently unprofitable and did not conform to Hall's long-term plan to become a dominant regional carrier.

North American leases its executive offices in Chicago, Illinois. On December 15, 1983, North American assigned or sublet to GECC most of its offices in Chicago, Illinois and all of its sales offices in cities throughout the United States and Canada. North American owns or leases 15 repair shops throughout the United States and Canada. Upon the receipt by North American of certain required consents, North American will sell 10 repair shops to GECC. GECC has the option to purchase one additional repair shop.

ITEM 3. LEGAL PROCEEDINGS.

On February 15, 1983, the Bank of Montreal (the "Bank") brought an action against Tiger Leasing Group in the United States District Court for the Central District of California. The complaint alleges that Tiger Leasing Group breached its obligations under a guarantee effective February 2, 1980, whereby Tiger Leasing Group guaranteed the payment of the obligations of Tiger Arrendadora S.A. de C.V. ("Arrendadora") under a promissory note dated February 2, 1980 executed by Arrendadora in favor of the Bank and sought relief in the form of money damages. The complaint alleged that (i) Arrendadora did not make the February 1983 installment under such note; (ii) the Bank notified Tiger Leasing Group of the Arrendadora default under such note and made demand upon Tiger Leasing Group for payment of the outstanding principal amount of the note, \$1,250,000, plus accrued interest under the guarantee; and (iii) Tiger Leasing Group failed and refused to make such payment. Following a hearing, the court entered judgment in favor of the Bank. To date, the Bank has not taken any steps to enforce such judgment.

Manubank Leasing Corporation ("Manubank") brought an action in the United States District Court for the Eastern District of Michigan alleging that Tiger Leasing Group had defaulted under an obligation owed to Manubank in the amount of \$1,200,000 and seeking payment of such amount. On January 9, 1984, the court entered summary judgment against Tiger Leasing Group and in favor of Manubank in the amount of approximately \$1,200,000. To date, Manubank has not taken any steps to enforce such judgment.

On June 9, 1983, Hunter-Keith Incorporated ("Hunter-Keith") brought an action against North American in the United States District Court for the District of Minnesota. The complaint alleges that North American entered into a contract with Hunter-Keith's assignor, Hunter-Keith, Marshall & Co. Incorporated, for the sale to Hunter-Keith of between 950 and 1350 P.D.TM railcars and for the option to purchase additional railcars, North American's patents and North American's railcar manufacturing facility. The complaint alleges further that North American breached its obligations under the alleged agreement and requests specific performance. In an amendment complaint dated August 17, 1983, Hunter-Keith further alleges that 106 of the P.D.TM railcars that had been the subject of the alleged agreement were sold to a third party on or about July 6, 1983. Hunter-Keith also requests a total of \$6,700,000 in money damages in the amended complaint. On August 15, 1983, the court issued a temporary restraining order enjoining North American from taking any action that would impair the alleged obligations, including selling or negotiating to sell the assets subject to the alleged agreement. The parties stipulated to the extension to March 31, 1984 of the temporary restraining order in a modified form. The modified temporary restraining order permits North American to grant to GECC the right to manage on an interim basis the P.D.TM railcars. The modified temporary restraining order also postpones all proceedings including, but not limited to, discovery until 5:00 p.m. on March 31, 1984 and provides for an additional 30 days thereafter to complete discovery. The parties are currently involved in negotiations for settlement of such litigation.

North American settled litigation with Societe Generale de Banque Brussels and agreed to a stipulated judgment in an action brought by Credit Suisse pursuant to which the plaintiffs sought to attach assets of North American. See "ITEM 1. BUSINESS — FINANCIAL RESTRUCTURING — North American."

In the ordinary course of business, the Company became involved as defendants in various legal proceedings. It is the opinion of the Company's management, based upon the advice of its counsel, that the ultimate disposition of pending litigation other than that set forth above will not be material in relation to the Company's consolidated financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There was no matter submitted during the fourth quarter of the fiscal year ended December 31, 1983 to a vote of security holders of Tiger, through the solicitation of proxies or otherwise.

EXECUTIVE OFFICERS OF THE REGISTRANT

Each officer is appointed by the Board of Directors of Tiger and serves at its pleasure.

Pursuant to the retirement agreement between Tiger and Mr. Hoffman, he is to serve in an executive capacity until the normal retirement age of 65.

The following table lists those persons who act as executive officers of Tiger at March 1, 1984:

Name	Title	Age
Wayne M. Hoffman	Chairman of the Board, Chief Executive Officer, President and Director(1)	61
Rolf Bodenburg	Vice President — Taxes(2)	55
Robert J. Harter, Jr.	Vice President, General Counsel and Secretary(3)	39
Joseph K. McDonnell	Vice President — Controller(4)	40
James A. Cronin III	Vice President — Assistant to the Chairman(5)	29

- (1) Before becoming Chairman of the Board, President and Chief Executive Officer of Tiger in July, 1983, Mr. Hoffman had been Chairman of the Board and Chief Executive Officer of Tiger since March, 1978. Prior to March 1978, Mr. Hoffman had been President and Chief Executive Officer of Tiger since August, 1973.
- (2) Before becoming Vice President — Taxes in July, 1979, Mr. Bodenburg had been Assistant Treasurer — Taxes since April, 1976.
- (3) Before becoming Vice President, General Counsel and Secretary in July, 1983, Mr. Harter had been Vice President — Administration since April, 1982, Vice President — Law since July, 1979, Secretary since June, 1980, and Associate General Counsel from April, 1978 to June, 1979.
- (4) Before becoming Vice President — Controller, in February, 1984, Mr. McDonnell had been Controller since June, 1983, Assistant Controller since October, 1980 and Director of Accounting from 1977 to October, 1980.
- (5) Before becoming Vice President — Assistant to the Chairman in February, 1984, Mr. Cronin had been Assistant to the Chairman since July, 1983, Director, Strategic Planning from July, 1982 to June, 1983, Manager, Corporate Planning from October, 1981 to June, 1982 and Senior Corporate Planning Analyst from September, 1980 to September, 1981. Prior to joining Tiger, Mr. Cronin had been Corporate Banking Officer from September, 1979 to September, 1980 and Assistant Planning and Control Officer for United California Bank, a banking corporation which is not a parent, subsidiary or other affiliate of Tiger.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Common Stock is traded on the New York, Midwest and Pacific Stock Exchanges, and was held as of March 28, 1984 by approximately 22,471 stockholders. The following table sets forth the high and low sales prices for the Common Stock on the consolidated transaction reporting system for the indicated periods:

	High	Low
1982		
First Quarter	14¼	7½
Second Quarter	10¾	6⅞
Third Quarter	9¾	4⅞
Fourth Quarter	10¼	7½
1983		
First Quarter	9	5⅞
Second Quarter	11¾	5¾
Third Quarter	11¾	5½
Fourth Quarter	6¼	4¼

In the first quarter of 1984 (through March 28, 1984), the high and low sales prices of the Common Stock on the consolidated transaction reporting system were \$8.13 and \$5.63, respectively.

Tiger has not paid a cash dividend since December, 1981. Due to recent losses incurred by subsidiaries, provisions in certain subsidiaries' bank credit agreements and indentures and the restructuring agreements restricting or prohibiting payment by subsidiaries of dividends to Tiger, and the limitation on advances under the restructuring agreements (see "ITEM 1. BUSINESS — FINANCIAL RESTRUCTURING — Tiger" and "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION"), dividends on the Common Stock are not currently being paid. In addition, agreements entered into by Tiger in connection with the North American restructuring and the Flying Tigers restructuring prohibit the payment by Tiger of dividends (other than dividends in Common Stock) or other distributions on or with respect to its outstanding Common Stock until all obligations owed to the creditors who are parties to such restructurings have been paid. Dividends are not expected to be paid until at least 1991.

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected consolidated financial data for Tiger and its subsidiaries for each of the five years ended December 31, 1983 (in thousands, except per share and ratio data):

	1983	1982	1981	1980	1979
Results of Operations					
Revenues from Continuing Operations	\$1,250,276	\$1,161,196	\$1,161,921	\$ 892,524	\$ 457,611
Income (Loss) from Continuing Operations(1)	\$ (75,836)	\$ (73,533)	\$ (20,849)	\$ 4,430	\$ 395
Net Income (Loss)	\$ (222,840)	\$ (136,223)	\$ (16,613)	\$ 42,375	\$ 43,627
Earnings (Loss) Per Common Share From Continuing Operations(1)	\$ (4.20)	\$ (4.34)	\$ (1.23)	\$.28	\$.03
Earnings (Loss) Per Share	\$ (12.34)	\$ (8.04)	\$ (.98)	\$ 2.68	\$ 3.03
Cash Dividends Declared Per Common Share	\$ —	\$ —	\$.675	\$.80	\$.80
Total Funds Provided by Operations(2)	\$ 114,568	\$ 105,253	\$ 337,650	\$ 301,196	\$ 225,136
Financial Position					
Total Assets(3)	\$1,113,766	\$2,440,619	\$2,702,397	\$2,758,425	\$1,940,601
Long-Term Obligations and Minority Preferred Stock Subject to Mandatory Redemption(3)	\$ 691,892	\$1,632,849	\$1,703,399	\$1,655,575	\$1,151,851
Stockholders Equity	\$ 84,536	\$ 283,166	\$ 419,389	\$ 446,279	\$ 257,846
Long-Term Debt to Equity Ratio	8.18	5.75	4.05	3.70	3.20
Book Value Per Common Share	\$ 4.16	\$ 16.72	\$ 24.76	\$ 26.45	\$ 25.12

(1) 1983 includes an extraordinary gain of \$19.8 million (\$1.10 per share) from an exchange of debt for other securities. See Consolidated Financial Statements for additional information.

(2) Includes total working capital provided by continuing and discontinued operations, collection of finance lease, long-term and other receivables, sale or retirement of property, plant and equipment and other assets. See Managements Discussion and Analysis of Financial Condition and Results of Operations and Consolidated Statement of Changes in Financial Position for additional information pertaining to source and application of funds.

(3) In 1983, excludes assets and liabilities associated with discontinued operations. See Note 2 — Discontinued Operations of Notes to Consolidated Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**SUMMARY**

Tiger International is a holding company which has investments in operating companies providing transportation and related services throughout the world.

Since 1980 over \$1.1 billion has been spent on acquisitions and equipment additions. During 1980 Tiger entered the trucking business with the acquisition of Hall's and expanded its air cargo operations by acquiring Seaboard. During 1981, Dohrn Transfer Company, now a part of Hall's, and Warren were acquired to complement the trucking business and two smaller acquisitions were also completed. Operating losses during 1981, 1982 and 1983, combined with funds required for such acquisitions and equipment additions, have had the effect of adversely affecting liquidity while increasing Tiger's debt to equity ratio from 4.05 to 1 in 1981 to 8.18 to 1 in 1983.

The worldwide recession and the precipitous decline in the United States economy during 1981 and 1982 have had a significant adverse effect on each of Tiger's operations. Tiger reported a net loss of \$222.8 million in 1983 compared to a net loss of \$136.2 million in 1982 and a net loss of \$16.6 million in 1981. Continued adverse operating results have caused management to dispose of activities not essential to the Company's core business of transportation of cargo while seeking additional financial resources.

In December 1983, Tiger completed a transaction under which a subsidiary of GECC took over the management and operation of the railcar leasing and repair business of North American, the largest subsidiary of Tiger Leasing Group. In addition, GECC purchased 1405 railcars and was given an option to purchase the remainder of North American's railcar fleet. See below for a further description. As a result of a decision by Tiger to liquidate the North American railcar fleet, through the option given to GECC or otherwise, and the debt restructuring agreements finalized in 1983, Tiger is accounting for these activities as a discontinued operation in the accompanying consolidated financial statements. In addition, Tiger

announced its decision to sell or liquidate all of Tiger Leasing Group's other operations. Accordingly, these operations have also been reported as discontinued operations in the accompanying consolidated financial statements.

In September 1983, Tiger completed an exchange offer whereby debt was exchanged for new securities consisting of debentures, Common Stock and warrants.

In the months of September through December, 1983 various subsidiaries of Tiger entered into restructuring agreements with certain of their respective lenders pursuant to which the debt of such subsidiaries was restructured and defaults thereunder were waived or suspended. Such defaults included payment defaults commencing February 14, 1983 when the Company declared a moratorium on certain bank and institutional debt as a cash conservation measure. The deferral of debt payments did not include any of the Company's public debt and did not affect trade creditors and suppliers. Certain subsidiaries of Tiger continue to be in default with respect to substantial portions of their debt. See ITEM 1. BUSINESS — FINANCIAL RESTRUCTURING.

In December 1982, Tiger decided to dispose of its aviation services segment, TigerAir, and in July 1982, Tiger sold its investment in Purolator, Inc. common stock.

Tiger has not paid dividends on its common stock since the fourth quarter of 1981.

LIQUIDITY

Funds provided by operations, including sales of assets and collections of long-term receivables, amounted to \$114.6 million in 1983 compared to \$105.3 million for 1982 and \$337.7 million for 1981. Because the Company had no availability under its lines of credit at the beginning of 1983, the Company declared a moratorium on payment of a substantial portion of its debt.

On February 14, 1983, Tiger announced that it was seeking the agreement of the Company's banks and institutional lenders to reschedule certain debt obligations at Tiger's principal subsidiaries. In addition, the Company announced that it was deferring payments of principal and interest on certain bank and institutional debt as a cash conservation measure. By December 1983, the Company had finalized restructuring agreements with the creditors of Flying Tigers, North American and TigerAir. The agreements provide for the deferral of approximately \$221 million of principal and interest otherwise payable in 1983 through 1985. In addition, the restructuring agreements contain strict financial covenants and substantially all previously unencumbered assets of Flying Tigers, North American and TigerAir have been pledged to secure the obligations thereunder.

At Flying Tigers, the restructuring agreements provide for a new \$45 million credit facility and the deferral until July 2, 1985 and beyond of approximately \$48 million of principal and interest otherwise payable in 1983 and 1984. The deferred amounts will be payable in 20 quarterly installments of \$2,398,000 commencing July 2, 1985. The new credit facility will be a revolving loan with amounts outstanding at June 30, 1985 convertible into a five-year term loan with equal quarterly payments of principal and interest. Amounts outstanding under the revolving loan and the term loan will bear interest at two percent above the prime rate. In addition to stated interest, Flying Tigers has agreed to pay annually in each of the years 1985 through 1989 supplemental interest contingent upon its earnings. The cumulative amount of such supplemental interest may not exceed \$20 million. The restructuring agreements also require that 80% of the aggregate net proceeds in excess of \$15 million from sales on or after May 11, 1983 of certain of the assets pledged under the restructuring agreements be paid to the participating creditors to reduce the outstanding amount of the revolving loan and/or amounts of deferred principal and, if such sale occurs prior to June 30, 1985, to reduce correspondingly the available amount of the revolving credit facility. Flying Tigers continues to have high debt service requirements in comparison with current operating cash flows and projected earnings.

In 1983, Flying Tiger's cash needs were approximately \$1.024 billion compared to actual cash generation of approximately \$1.020 billion. Management has estimated that if revenues are to remain at 1983 levels in 1984 and 1985, the cash required to meet the rescheduled debt service and provide for Flying Tigers' operational and fixed asset needs would be approximately \$1 billion in 1984 and approximately \$1.1 billion in 1985. However, management expects revenue and cash generation to grow based on current projections, and, together with the availability of a \$45 million revolving credit line, all of which remains fully available as of March 29, 1984, management foresees no liquidity problems in 1984 and 1985. In addition as of March, 1984, a one billion yen (equivalent to approximately \$4.5 million) one year line of credit with a Japanese bank, secured by Japanese trade accounts receivable of Flying Tigers, had been approved by such bank. This line of credit is dependent upon approval of Flying Tigers' Board of Directors' and completion of collateral documentation with respect to the receivables.

At North American, a restructuring agreement was executed by North American and certain of its major lenders who hold in the aggregate \$283 million of North American's \$778 million principal amount of long-

term debt and capitalized lease obligations. Pursuant to such agreement, North American paid prior to December 31, 1983 approximately \$33 million of interest that was otherwise payable earlier in 1983. Such agreement also provides for the deferral until 1986 and beyond of approximately \$173 million of principal and interest otherwise payable in the period from 1983 through 1985. The \$173 million of deferred principal and interest will be payable over a five-year period commencing in March 1986. The agreement also requires that substantially all proceeds from asset sales by North American be paid to the creditors to reduce debt owed to them. In addition to cash generated from operations, North American projects that payment of all debt obligations under its restructuring will require the sale of approximately 19,000 railcars over the term of its restructuring.

A stipulated judgment was entered against North American in connection with litigation relating to a default under a \$25 million loan from Credit Suisse to North American. Such judgment required North American to, among other things, pledge 1,159 formerly unencumbered railcars to secure the obligation owed to Credit Suisse, and to pay Credit Suisse in full at scheduled maturity in January 1985. Under the terms of the North American restructuring agreement, to which Credit Suisse is not a party, North American is permitted to satisfy the principal amount of its debt to Credit Suisse (other than by conveying to Credit Suisse the railcars pledged to it, which is expected to be insufficient to satisfy such debt in full) only to the extent that the debt due to North American's creditors, who are parties to such restructuring agreement, is paid on a pro rata basis. Therefore, under the terms of the North American restructuring agreement, it will be necessary to renegotiate certain provisions of the North American restructuring agreement to permit North American to satisfy its debt to Credit Suisse. Under the North American Restructuring Agreement, any party which is not a subsidiary of North American is permitted to assume or satisfy the obligations to Credit Suisse in order to avoid a requirement that all other debt be paid in January 1985 or to avoid defaulting under the Credit Suisse settlement agreement.

North American is currently negotiating or has taken steps to amend agreements relating to debt held by certain institutional and other lenders who did not participate in the North American restructuring. In addition, North American is attempting to amend certain equipment trust agreements. See "ITEM 1, BUSINESS — FINANCIAL RESTRUCTURING — North American" for a detailed description of and the uncertainties concerning these items.

In September, 1983, TigerAir entered into a restructuring agreement with its creditors with respect to \$62 million of its debt. TigerAir is in default under its restructuring agreement but is negotiating with lenders to amend such agreements and to cure and have such defaults waived. However, TigerAir has made all principal and interest payments required under the restructuring agreement.

Tiger has continued to make payments on all debt at the parent company level. In addition, as noted above, Tiger's subsidiaries have continued to make scheduled payments to certain creditors, including generally holders of public debt, suppliers and trade creditors. Tiger expects that all such creditors will continue to be paid on a current basis. Nevertheless, as a result of certain cross-default and other provisions, certain subsidiaries of Tiger are in technical default on certain of their debt, and such debt is subject to acceleration.

It is expected that, commencing in 1986, Tiger Leasing Group will be obligated, pursuant to certain guarantees entered into by Tiger Leasing Group, to make certain minimum payments on the projected \$25 million to \$32 million of its subsidiaries' indebtedness (other than North American) which will be outstanding after application of the proceeds of sales of the assets of such subsidiaries to such indebtedness. Since Tiger Leasing Group has no assets other than the common stock of its subsidiaries and many of such subsidiaries are precluded from paying dividends pursuant to their respective restructuring agreements, Tiger Leasing Group is not currently in a position to meet its obligations under such guarantees. Legal actions by creditors of Tiger Leasing Group could lead to the bankruptcy of Tiger Leasing Group, or the forced sale of the assets of Tiger Leasing Group, including the forced sale of the stock of North American and Tiger Leasing Group's other subsidiaries.

Tiger and Tiger's direct subsidiary, Tiger Leasing Group, owe \$132 million and \$81 million, respectively, to North American at December 31, 1983, and North American has pledged notes evidencing such obligations to the lenders who are a party to the restructuring agreement to secure debt of North American. In the event of a default under the North American restructuring agreement, there is a risk that these creditors could collect such receivables or seek to foreclose on such notes. An action by a creditor to collect an intercompany receivable could result in the forced sale of assets of Tiger or Tiger Leasing Group (including the stock of their respective subsidiaries) to satisfy such intercompany obligations.

Negotiations with creditors of other subsidiaries are in preliminary discussions. See "ITEM 1. BUSINESS — FINANCIAL RESTRUCTURING" for a detailed description of all the debt restructuring agreements and the status of debt still subject to renegotiation and the uncertainties concerning the completion of the restructuring.

On September 7, 1983, North American signed the Purchase and Loan Agreement with GECC providing for the sale and transfer to GECC of railcars and certain assets of North American's railcar repair division and railcar management division and other assets for approximately \$156.5 million, of which \$100 million will be in cash and the balance will be in notes and the assumption of certain debt of North American. GECC was also granted an option to purchase all remaining railcars owned by North American.

On December 15, 1983, North American sold to GECC 1,405 of the railcars committed to be sold to GECC for \$40 million in cash, transferred to GECC the management and operation of North American's railcar leasing, remarketing and repair business and sold to GECC three of its subsidiaries. In payment of the purchase price of the management of the railcar business, GECC delivered to North American two promissory notes in the aggregate amount of approximately \$5.3 million. At the Second Closing, North American is committed to sell to GECC an additional number of railcars for \$60 million in cash. Under the Purchase and Loan Agreement, GECC committed to make a secured revolving loan to North American in an amount not to exceed \$55 million. At the December 15, 1983 closing, GECC funded \$31 million of such loan to North American which was used to obtain the release of certain railcars from five equipment trusts. The balance of the proceeds of the loan, when drawn down by North American, will be used primarily for working capital. The \$31 million loan is evidenced by a promissory note of North American and is secured by a first lien on the railcars released from the five equipment trusts. GECC may pay all or a portion of the cash purchase price payable to North American for the additional railcars and the repair facilities by cancellation of the outstanding balance due and payable on the \$55 million loan. The transfer of these assets between North American and GECC was completed on an arms length basis even though GECC holds approximately \$239 million of Flying Tigers capital lease obligations.

In August 1983, Tiger completed an exchange offer whereby \$37.9 million principal amount of 11½% Sinking Fund Debentures due October 1, 1995 and \$55.6 million principal amount of 8½% Convertible Subordinated Debentures due July 1, 2005 were exchanged for new securities consisting of debentures, Common Stock and warrants to purchase Common Stock. The exchange resulted in an extraordinary gain of \$19.8 million. The new debentures are subject to sinking fund requirements and give Tiger the option to make interest payments and satisfy sinking fund requirements with shares of its Common Stock. If Tiger elects to pay interest on the new debt by issuing Common Stock rather than paying cash, annual cash requirements for interest expense will be reduced from \$11.5 million annually prior to the exchange to \$2.1 million. Tiger did so elect with respect to the interest payments due October 1, 1983 and January 1, 1984, satisfying its \$3.3 million interest obligation by delivering 592,680 shares of Common Stock.

Tiger has agreed that advances from North American and separately from Flying Tigers to Tiger will be limited, in each case, to up to approximately \$3.6 million in 1984 and approximately \$4.7 million in 1985 (which limit shall increase, in each case, by \$175,000 per year through 1990) for payment of Tiger's general and administrative expenses through 1990 and for the amounts required to pay interest due on the 11½% Sinking Fund Debentures due October 1, 1995 and 8½% Convertible Subordinated Debentures due July 1, 2005 through September 30, 1986. The advances for payment of interest on the above mentioned Debentures, amounting to approximately \$1 million annually through 1986 from each of Flying Tigers and North American, will become intercompany obligations owing from Tiger to such subsidiaries. As a result of these limitations, Tiger will either obtain funds from its other operating companies to meet the debt service requirement for periods subsequent to September 1986 on the above mentioned Debentures or initiate another exchange offer or a new Common Stock offering.

As a result of the limitations in the aforementioned agreements, absent an amendment or change in the terms thereof, Tiger will be prohibited from paying dividends (other than stock dividends) on its Common Stock.

In April, 1983, Hall's renegotiated debt agreements with its major lenders to refinance approximately \$12.4 million of debt. The revised agreements provide for up to \$8 million in additional financing, if needed. Through December 31, 1983 none of these available funds had been used.

During 1983, Flying Tigers sold its interests in five DC-8 aircraft and related re-engining contracts for approximately \$31.6 million. In addition, during the fourth quarter of 1983, Flying Tigers entered into an agreement to sell five DC-8 aircraft and the re-engining contracts related thereto. As of March 1, 1984 Flying Tigers had sold or was in the process of selling its remaining DC-8 aircraft which are owned or leased by Flying Tigers together with the re-engining contracts related thereto.

CAPITAL RESOURCES

Capital expenditures of \$55.1 million in 1983 reflect a planned reduction compared to 1982 expenditures of \$139.1 million and 1981 expenditures of \$186.4 million. Capital expenditures for 1984 are expected to be further curtailed until operating performance improves. In 1979, Flying Tigers contracted to re-engine a

portion of its DC-8 aircraft fleet to meet 1985 Federal noise requirements. At December 31, 1983 the Company had no significant future purchase commitments after giving effect to letters of intent signed in December, 1983 and January, 1984 for the sale of DC-8 aircraft and their related re-engining contracts.

RESULTS OF OPERATIONS — OVERVIEW

Continuing Operations

Revenues from continuing operations increased from \$1.2 billion in 1982 to \$1.3 billion in 1983, approximately an 8% increase. Revenues remained substantially unchanged in 1982 compared to 1981.

The net loss from continuing operations (after giving effect to the extraordinary gain from Tiger's exchange of debt) of approximately \$75.8 million in 1983 compares to a net loss in 1982 of \$73.5 million and a net loss in 1981 of \$20.8 million. An extraordinary gain in 1983 of \$19.8 million resulted from an Exchange Offer whereby new securities consisting of debentures, Common Stock and warrants to purchase Common Stock were exchanged for Tiger debt. Also included in the current year's results is a \$4.2 million gain on the sale of equipment. Flying Tigers also recorded a \$6.1 million reserve relating to a reduction of the number of employees and facilities in Europe. Hall's recorded reserves of \$3.8 million, most of which related to the closing of unneeded facilities and terminals in the southwest.

The net loss in 1982 and 1981 included tax benefits of \$53.9 million and \$41.8 million respectively. No tax benefit was recorded in 1983. The 1982 results include a pretax assets writedown of approximately \$2.5 million relating to the trucking operations, \$19.8 million of foreign exchange translation gains and \$5.6 million of pretax gains from the sale of equipment. The 1981 results were favorably affected by the sale of equipment for a pretax gain of approximately \$36.9 million and were also improved by the sale of the Mortgage Insurance Group for a pretax gain of approximately \$5.9 million.

Air Cargo

Flying Tigers' 1983 revenues of \$1019.8 million increased by 13% over 1982 revenues of \$905.5 million. The 1982 revenues increased 3% from 1981 revenues. Flying Tigers sustained a pretax loss of \$67.5 million in 1983 compared to a pretax loss of \$72.6 million in 1982 and \$22.9 million of pretax losses in 1981. Included in the 1983 results is a \$6.1 million reserve for reduced activity in Europe and a gain of \$3.6 million on the sale of Flying Tigers interest in six DC-8 aircraft.

Included in the 1982 results is pretax gain of \$4.8 million on the sale of three DC-8-73's and related equipment and a pretax gain of \$18.4 million on the revaluation of foreign denominated debt resulting from the strengthened dollar. The strengthened U.S. dollar, however, adversely affected yields on both Asian and European traffic because revenues from these markets are generated in foreign currencies. The decline in yields approximately offset the translation gain. Included in the 1981 results is a pretax gain of \$35.4 million on the sale of three B-747-100's.

Flying Tigers' major services include domestic, transpacific and transatlantic scheduled services, Military Airlift Command ("MAC") and commercial charters. The transpacific route system remained strong during 1983 with revenues increasing by 45% due primarily to higher volumes. The transatlantic market had an 8% decrease in revenue ton miles which in part was the result of Flying Tigers revising its marketing approach in that market as a result of low yields prevailing at the time. The transatlantic route system continued to be adversely affected during 1983 and excess capacity made implementation of rate increases difficult. Therefore, effective October 3, 1983, Flying Tigers reduced flight frequency across the Atlantic by 50%, and established two European hubs, one located in London and one in Frankfurt. Scheduled flights to the Netherlands, France, Switzerland and Italy were replaced by a trucking network operating out of the hubs. This new approach reduced fixed costs in Europe and allowed Flying Tigers to redeploy aircraft to the Asian market where demand continued to increase. Additionally, in September, 1983, Flying Tigers began scheduled service to Australia. The domestic route system experienced intense competition during 1983 as revenues increased 31% from 1982 levels while volumes increased 11%. The domestic route system has been unfavorably affected by competition from freight forwarders arranging for their own aircraft. In early 1982, Flying Tigers introduced door-to-door service with guaranteed delivery time directly to retail customers. The volumes, measured by revenue pounds received, have increased from 1.5 million pounds in the first quarter of 1982 to 33.9 million pounds in the fourth quarter of 1983. As a result of door-to-door service increasing its share of the domestic volumes over airport-to-airport service, average domestic yields increased significantly.

MAC revenues decreased 27% in 1983 from 1982 levels. However in 1982 revenues were 3% higher than 1981 levels. The lower MAC revenues are a result of the military shifting its traffic to its own fleet.

Commercial charters revenues were \$63.9 million in 1983, a decline of 31% from 1982 while 1982 revenues declined 6% from 1981 levels. The decrease in 1983 was primarily a result of the termination of Metro International Airways (Metro) passenger charter flights. In 1983 Flying Tigers and Pan American

World Airways exchanged four Pan American B-747-100 freighters for three Flying Tiger B-747-200 passenger aircraft associated with the Metro program. The swap enabled Flying Tigers to concentrate its resources in the cargo business. In addition, Flying Tigers increased capacity on scheduled routes to South America while providing service to the Middle East and Australia.

Total operating expenses increased \$66.0 million (7%) in 1983 compared to 1982. Sales, advertising and publicity expenses (included in Selling, General and Administrative expense in the Consolidated Statement of Operations) increased \$32.5 million (39%) primarily as a result of promoting the guaranteed door-to-door delivery service, notwithstanding cost cutting measures in other areas. Ground operations expenses increased \$36.4 million (16%) as a result of the expansion of operations associated with the door-to-door delivery service and additional international volume over 1982. Maintenance expenses increased \$17.6 million (24%) primarily as a result of increased use of Boeing 747 aircraft in the Asian markets and increased overhaul provision rates due to rising costs. The decline in fuel costs of \$16.4 million (5.5%) from 1982 was a result of a world wide fuel price decline. The average price per gallon of fuel paid by Flying Tigers decreased from \$1.13 in December, 1981, to \$1.05 in December, 1982 to \$.91 in December, 1983.

Trucking

Combined trucking and intermodal operations for 1983 reported a pretax loss of \$9.6 million on revenues of \$236.3 million, as compared to 1982 when the pretax loss was \$13.1 million on revenues of \$262.3 million. The 1981 pretax loss was \$3 million on revenues of \$287 million. Tiger owns two trucking companies: Hall's and Warren. Hall's is a general commodities carrier, primarily operating in the Central, Mid-Atlantic and Northeastern portion of the United States, providing less than truckload (LTL) and truckload services to those areas of the United States. Hall's operating revenues declined approximately 10% in 1983 from \$215.3 million in 1982 to \$193.4 in 1983. The economic recession has severely impacted Hall's revenue base and although the economy has recovered to some extent in the latter half of 1983, there has been no corresponding increase in volumes compared to 1982. The ten terminals closed in July by Hall's represented about 8% of its total tonnage and revenue (see below). Also adversely impacting Hall's revenues is the impact of deregulation, as competition has intensified during 1983 as evidenced by competitive bidding and rate discounting.

Hall's has taken significant steps to lower the operating ratio in 1983 through controlling wages, benefits and operating costs and has realized significant improvement. Among such steps, Hall's has closed the special commodities division (Bengal Transport) in February 1983 after determining that it was not feasible to operate this division profitably.

Additionally, in July 1983 Hall's closed ten consistently unprofitable terminals which did not conform to Hall's long-term plan to become a dominant regional carrier. Hall's 1983 results include reserves of \$3.8 million, most of which relate to the closing of these terminals. The operating ratio has declined from 104.1% in 1982 to 103.1% in 1983. It is expected that this trend will continue into 1984. In May 1983, Hall's began service to the west coast utilizing piggyback movements via Chicago. At year-end this business represented approximately 3% of total revenue. Hall's expects to place 600 twin trailers in service in 1984. They should provide additional flexibility for freight handling and reduce operating costs. Intermodal service to Florida was implemented in March, 1984.

Warren operates as a specialized truckload hauler of heavy machinery and other specialized equipment for both the farm and construction industries. During 1982, Warren also expanded its operations into hauling truckload shipments of general commodities, in particular glass, packing materials and textiles. Warren was acquired on June 1, 1981 and reported operating revenues of \$29.4 million and pretax income of \$3.7 million during the last seven months of 1981. During the full year of 1982, Warren reported operating revenues of \$39.7 million and pretax income of \$3.5 million. In 1983 Warren's revenues were \$36.0 million and pretax income was \$2.3 million. The decline is primarily a result of the severe economic problems of the farming and construction industries during 1983 as Warren is dependent upon those industries for a majority of its revenue. Warren has been able to maintain profitability as a result of controlling its variable expenses in relationship to its lower revenues during 1983.

DISCONTINUED OPERATIONS

Railcar Services

North American is an international lessor of railcars, conducting business in the United States, Canada and Mexico, with an owned and leased fleet of approximately 46,000 railcars as of December 31, 1983. North American also conducts ancillary businesses to its leasing operations, such as car repair services and remarketing services. Additionally, North American has a car manufacturing division which produces

specialized covered hoppers and is involved in development, promotion and marketing of a railcar (RoadRailer) which is capable of running on railroads or being moved on highways by truck.

On September 7, 1983, North American entered into a Purchase and Loan Agreement with GECC for the sale of certain assets. On December 15, 1983, North American completed the transfer of the management of, and the sale of certain assets of, its railcar services business to GECC. Upon the receipt of certain required consents by North American, North American will sell some additional assets of its railcar services business and the majority of its railcar repair division facilities to GECC.

North American revenues were \$188.5 million in 1983, a decrease of approximately 26% from \$254.5 million in 1982. Revenues in 1982 declined approximately 17% from 1981. Revenues for leasing and car sales activities have declined significantly during 1983 as a result of lower fleet utilization and the continuing soft railcar market. Fleet utilization has declined from approximately 91% at the end of 1981 to approximately 81% at the end of 1982 to approximately 75% at the end of 1983. Fleet utilization includes railcars which are leased for specific trips with rentals based on mileage.

Car sales have also been adversely affected as a result of the current excess supply of railcars as well as high interest rates during most of 1983. Also contributing to the revenue decline during 1983 were lower car repair revenues as car repair volumes have declined due to the excess supply of railcars.

Pretax results have significantly declined during 1983 from income of \$1.7 million in 1982 to a loss of \$61.4 million in 1983. The decline in profitability is attributable to the lower fleet productivity noted above, increased interest costs as a result of higher borrowing due to purchases of railcars in 1981 and 1982 and higher working capital needs. During 1981, North American realized pretax income of approximately \$17.7 million from sales of tax benefits, while in 1982 \$13.5 million was realized on tax benefit sales. No tax benefit sales were made during 1983. The decrease in the sale of tax benefits is largely the result of tax legislation passed during 1982, which significantly decreased the market for the sale of tax benefits.

In addition, the Chemical and Terminal Divisions at North American were sold for approximately \$10.5 million and portions of the European operations of North American were sold for approximately \$11 million. The 1983 results include a \$9.5 million cumulative translation loss on the sale of portions of the European operations.

Aviation Services

Effective December 31, 1982 Tiger announced its plan for the sale and disposition of its Aviation Services segment, TigerAir, which included four fixed base operations (primarily fueling, light maintenance and storing services), spare parts sales activities and commercial and corporate aircraft sales and leasing activities. In 1983 and 1984, Tiger completed the sale of its Aviquito subsidiary, its Aircraft Tank Services subsidiary, its Spare Part division and its fixed base operations at Salt Lake City, Utah, Denver, Colorado and White Plains, New York. Negotiations continue for the sale of the remaining assets of TigerAir.

IMPACT OF INFLATION

Worldwide inflation and recession have an impact on the Company's results of operations and financial position, which are reported in historical amounts. The Company has estimated the impact of economic trends for selected financial information as required by standards adopted by the Financial Accounting Standards Board. See "Supplemental Financial Information — Selected Financial Data Adjusted for Effects of Inflation (Unaudited)."

**ITEM 8. FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA.**

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Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of Tiger International, Inc. and its subsidiaries (the "Company"). All significant intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to conform prior period information with the 1983 presentation.

Effective December 31, 1983 the Railcar Services segment (North American) and other leasing businesses have been accounted for as discontinued operations in the accompanying financial statements. The Aviation Services business (TigerAir) was accounted for as a discontinued operation at December 31, 1982. Accordingly, the results of operations of these businesses have been segregated in the Consolidated Statement of Operations for all years presented. In addition, footnote information for 1983 does not include the accounts of these businesses except as specifically indicated. The net assets of the Railcar Services operations and other leasing operations discontinued at December 31, 1983 are segregated on the 1983 Consolidated Balance Sheet, but have been consolidated for purposes of presenting 1982 balance sheet information. At December 31, 1982, the net assets of TigerAir, except for debt guaranteed by other Tiger subsidiaries, are also segregated on the 1982 Consolidated Balance Sheet.

Leases. North American and the other leasing operations (see above), are engaged in the business of leasing railcars, computers and other equipment. Most of these leases are classified as operating leases. Rentals from these leases are reported as revenues over the life of the lease and expenses are charged against such revenues as incurred. Future rentals under existing operating leases are not recorded as assets.

Some leases are classified as direct financing leases. Aggregate rentals and estimated residual values from these leases, net of the related unearned income, are recorded as an asset. Revenue is recognized over the lease term to reflect an approximate constant rate of return on the net investment in these leases.

In addition to operating leases and direct financing leases, the Company also recorded income related to certain leases (other than computer leases) in which it acts as a lease broker. Such income is based on the Company's share of the estimated residual value of the equipment under lease. During the lease term, the residual value recorded at its present value is accreted so that the estimated residual value at the end of the lease term reflects the estimated realizable proceeds to be received from the transaction.

Translation of Foreign Currencies. Effective January 1, 1983, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 52 "Foreign Currency Translation" which changes the method of accounting for the translation of foreign currency accounts. The most significant aspect of this change is to translate balance sheet accounts of certain foreign entities at current exchange rates rather than a combination of current and historical exchange rates as was the method under SFAS No. 8. As permitted under SFAS No. 52, the financial statements of prior periods have not been restated. If the Statement of Operations for 1982 had been restated retroactively, the net loss would have been increased by approximately \$10.4 million. The effect on 1981 would be immaterial.

Inventories. At December 31, 1983, inventories consist of maintenance and assembly parts for aircraft and trucks. At December 31, 1982, inventories also included maintenance parts for leased equipment. Inventories are carried at the lower of cost or market, whereby cost is determined by the average-cost method for air cargo operations and the first-in, first-out method for leasing operations.

Property, Plant and Equipment. Expenditures for additions and major improvements, replacements or renewals are capitalized. Assets retired or otherwise disposed of are eliminated from the accounts along with the related accumulated depreciation and gains and losses are included in income. Expenditures for maintenance, repairs and minor renewals are charged to income as incurred. The capitalized cost of aircraft and other related equipment includes interest incurred prior to the time such assets are placed in service.

The Company has included as assets the costs of certain leased property, plant and equipment which, by the terms of the agreements, meet the definition of capital leases; the present value of related lease obligations is recorded as a liability.

Depreciation of property, plant and equipment, including assets under capital lease, is provided primarily on a straight-line basis over the estimated useful lives of the various assets as follows: aircraft — 5 to 20 years (15% maximum salvage value); trucks — 5 to 8 years; other — 2 to 40 years (average 15 years). Assets related to discontinued operations are also depreciated on a straight-line basis over the following estimated useful lives: railcars — 25 to 30 years; others — 2 to 40 years.

Intangibles. Intangibles consist of cost in excess of fair value of net assets of acquired businesses and are amortized on a straight-line basis over their estimated useful lives of 40 years. Intangibles related to

the acquisition of North American are included in the Company's net equity investment in North American which was written off at December 31, 1983. See Note 2 — Discontinued Operations.

Current Portion of Long-Term Obligations. At December 31, 1982 the current portion of long-term obligations excludes the current portion of long-term debt and capital lease obligations related to leasing operations to the extent that such amounts will be paid from the net rentals to be received during the next year from finance leases and long-term operating leases.

Income Taxes and Tax Benefits. Provision is made for deferred income taxes attributable to timing differences which result when revenues and expenses are reported for tax purposes in periods different from their recognition for financial reporting purposes. Provision is not made for federal income taxes on earnings of foreign operations which are expected to be invested indefinitely.

Investment tax credits on equipment acquired for use in air cargo and trucking operations and on equipment for lease under operating leases are accounted for as a reduction of the provisions for income taxes in the year in which the credits arise or to the extent they are utilizable without exceeding the deduction limits. In addition, investment tax credit carryforwards are recognized as a reduction of the provisions for federal income taxes to the extent such credits are expected to be utilized against net deferred federal income taxes which reverse during the carryforward period.

Investment tax credits which have been applied to reduce income tax provisions, but which the Company elects to permit to expire by reason of the deduction of accelerated depreciation and other allowable tax deductions, are amortized over the remaining lives of the property and equipment to which the tax deductions relate.

Earnings Per Share. Earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period increased by the effect of dilutive stock options, stock purchase plans and stock purchase agreements.

Fully diluted earnings per share are based on the weighted average number of shares of common stock outstanding during each period computed as described above and assuming the conversion, where dilutive, of convertible debt into common stock at the beginning of the period or at issuance date. Interest expense on the convertible debt, net of income taxes, is added back to net income for purposes of the calculation. There was no significant dilution of earnings per share from the fully diluted computation for the years ended December 31, 1983, 1982 and 1981.

CONSOLIDATED STATEMENT OF OPERATIONS

Tiger International, Inc. and Subsidiaries

(In thousands, except per share data)	For the Years Ended December 31		
	1983	1982	1981
Revenues			
Operating Revenues	\$1,250,276	\$1,161,196	\$1,161,921
Costs and Expenses			
Costs of Operations	995,404	987,777	995,200
Selling, General and Administrative	171,390	139,577	105,146
Depreciation and Amortization	84,003	88,574	79,442
	1,250,797	1,215,928	1,179,788
Loss from Operations	(521)	(54,732)	(17,867)
Other Income (Expense)			
Gain on Sale of Equipment	4,221	5,634	36,963
Interest Expense	(90,655)	(108,738)	(105,689)
Interest Capitalized	2,095	5,168	4,494
Other	(10,768)	25,235	19,404
	(95,107)	(72,701)	(44,828)
Loss From Continuing Operations Before Income Taxes	(95,628)	(127,433)	(62,695)
Income tax benefit	—	(53,900)	(41,846)
Net Loss From Continuing Operations	(95,628)	(73,533)	(20,849)
Discontinued operations			
Income (loss) from operations of discontinued businesses, less applicable tax provision (benefit) of \$-0-, \$(8,300) and \$28,146	(88,808)	(42,690)	4,236
Provision for loss on disposal of discontinued operations	(58,196)	(20,000)	—
	(147,004)	(62,690)	4,236
Net Loss Before Extraordinary Gain	(242,632)	(136,223)	(16,613)
Extraordinary Gain	19,792	—	—
Net Loss	\$ (222,840)	\$ (136,223)	\$ (16,613)
Earnings (loss) per share			
— Continuing operations	\$ (5.30)	\$ (4.34)	\$ (1.23)
— Discontinued operations	(8.14)	(3.70)	.25
	(13.44)	(8.04)	(.98)
— Extraordinary Gain	1.10	—	—
Loss Per Share	\$ (12.34)	\$ (8.04)	\$ (.98)
Shares used in computation of earnings (loss) per share	18,050	16,936	17,000

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Tiger International, Inc. and Subsidiaries

(In thousands)	December 31	
	1983	1982
Assets		
Current Assets		
Cash and short-term investments	\$ 42,604	\$ 64,904
Receivables, net	188,096	176,932
Inventories	24,526	70,875
Prepaid expenses and other	9,430	44,488
Total Current Assets	264,656	357,199
Investment in Finance Leases		
	—	76,278
Property, Plant and Equipment		
Equipment used in operations	970,943	2,261,253
Buildings and leasehold improvements	88,690	143,837
Shop and terminal facilities and other	81,715	116,627
Construction in process	28,884	41,704
	1,170,232	2,563,421
Less accumulated depreciation and amortization	401,327	798,761
	768,905	1,764,660
Other Assets		
Investments, other receivables and deposits	20,951	88,117
Net assets, exclusive of certain obligations, of discontinued operations	—	70,545
Cost in excess of fair value of acquired businesses, net	59,254	83,820
	80,205	242,482
Total Assets	\$1,113,766	\$2,440,619

CONSOLIDATED BALANCE SHEET

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Tiger International, Inc. and Subsidiaries

(In thousands)	December 31	
	1983	1982
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings	\$ —	\$ 20,000
Current portion of long-term obligations	48,997	116,834
Accounts payable and accrued liabilities	205,610	261,207
<i>Total Current Liabilities</i>	<i>254,607</i>	<i>398,041</i>
Long-term Obligations		
Notes payable and equipment obligations	399,521	1,151,358
Subordinated debt	29,086	76,061
Capital lease obligations	263,285	399,843
	691,892	1,627,262
Deferred Credits		
Deferred income taxes and tax credits	3,299	71,326
Reserve for discontinued operations	31,261	—
Other	48,171	55,237
	82,731	126,563
Commitments		
Minority Preferred Stock Subject to Mandatory Redemption	—	5,587
Stockholders' Equity		
Common stock, \$1 par value		
Authorized — 35,000,000 shares; outstanding — 20,508,257 and 17,034,658 shares	20,508	17,035
Additional paid-in capital	250,998	219,257
Retained earnings (deficit)	(184,626)	48,557
	86,880	284,849
Less treasury stock, at cost (166,835 and 98,624 shares)	2,344	1,683
<i>Total Stockholders' Equity</i>	<i>84,536</i>	<i>283,166</i>
Total Liabilities and Stockholders' Equity	\$1,113,766	\$2,440,619

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY*Tiger International, Inc. and Subsidiaries*

For the three years ended
December 31, 1983
(In thousands)

	\$ 1 Par Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock	Total
Balance at December 31, 1980	\$ 16,889	\$ 216,905	\$ 212,833	\$ (348)	\$ 446,279
Net loss	—	—	(16,613)	—	(16,613)
Common Stock issued in connection with acquisitions	67	1,318	—	—	1,385
Issuance of Common Stock pursuant to the Executive Incentive Plan	45	829	—	—	874
Treasury stock purchase of 46,764 shares	—	—	—	(1,096)	(1,096)
Cash dividends declared on Common Stock (\$.675 per share)	—	—	(11,440)	—	(11,440)
Balance at December 31, 1981	17,001	219,052	184,780	(1,444)	419,389
Net loss	—	—	(136,223)	—	(136,223)
Issuance of Common Stock upon conversion of debentures	34	205	—	—	239
Treasury stock acquired in connection with conversion of debentures by an affiliate	—	—	—	(239)	(239)
Balance at December 31, 1982	17,035	219,257	48,557	(1,683)	283,166
Net loss	—	—	(222,840)	—	(222,840)
Issuance of Common Stock and warrants in exchange offer	3,213	30,299	—	(585)(1)	32,927
Issuance of Common Stock in lieu of cash interest payments	260	1,442	—	(76)	1,626
Effect of change in accounting principle for foreign currency transactions	—	—	(10,343)	—	(10,343)
Balance at December 31, 1983	\$ 20,508	\$ 250,998	\$ (184,626)	\$ (2,344)	\$ 84,536

(1) Represents Common Stock and warrants issued to Flying Tigers in exchange for 11½% Debentures. See Note 7 — Long-Term Debt.

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

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Tiger International, Inc. and Subsidiaries

For the Years Ended December 31

(in thousands)	1983	1982	1981
Source of Funds			
<i>Continuing operations</i>			
Loss from continuing operations before extraordinary item	\$ (95,628)	\$ (73,533)	\$(20,849)
Items not involving working capital—			
Depreciation and amortization	84,003	88,574	79,442
Deferred income tax benefit	—	(54,021)	(36,952)
Translation gain on yen denominated debt	—	(18,391)	—
Gain on sale of insurance subsidiary	—	—	(5,850)
Gain on sale of equipment used in operations	(4,221)	(5,634)	(36,963)
Overhaul reserves, net	13,239	(10,376)	8,936
Other	11,944	4,104	2,358
Working capital provided (used) by continuing operations before extraordinary item	9,337	(69,277)	(9,878)
<i>Discontinued operations</i>			
Loss from discontinued operations	(147,004)	(62,690)	4,236
Items not involving working capital—			
Depreciation and amortization	58,049	69,226	76,146
Other	43,389	(4,823)	8,428
Working capital provided (used) by discontinued operations	(45,566)	1,713	88,810
Total working capital provided (used) by operations before extraordinary item	(36,229)	(67,564)	78,932
Collection of finance lease and long-term receivables	20,658	52,186	36,300
Retirement of property, plant and equipment	98,502	33,391	70,447
Proceeds from sale of investment	—	31,740	—
Proceeds from sale of insurance subsidiary	—	—	82,271
Proceeds from sale of aircraft	31,637	55,500	69,700
	114,568	105,253	337,650
Extraordinary item	19,792	—	—
Proceeds from debt financing, net of prepayments	51,003	109,809	193,438
Transfer of current debt to long-term debt under restructuring agreements	60,744	—	—
Issuance of debentures in exchange offer	38,288	—	—
Issuance of common stock and warrants	34,553	—	2,259
Assets of discontinued operations	1,058,974	—	—
Working capital of discontinued businesses	42,090	—	—
Working capital of acquired businesses	—	—	6,547
Total Source of Funds	1,420,012	215,062	539,894
Application of Funds			
Acquisition of businesses	—	—	40,416
Liabilities of discontinued operations	1,059,944	—	—
Additions to finance lease and long-term receivables	7,183	16,345	51,432
Additions to property, plant and equipment, net of new railcar sales	55,099	139,066	186,404
Payment on maturities of long-term obligations	119,432	158,291	150,332
Debentures retired in exchange offer	92,073	—	—
Cash dividends on common stock	—	—	11,440
Other	35,390	19,601	29,522
Total Application of Funds	1,369,121	333,303	469,546
Increase (Decrease) in Working Capital	\$ 50,891	\$(118,241)	\$ 70,348
Changes in Components of Working Capital			
Cash and short-term investments	\$ (22,300)	\$ 17,936	\$ 4,935
Receivables, net	11,164	(76,558)	7,101
Inventories	(46,349)	(54,413)	19,675
Prepaid expenses and other	(35,058)	18,911	7,905
Increase (Decrease) in Current Assets	(92,543)	(94,124)	39,616
Short-term borrowings (less portion reclassified to long-term in 1981 — \$124,000)	(20,000)	14,243	(47,808)
Current portion of long-term obligations	(67,837)	38,999	26,588
Accounts payable and accrued liabilities	(55,597)	(29,125)	(9,512)
Increase (Decrease) in Current Liabilities	(143,434)	24,117	(30,732)
Increase (Decrease) in Working Capital	\$ 50,891	\$(118,241)	\$ 70,348

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Note 1 — Financial Restructuring

On February 14, 1983, Tiger's air cargo transportation subsidiary, The Flying Tiger Line Inc. ("Flying Tigers"), Tiger's railcar services subsidiary, North American Car Corporation ("North American"), Tiger's aviation services subsidiary, TigerAir, Inc. ("TigerAir"), and certain other subsidiaries of Tiger unilaterally began deferring payments of principal of and interest on a substantial portion of their bank and institutional debt as a cash conservation measure.

During July, August and September 1983, Tiger made an exchange offer (the "Exchange Offer") to holders of its publicly-held debt securities pursuant to which it reduced the principal amount of its debt by approximately \$29 million. The exchange resulted in an extraordinary gain of \$19.8 million.

During September, 1983, North American and TigerAir executed restructuring agreements with most of their bank lenders, and defaults on approximately \$283 million and \$62 million principal amounts of indebtedness, respectively, were waived. The North American restructuring agreement was amended and restated as of December 6, 1983 by North American and the lenders who are parties to such agreement. During December 1983, North American, pursuant to an agreement with General Electric Credit Corporation (which, together with its subsidiaries, is hereinafter referred to as "GECC") sold certain of its assets and management operations to GECC. The agreement also provides for the sale of additional assets to GECC once North American receives required consents from certain lenders.

During December 1983, Flying Tigers and substantially all of its private lenders executed restructuring agreements whereby defaults on approximately \$588 million principal amount of indebtedness were waived or suspended and a new \$45 million credit facility was provided.

The North American and Flying Tigers restructuring agreements provide for the deferral of approximately \$221 million of principal and interest otherwise payable in 1983 through 1985. The amount relating to Flying Tigers, approximately \$48 million, will be payable over a five-year period commencing July 2, 1985 and the amount relating to North American, approximately \$173 million, will be payable over a five-year period commencing March 1986. See Note 2 — Discontinued Operations and Note 7 — Long-Term Debt for maturities and restrictions under the restructuring agreements.

At December 31, 1983 Tiger Leasing Group, Inc. ("Tiger Leasing Group") a direct subsidiary of Tiger and the parent of North American, and other subsidiaries were in default under certain obligations and negotiations are in process. TigerAir is also negotiating to amend and cure certain defaults not relating to payment under its restructuring agreements.

**Note 2 — Discontinued Operations
North American Car**

On September 7, 1983, North American entered into a purchase and loan agreement with GECC whereby North American agreed to sell to GECC railcars, the majority of the assets of its railcar repair division and other assets for approximately \$156.5 million of which \$100 million will be in cash and the balance in notes, including the assumption of certain debt. The sale is to be consummated at two closings. At the first closing on December 15, 1983, North American sold 1,405 of such railcars for \$40 million in cash and the management operations including the operating and accounting systems to GECC for two promissory notes aggregating approximately \$5.6 million. North American is committed to sell to GECC an additional number of railcars, for \$60 million in cash, and most of the repair facilities at a closing to occur upon the receipt by North American of all necessary consents. Such closing is expected to occur prior to December 15, 1985. Furthermore, as part of this transaction, North American entered into a twenty-year management agreement with GECC for GECC to manage the railcar fleet on behalf of North American and GECC was given an option to purchase (after the date of the second closing) all of the remaining railcars owned or acquired by North American. The purchase price of such railcars will be equal to the outstanding debt on the railcars, plus the applicable deferred income taxes and fifty percent of the difference between the fair market value of the railcars and the debt and taxes.

The North American restructuring agreement, among other things, severely limits the transfer of cash from North American to Tiger. In connection with the restructuring, Tiger has issued a promissory note to North American for \$132 million representing advances previously made by North American to Tiger and deducted from equity by North American. Tiger also issued a note to North American for up to \$10 million for future advances which can be made by North American to Tiger under certain conditions.

Under the debt restructuring agreement of North American, Tiger will remain contingently liable under the terms of the \$132 million note which has been pledged to North American's lenders as security for the repayment of North American's debt. The note for up to \$10 million has also been pledged to the creditors of North American. The promissory notes bear interest at 7% and are payable in January, 1991. The notes

may not be declared due and payable prior to January 1, 1991 unless a default occurs under the North American restructuring agreement which is not waived within 45 days or certain of Tiger's public debt is accelerated. North American has been accounted for as a discontinued operation at December 31, 1983 since Tiger has sold the management operation of North American and intends to liquidate the railcar fleet under the GECC option or otherwise. The Tiger net investment in North American at December 31, 1983 has been fully reserved due to the limitation of cash transfers under the North American restructuring agreement.

Management believes sufficient cash will be provided from the North American railcar fleet liquidation to repay North American's outstanding indebtedness.

A condensed balance sheet of North American as of December 31, 1983 is as follows:

(in thousands)

Current assets	\$ 54,208
Investment in finance leases	42,625
Property, plant and equipment, net	758,058
Tax receivable from Tiger	79,947
Other assets	73,408
Total assets	\$1,008,246
Current liabilities	\$ 103,044
Long-term debt and capital leases	743,487
Deferred income taxes and other	170,564
	1,017,095
Preferred stock (\$5,150 held by Tiger)	10,692
Equity	221,077
Intercompany receivables (Tiger — \$132,151; Tiger Leasing Group — \$108,467)	(240,618)
Equity less intercompany receivables	(19,541)
Total liabilities and equity	\$1,008,246

At December 31, 1983, minimum future lease receivables from non-cancellable operating leases and finance leases are as follows (in thousands):

Year	Operating Leases	Finance Leases
1984	\$ 85,641	\$ 8,064
1985	57,219	7,058
1986	46,673	6,735
1987	34,638	8,108
1988	26,521	6,444
Later years	35,152	40,043
Total minimum future lease receivables	\$285,844	\$76,452

At December 31, 1983, future minimum rental payments required under capital and operating leases that have initial or remaining non-cancellable lease terms in excess of one year are as follows (in thousands):

Year	Operating Leases	Capital Leases
1984	\$14,325	\$ 15,224
1985	12,070	14,958
1986	9,102	14,759
1987	7,013	14,740
1988	5,919	14,664
Later years	35,887	123,859
Total minimum payments	\$84,316	\$198,204

At December 31, 1983, maturities and required sinking fund payments of equipment obligations and other long-term debt are as follows (in thousands):

1984	\$ 29,327
1985	82,216
1986	94,387
1987	101,928
1988	80,953
Later years	285,071
Total	\$673,882

As of December 31, 1983, North American was contingently liable under outstanding guarantees for indebtedness and lease obligations of \$51.9 million. In addition, it has agreed to purchase certain residual values of various equipment from the lessors at the lessor's option for \$13.1 million.

The results of operations for North American, included in the caption "Discontinued Operations" in the Consolidated Statement of Operations are as follows:

(In thousands)	For the Year Ended December 31,		
	1983	1982	1981
Operating revenues	\$184,550	\$233,098	\$293,590
Intercompany income	1,111	21,437	14,795
	185,661	254,535	308,385
Costs and expenses	255,042	252,846	238,673
Income (loss) before taxes	\$(69,381)	\$ 1,689	\$ 69,712

Other Leasing Operations

Tiger's other leasing operations have also been discontinued at December 31, 1983. A loss provision of \$26.7 million was recorded to adjust the related assets to their estimated realizable values which considers estimated losses and costs during the disposal period. A condensed balance sheet at December 31, 1983 of these entities including the remaining assets and liabilities of TigerAir is as follows:

(In thousands)	
Current assets	\$30,175
Non-current assets	80,520
	110,695
Current liabilities	38,858
Long-term obligations and other	101,213
Net assets of discontinued operations	\$(29,376)

The principal assets consist of two DC-10-30 and four 727-200 aircraft all of which are leased. An agreement has been entered into for the sale of one of the DC-10-30 aircraft and it is anticipated that its carrying value will be realized.

At December 31, 1983, future maturities of long-term debt and capital leases are as follows (in thousands):

Year	
1984	\$ 28,576
1985	7,885
1986	8,273
1987	13,415
1988	13,451
Later years	30,126
Total	\$101,726

The results of operations of the other leasing operations, included in the caption "Discontinued Operations" in the Consolidated Statements of Operations, are as follows:

(In thousands)	For the Year Ended December 31,		
	1983	1982	1981
Operating revenues	\$ 12,285	\$136,533	\$191,612
Costs and Expenses	31,712	189,212	228,942
Income (loss) before income taxes	\$(19,427)	\$(52,679)	\$(37,330)

Note 3 — Acquisitions and Dispositions

Acquisitions. During 1981, the Company completed its acquisition of two trucking companies and two other businesses for cash and Common Stock aggregating approximately \$40,416,000. These acquisitions have been accounted for as purchases and their results of operations have been included in the accompanying consolidated financial statements from date of acquisitions. The effect of these acquisitions is not material to consolidated results of operations or financial position.

Dispositions. In December 1980, the Company reached an agreement to sell the capital stock of its private mortgage insurance operations for \$82,271,000 in cash. The sale was consummated in February 1981 resulting in a pretax gain of \$5,850,000 which is included in other income in the accompanying Consolidated Statement of Operations.

During 1981, Flying Tigers sold its interest in three Boeing 747-100 freighter aircraft and related equipment for proceeds aggregating approximately \$69,700,000; in addition, the buyer assumed a capital lease obligation of approximately \$18,175,000. The pretax gain of \$35,382,000 is included in other income in the accompanying Consolidated Statement of Operations.

During 1982, the Company sold its investment in Purolator, Inc. common stock for a sales price of \$31,740,000. The pretax gain of \$2,327,000 is included in other income.

Also in 1982, Flying Tigers sold three DC-8 freighter aircraft and related equipment for proceeds aggregating \$55,500,000 resulting in a pretax gain of \$4,792,000 included in other income.

During 1983, Flying Tigers sold its interest in five DC-8 freighter airframes and engines for approximately \$31,637,000 resulting in a pretax gain of \$3,573,000 included in other income. During the fourth quarter of 1983 Flying Tigers decided to dispose of its DC-8 fleet. During the fourth quarter of 1983, Flying Tigers entered into an agreement to sell five DC-8 aircraft and the related re-engining contracts. The net book value of the DC-8 aircraft fleet, related parts and equipment as of December 31, 1983 is \$36,327,000. Subsequent to December 31, 1983, Flying Tigers was in the process of selling its remaining DC-8 aircraft and the related re-engining contracts.

During 1982 and 1981, the Company's leasing subsidiaries realized approximately \$13,500,000 and \$18,700,000, respectively, in pretax income from the sale of tax and depreciation benefits. In addition, during 1983 North American sold its Chemical and Terminal Divisions for approximately \$10,500,000 and portions of its European operations for approximately \$11,000,000. The results of these transactions are included in loss from operations of discontinued businesses.

Note 4 — Business Segment and Geographic Data

The Company is engaged primarily in two continuing businesses: air cargo and trucking and intermodal. Effective December 31, 1983, management discontinued the operations of the Railcar Services business (North American) and the other leasing operations of Tiger Leasing Group. In addition, effective December 31, 1982, the operations of the aviation services business were discontinued. The Company operates primarily in the United States with some operations also located in Europe and the Far East. Revenues and transfers between industry and geographic areas are not significant.

Segment data (In thousands)	Revenues	Pretax Results Before Interest Expense	Interest Expense, Net	Pretax Income (Loss)	Identifiable Assets	Capital Expenditures	Deprecia- tion and Amortization Expense
1983							
Air Cargo	\$1,019,832	\$ 7,086	\$ 74,603	\$ (67,517)	\$ 987,119	\$ 23,254	\$ 71,419
Trucking and Intermodal	236,340	(5,845)	3,772	(9,617)	117,480	1,151	12,378
Other	(5,896)	(8,309)	10,185	(18,494)	9,167	205	206
Continuing Operations	1,250,276	(7,068)	88,560	(95,628)	1,113,766	24,610	84,003
Discontinued Operations	197,880	(51,094)	95,910	(147,004)	—	30,489	58,049
	\$1,448,156	\$(58,162)	\$184,470	\$(242,632)	\$1,113,766	\$ 55,099	\$142,052
1982							
Air Cargo	\$ 905,496	\$ (1,519)	\$ 71,070	\$ (72,589)	\$1,043,630	\$ 58,325	\$ 74,036
Trucking and Intermodal	262,347	(7,458)	5,638	(13,096)	137,598	2,993	14,543
Other	(6,647)	(14,886)	26,862	(41,748)	66,230	150	(5)
Continuing Operations	1,161,196	(23,863)	103,570	(127,433)	1,247,458	61,468	88,574
Discontinued Operations	373,782	24,839	95,829	(70,990)	1,193,161	77,598	69,226
	\$1,534,978	\$ 976	\$199,399	\$(198,423)	\$2,440,619	\$139,066	\$157,800
1981							
Air Cargo	\$ 879,104	\$ 37,340	\$ 60,223	\$ (22,883)	\$1,123,703	\$ 51,046	\$ 65,917
Trucking and Intermodal	286,950	3,111	6,151	(3,040)	153,429	11,842	13,671
Other	(4,133)	(1,951)	34,821	(36,772)	39,853	(75)	(146)
Continuing Operations	1,161,921	38,500	101,195	(62,695)	1,316,985	62,813	79,442
Discontinued Operations	459,137	125,542	93,160	32,382	1,385,412	123,591	76,146
	\$1,621,058	\$164,042	\$194,355	\$ (30,313)	\$2,702,397	\$186,404	\$155,588

Other includes parent company and corporate intercompany elimination items

Operating revenues reported in the Consolidated Statement of Operations include international revenues of \$799,917,000, \$701,283,000 and \$629,120,000 for the years ended December 31, 1983, 1982 and 1981, respectively. All significant identifiable assets are located in the United States. Revenues from the United States Government were \$122,123,000, \$151,329,000 and \$142,751,000 for the years ended December 31, 1983, 1982 and 1981, respectively. These revenues were for services performed primarily for the Military Airlift Command and the U.S. Postal Service.

Note 5 — The Company as Lessor

The leasing operations (discontinued as of December 31, 1983, See Note 2 — Discontinued Operations for 1983 information) consist principally of the leasing of railcars. Substantially all of the equipment is leased to third parties under operating leases. In addition, there are certain lease arrangements which are accounted for as finance leases.

Operating Leases. At December 31, 1982 equipment used in operations (classified as property, plant and equipment) includes equipment held for lease as follows:

<i>(in thousands)</i>	Cost	Accumulated Depreciation	Net Book Value
December 31, 1982			
Railcars	\$1,114,933	\$311,768	\$803,165
Computers	83,432	77,576	5,856
Other	12,307	2,266	10,041
	<u>\$1,210,672</u>	<u>\$391,610</u>	<u>\$819,062</u>

In 1982 and 1981, the Company recognized pretax write-downs of approximately \$11,500,000 and \$14,200,000 related to the carrying value of computer and other equipment as a result of evaluating changes in market and rental conditions.

Finance Leases. The components of the net investment in finance and other leases at December 31, 1982 are as follows:

<i>(in thousands)</i>	1982
Lease payments receivable (includes \$18,103 due within one year)	\$123,837
Estimated unguaranteed residual value of leased equipment	12,544
Less — estimated executory costs	(8,900)
unearned income	(53,640)
allowance for uncollectible amounts	(1,114)
Net investment in finance leases	72,727
Other leases	3,551
Net investment in finance and other leases	<u>\$ 76,278</u>

Note 6 — Short-Term Debt

The Company periodically borrowed short-term funds in the past under uncommitted arrangements with a number of banks. The short-term lines at December 31, 1982, amounted to \$20 million all of which were borrowed. During 1982, the banks did not renew these short-term lines, and, as a result, the Company had to use long-term committed revolving credit agreements to repay the outstanding short-term borrowings. The Company had no short-term borrowings outstanding at December 31, 1983.

The average month-end balances of aggregate short-term borrowings were \$81,279,000 in 1982 at weighted average interest rate of 15.3%. Maximum total month-end borrowings in 1982 were \$164,153,000. The weighted average interest rate of total short-term debt outstanding at December 31, 1982 was 12.7%.

Note 7 — Long-Term Debt

The outstanding balance of long-term debt under existing terms at December 31 is as follows (See Note 2 — Discontinued Operations for the outstanding balances, maturities and restrictions related to North American and other leasing company obligations outstanding as of December 31, 1983):

<i>(in thousands)</i>	1983	1982
Notes Payable and Equipment Obligations		
<i>Tiger International, Inc.</i>		
Variable rate (subject to a 10% maximum rate) notes payable to banks, repaid January 1983	\$ —	\$ 7,516
11½% Debentures due April 1995, net of imputed interest	18,476	—
11½% Debentures due October 1995, net of imputed interest	13,691	48,883
<i>Subsidiaries</i>		
5½% to 15% equipment obligations and trust certificates scheduled to mature serially 1984 to 2005 (average rate 10.1% in 1983)	170,708	522,690
5¾% to 16.6% notes payable due 1984 to 2000 (average rate 11.5% in 1983)	139,559	237,772
Variable rate revolving credit agreements (average rate 10.8% in 1983)	10,702	234,500
Variable rate notes payable due 1984 to 1990	80,610	188,548
	433,746	1,239,909
Less current portion (exclusive of \$51,951 in 1982 to be paid from finance and long-term operating leases)	34,225	88,551
	\$399,521	\$1,151,358
Subordinated Debt		
<i>Tiger International, Inc.</i>		
8½% Senior Subordinated Debentures due 1995, net of imputed interest	\$ 19,668	\$ —
8½% Convertible Subordinated Debentures due 2005	4,437	60,000
<i>Subsidiaries (net of imputed interest)</i>		
5% Convertible Subordinated Debentures due to 1986	7,292	8,966
5¼% Subordinated Debentures, due to 1988	—	1,530
9¼% Subordinated Debentures, due to 1992	—	8,733
	31,397	79,229
Less current portion	2,311	3,168
	\$ 29,086	\$ 76,061

Tiger International, Inc. (Parent). At December 31, 1982, Tiger was not in compliance with certain covenants of the variable rate notes payable to banks. On January 3, 1983, Tiger paid a scheduled quarterly installment in the amount of \$1,253,000 and later in January 1983 repaid the remaining balance. Tiger also had a receivable from the banks resulting from paying interest in excess of the 10% maximum interest rate. The loan was repaid through a combination of cash and settlement of the excess interest receivable.

Pursuant to an Exchange Offer, completed in September 1983, Tiger acquired \$37,894,000 principal amount of its outstanding 11½% Sinking Fund Debentures due October 1, 1995 (the "Old 11½% Debentures"), and \$55,563,000 principal amount of its outstanding 8½% Convertible Subordinated Debentures due July 1, 2005 (the "Old 8½% Debentures"). In exchange, Tiger issued \$28,368,600 principal amount of its 11½% Sinking Fund Debentures due April 1, 1995 (the "New 11½% Debentures"), and \$36,030,000 principal amount of its new 8½% Senior Subordinated Debentures due July 1, 1995 (the "New 8½% Debentures") for which both principal (including sinking fund obligations) and interest are payable, at Tiger's option, in cash or in Common Stock. The New Debentures have been recorded at a discount to reflect the market value of the New Debentures immediately following the exchange. The exchange resulted in an extraordinary gain of \$19.8 million. Tiger also issued in such exchange 3,156,924 shares of Common Stock and warrants to purchase an additional 3,156,924 shares of Common Stock. In addition, Tiger issued \$1,313,000 principal amount of New 11½% Debentures, 56,022 shares of Common Stock and Warrants to purchase an additional 56,022 shares of Common Stock in exchange for \$1,751,000 principal amount of Old 11½% Debentures held by Flying Tigers at the time of the Exchange Offer. Tiger elected to pay the October 1, 1983 interest payment on its New 11½% Debentures and the January 1, 1984 interest payment on its New 8½% Debentures with Common Stock, thereby satisfying its respective \$1.7 million and \$1.6 million interest obligations by delivering 259,989 and 332,691 shares of Common Stock. Minor amounts were paid in cash for fractional shares.

As a mandatory sinking fund for the retirement of the New 11½% Debentures, Tiger is required to deposit prior to April 1 in each year commencing in 1988 and ending in 1994, an amount, in legal tender or Common Stock, sufficient to redeem not less than 10% of the aggregate principal amount of debentures originally issued. Tiger may deliver outstanding debentures and apply as a credit debentures which have been redeemed at the election of Tiger in satisfaction of all or part of such mandatory sinking fund payment requirement.

As a mandatory sinking fund for the retirement of the New 8½% Debentures, Tiger is required to deposit prior to July 1 in each year commencing in 1988 and ending in 1994, an amount, in legal tender or Common Stock, sufficient to redeem not less than 5% of the aggregate principal amount of debentures issued in connection with the Indenture. Tiger may deliver outstanding debentures and apply as a credit debentures which have been redeemed at the election of Tiger in satisfaction of all or part of such mandatory sinking fund payment requirement.

The Old 11½% Debentures, \$14.6 million in aggregate outstanding principal amount, were originally issued in connection with the acquisition of Seaboard World Airlines ("Seaboard"). As a mandatory sinking fund for the retirement of the debentures, Tiger is required to deposit prior to October 1, in each year commencing in 1986 and ending in 1994, an amount sufficient to redeem not less than 10% of the aggregate amount of debentures outstanding at October 1, 1986. Tiger may deliver outstanding debentures and apply as a credit debentures which have been redeemed at the election of Tiger or through optional sinking fund payments in satisfaction of all or part of such mandatory sinking fund payment requirement. Tiger has acquired through the Exchange Offer sufficient Debentures to meet the mandatory sinking fund requirement for the years 1986 through 1992 and partially for the year 1993.

The \$4.4 million outstanding principal amount of Old 8½% Debentures are convertible into Common Stock at an adjusted price of \$31 per share and are redeemable at a premium at any time at the option of Tiger. As a mandatory sinking fund for the retirement of the debentures, Tiger is required to deposit prior to July 1 in each year, commencing in 1990 and ending in 2004, an amount sufficient to redeem not less than \$3 million and not more than \$6 million principal amount of debentures. Tiger may deliver outstanding debentures and apply as a credit debentures which have been converted or redeemed either at the election of Tiger or through optional sinking fund payments in satisfaction of all or part of such mandatory sinking fund payment requirement. Tiger has acquired through the Exchange Offer sufficient debentures to meet the mandatory sinking fund requirement for the years 1990 through 2002 and a substantial portion for the year 2003.

Subsidiaries. In connection with the restructuring of its debt, Tiger's air cargo subsidiary, Flying Tigers, entered into a \$45 million credit agreement with a group of lenders. Borrowings in the amount of \$9 million

against such agreement were outstanding at December 31, 1983, which were repaid in January, 1984. The agreement, which is secured by a mortgage on substantially all assets, provides for interest at prime plus two percent and a commitment fee of one half of one percent per annum on the daily average unused amount of the commitment. In addition, the agreement provides for the payment of up to \$9,682,000 in contingent interest, cumulatively, based upon 50% of net income in excess of \$5,000,000, calculated before deducting such contingent interest, for each of the years 1985 through 1989. The available commitment is subject to reductions based upon the proceeds from future asset sales. Borrowings under the agreement are payable prior to July 1, 1985 based upon available cash, as defined, with the balance outstanding subsequent to that date due in twenty equal quarterly installments commencing July 2, 1985.

The \$7.7 million principal amount of 5% Convertible Subordinated Debentures due 1986, was assumed in connection with the acquisition of Seaboard and requires annual redemptions of \$2.6 million from 1984 through 1985 and \$2.5 million in 1986. Each \$1,000 principal amount of these debentures is convertible into \$500 principal amount of Tiger's Old 11½% Debentures and 15 shares of Tiger's Common Stock. In February 1984, Flying Tigers announced two debt for equity exchange offers, one of which related to the 5% Convertible Subordinated Debentures. See Note 14 — Subsequent Events.

During 1981 the Company acquired Dohrn Transfer Company. At the time of acquisition, Dohrn was not in compliance with certain technical financial provisions of debt arrangements totaling approximately \$12,400,000. During 1983, the Company obtained waivers of all previous instances of non-compliance and renegotiated these obligations in connection with a new financing agreement which also provides up to \$8,000,000 in new borrowings.

Scheduled Maturities. Principal scheduled maturities under the restructured terms of long-term debt, including sinking fund requirements for debentures and capital lease obligations (described in Note 8 — Commitments) related to continuing operations are as follows (in thousands):

Year	As Restructured			Original
	Long-term Debt	Capital Lease Obligations	Total	Total
1984	\$ 36,536	\$ 12,461	\$ 48,997	\$ 97,939
1985	51,321	13,082	64,403	63,655
1986	54,656	13,864	68,520	62,583
1987	50,027	13,680	63,707	58,617
1988	49,909	14,655	64,564	59,495
Later Years	222,694	208,004	430,698	398,600
Total	\$465,143	\$275,746	\$740,889	\$740,889

Restrictions on Cash, Dividend Payments and Assets Secured by Debt. In the past Tiger has received funds from its subsidiaries to meet its cash requirements. The debt restructuring agreements significantly restrict the amount of advances to Tiger. Tiger has agreed that advances from North American and Flying Tigers to Tiger will be limited, in each case, to up to \$3.6 million in 1984 and \$4.7 million in 1985 (which limit shall increase, in each case, by \$175,000 per year through 1990) for payment of Tiger's general and administrative expenses through 1990 and for the amounts required to pay interest due on the 11½% Sinking Fund Debentures due October 1, 1995 and 8¼% Convertible Subordinated Debentures due July 1, 2005 through September 30, 1986. The advances for payment of interest on the above mentioned debentures, amounting to approximately \$1 million annually through 1986 from each of Flying Tigers and North American, will become intercompany obligations owing from Tiger to such subsidiaries. The debt restructuring agreements also contain strict financial covenants concerning working capital, net worth, additional borrowings and payment of cash dividends and require that virtually all of these subsidiaries' unencumbered assets be secured. Hall's can advance up to \$1 million a year to Tiger.

Note 8 — Commitments

Leases. At December 31, 1983 the Company was lessee under long-term leases on aircraft and engines, facilities and other equipment. These leases extend for varying periods through 2019. There are renewal and fair market value purchase options on most of the leased equipment and facilities. Rentals during the renewal option periods are generally at rates that are as favorable as for the initial lease periods. Under most equipment leases, the Company is obligated for the cost of maintaining and operating the equipment.

Capital Leases: Property, plant and equipment recorded as assets under capital leases at December 31 are as follows:

(in thousands):	1983	1982
<i>Equipment used in operations:</i>		
Equipment for lease or under lease	\$ —	\$137,926
Equipment used in air cargo operations	336,721	367,510
Equipment used in trucking operations	7,589	7,589
Buildings and leasehold improvements	5,978	8,601
	350,288	521,626
<i>Less accumulated amortization</i>	115,777	169,097
	<u>\$234,511</u>	<u>\$352,529</u>

Operating Leases: Total rental expense, net of sublease rentals, for all operating leases with lease terms in excess of one month for the years ended December 31, 1983, 1982 and 1981 was \$36,458,000, \$26,131,000 and \$24,795,000, respectively.

Scheduled Minimum Future Lease Payments: At December 31, 1983, scheduled minimum future lease payments due under capital leases and non-cancellable operating leases having initial or remaining terms of one year or more are as follows (in thousands):

Year	Capital Leases	Operating Leases
1984	\$ 24,167	\$ 11,185
1985	46,235	10,465
1986	39,884	8,670
1987	40,055	7,645
1988	40,118	7,639
Later years	454,961	113,453
Total minimum lease payments	645,420	<u>\$159,057</u>
<i>Less amount representing interest</i>	369,674	
Present value of net minimum future lease payments	275,746	
Less current portion	12,461	
<i>Long-term capital lease obligations</i>	<u>\$263,285</u>	

See Note 2 — Discontinued Operations for scheduled minimum future lease payments due under operating and capital leases of North American at December 31, 1983.

Purchase Commitments. In 1979, the Company contracted to re-engine a portion of its DC-8 aircraft fleet to meet 1985 federal noise requirements. Under the current redelivery schedule, the re-engineing extends the estimated useful lives of these aircraft to 1994. At December 31, 1983, the Company had no significant future purchase commitments after giving effect to letters of intent signed in December, 1983 and January, 1984 for the sale of DC-8 aircraft and their related re-engineing contracts. See Note 3 — Acquisition and Dispositions.

Guarantees. At December 31, 1983, the Company was contingently liable under outstanding guarantees in the amount of \$25,698,000, which will be fully amortized by the year 2010. One guarantee is related to the financing for a DC-8 aircraft sold in 1979 by Seaboard and is secured by the aircraft. The remaining guarantees primarily are related to bonds sold to finance construction of certain airport improvements, and fueling and cargo facilities at the Anchorage, Dallas-Fort Worth, Houston and Los Angeles airports. There are no defaults existing on these guarantees as of December 31, 1983.

Note 9 — Capital Stock

Common Stock. At December 31, 1983 the Company had reserved the following number of shares of common stock for possible future issuance:

Key Employees Incentive Stock Option Plan	750,000
Conversion of Convertible Subordinated Debentures	600,000
Exercise of Common Stock Warrants	4,950,000
	<u>6,300,000</u>

Stock Option and Executive Incentive Plans. During 1981, the stockholders approved a Key Employees Incentive Stock Option Plan under which options may be granted covering no more than 750,000 shares of Common Stock. The option price is the market value at date of grant. The options are exercisable from 1984 to 1993.

A summary of changes in stock options for the two years ended December 31, 1983 is as follows:

	Number of Shares	Option Price Per Share
Outstanding at December 31, 1981	445,700	\$12.375
Granted	33,125	14.125
Exercised	—	—
Cancelled or expired	57,100	12.375
Outstanding at December 31, 1982	421,725	12.512
Granted	104,141	9.250
Exercised	—	—
Cancelled or expired	185,200	12.436
Outstanding at December 31, 1983	340,666	\$11.557

The aggregate purchase price of shares subject to outstanding options was \$3,937,000 at December 31, 1983 and \$5,277,000 at December 31, 1982. All stock options outstanding at December 31, 1983 are exercisable as of December 31, 1983.

The Company has a discretionary Executive Incentive Plan, approved by the stockholders in 1976. No amounts were awarded for 1983, 1982 or 1981.

Warrants. Pursuant to an Exchange Offer completed in September 1983 Tiger issued, in registered form, 3,212,946 warrants (including 56,022 issued to Flying Tiger) to purchase Common Stock at \$12.50 per share, subject to adjustment. The warrants can be exercised at any time on or after January 1, 1984 through June 30, 1988 subject to certain call provisions. The warrant holder may elect to pay all or part of the exercise price by surrender of New Debentures to the Warrant Agent which shall be credited at the principal amount thereof plus accrued interest. (See Note 7 — Long-Term Debt).

In connection with the above mentioned Exchange Offer, Tiger issued 400,000 warrants to Drexel Burnham Lambert Incorporated ("Drexel") in July 1983 as compensation for services performed by it in connection therewith. Upon effectiveness of a registration statement covering 200,000 of the 400,000 warrants issued to Drexel, Drexel will return the remaining 200,000 warrants to Tiger for cancellation. Each warrant entitles the warrant holder to purchase one share of Common Stock at \$8.50 per share, subject to adjustment, at any time on or after January 1, 1984 through June 30, 1988. These warrants are not subject to redemption.

In connection with the restructuring agreement entered into by North American, Tiger has executed an agreement with the collateral agent for the creditors who are parties to the North American restructuring agreement. This agreement provides, among other things, that Tiger will issue to such creditors warrants exercisable for a period expiring September 30, 1993, in connection with (i) the deferral of interest and (ii) advances made by North American to Tiger. The Flying Tigers' restructuring agreements include provisions, among other things, relating to the issuance of warrants in connection with advances by Flying Tigers to Tiger. It is expected that no more than 250,000 warrants will be issued in connection with the deferral of interest and no more than 1,400,000 warrants will be issued in connection with advances from North American and Flying Tigers to Tiger. On October 1, 1983 and January 1, 1984, warrants to purchase 117,245 and 54,109 shares of Common Stock, respectively, were issued to North American lenders, at an exercise price of \$6.46 and \$5.15, respectively, in connection with the deferral of interest. In connection with advances to be made by North American and Flying Tigers during the second quarter of 1984, 50,579 warrants were issued as of March 20, 1984 to North American and Flying Tigers lenders at an exercise price of \$7.3875. The exercise price of warrants issued in connection with deferred interest will be equal to the average closing price of Common Stock over a 10-day period immediately preceding the date of issuance of such warrants. The exercise price of warrants issued in connection with advances will be equal to, subject to adjustment, the lesser of (i) \$9.00 or (ii) the average market price of the Common Stock over a 10-day period ending on or prior to the fifteenth day of the month in which such warrants are to be issued.

Note 10 — Contingencies and Legal Actions

On February 15, 1983, the Bank of Montreal brought an action against Tiger Leasing Group in the United States District Court for the Central District of California. The complaint alleges that Tiger Leasing Group breached its obligations under a guarantee effective February 2, 1980, whereby Tiger Leasing Group guaranteed the payment of obligations of Tiger Arrendadora S.A. de C.V. ("Arrendadora") under a

promissory note dated February 2, 1980 executed by Arrendadora in favor of the Bank. The complaint alleged that (i) Arrendadora did not make the February 1983 installment under such note; (ii) the Bank notified Tiger Leasing Group of the Arrendadora default under such note and made demand upon Tiger Leasing Group for payment of the outstanding principal amount of the note, \$1,250,000, plus accrued interest under the guarantee; and (iii) Tiger Leasing Group failed and refused to make such payment. Following a hearing, the court entered judgment in favor of the Bank.

Manubank Leasing Corporation ("Manubank") brought an action in the United States District Court for the Eastern District of Michigan alleging that Tiger Leasing Group had defaulted under an obligation owed to Manubank in the amount of \$1,200,000. On January 9, 1984, the court entered summary judgment against Tiger Leasing Group and in favor of Manubank in the amount of approximately \$1,200,000.

On June 9, 1983, Hunter-Keith Incorporated ("Hunter-Keith") brought an action against North American in the United States District Court for the District of Minnesota. The complaint alleges that North American entered into a contract with Hunter-Keith's assignor, Hunter-Keith, Marshall & Co. Incorporated for the sale to Hunter-Keith of between 950 and 1350 P.D.TM railcars and for the option to purchase additional railcars, North American's patents and North American's railcar manufacturing facility. The complaint alleges further that North American breached its obligations under the alleged agreement and requests specific performance. In an amended complaint dated August 17, 1983, Hunter-Keith further alleges that 106 of the P.D.TM railcars that had been the subject of the alleged agreement were sold to a third party on or about July 6, 1983. Hunter-Keith also requests a total of \$6,700,000 in money damages in the amended complaint. On August 15, 1983, the court issued a temporary restraining order enjoining North American from taking any action that would impair the alleged obligations, including selling or negotiating to sell the assets subject to the alleged agreement. The parties stipulated to the extension to March 31, 1984 of the temporary restraining order in a modified form. The modified temporary restraining order permits North American to grant to GECC the right to manage on an interim basis the P.D.TM railcars. The modified temporary restraining order also postpones all proceedings including, but not limited to, discovery until 5:00 p.m. on March 31, 1984 and provides for an additional 30 days thereafter to complete discovery. The parties are currently involved in negotiations for settlement of such litigation.

North American settled litigation with Societe Generale de Banque Brussels and agreed to a stipulated judgment in an action brought by Credit Suisse pursuant to which the plaintiffs sought to attach assets of North American. Under a stipulated judgment entered against North American, North American pledged 1,159 railcars to secure the \$25 million obligation payable to Credit Suisse. North American also made a payment of required interest to Credit Suisse in the amount of \$4.4 million. The stipulated judgment also requires North American to pay Credit Suisse in full in January 1985. Under the terms of the North American restructuring agreement, it will be necessary to renegotiate certain provisions of the restructuring agreement to permit North American to satisfy the obligation to Credit Suisse in order to avoid a default. However, a party which is not a subsidiary of North American may assume or satisfy the obligation to Credit Suisse.

In the ordinary course of business, the Company became involved as defendants in various legal proceedings. It is the opinion of the Company's management, based upon the advice of its counsel, that the ultimate disposition of pending litigation other than that set forth above will not be material in relation to the Company's consolidated financial position.

Note 11 — Retirement Plans

The Company maintains retirement plans for substantially all of its union and non-union employees. The total employer cost for all pension plans was \$22,912,000 in 1983, \$24,354,000 in 1982 and \$23,977,000 in 1981. Of these amounts, \$20,636,000 in 1983, \$18,784,000 in 1982 and \$20,177,000 in 1981 was for union employee plans.

The Company's policy is to fund part of the pension costs accrued in the year in which they are accrued and the remainder in the following year. In 1982, however, the Company funded an amount that was \$5,221,000 less than the 1981 accrual. Although the amount funded was less than costs accrued, it was sufficient to meet the minimum funding requirements under ERISA.

In 1982, the Company also changed certain assumptions which decreased the level of pension costs by \$995,000. These changes included an increase in the actuarial rate of interest from 6% to 7.5% for one of its pension plans.

For 1983, benefits were increased for certain of the Company's plans pursuant to agreements with its labor unions. In addition, certain assumed rates of return on investments used to determine accumulated plan benefit information were reduced for the year. The effect of these changes was to increase 1983

pension expenses approximately \$399,000 and to increase the actuarial present value of accumulated plan benefits by approximately \$11,529,000.

The following table summarizes accumulated plan benefit information and plan net assets for the Company's retirement plans as of the date of the most recent valuations. Excluded from the table are amounts related to multi-employer plans and, as of January 1, 1982, plan benefit information for pension plans terminated in 1982. Estimated assumed rates of return used by consulting actuaries were between 4% and 10% in 1983 and between 4.0% and 10.5% in 1982.

(In thousands)	As of January 1	
	1983	1982
Actuarial present value of accumulated plan benefits		
Vested	\$171,787	\$154,403
Non-vested	28,258	28,257
	<u>\$200,045</u>	<u>\$182,660</u>
Net plan assets including Company balance sheet accruals for benefits	\$205,448	\$184,122

The increased employer responsibilities under the 1980 Multiemployer Pension Plan Amendment Act are currently being litigated in the courts. In addition, legislation has been introduced to limit the liabilities imposed by the Act. As a result of the litigation in process and legislative amendments currently proposed, no amounts have been accrued for potential vested benefits for such union plans related to Dohrn Transfer for periods prior to the acquisition by the Company. In the event the legislative amendments and pending litigation are unsuccessful, liabilities, net of taxes, will be adjusted for the vested benefits assumed in the Dohrn acquisition with a corresponding increase in goodwill.

Based on the limited information provided, the management believes the Company's share of unfunded vested retirement benefits for multi-employer plans for certain company union employees could be approximately \$33,000,000 in 1983 and \$36,000,000 in 1982. Information with respect to the plans' non-vested retirement benefits and the fund assets pertaining to these benefits is not currently available from the plans' administrators.

Note 12 — Income Taxes

Substantially all tax benefit associated with operating losses were recognized for financial reporting purposes as of December 31, 1982 through the reversal of available domestic deferred income taxes not previously reduced by tax credits. As a result, there is no tax benefit for financial reporting purposes for the year ended December 31, 1983.

The provision (benefit) for income taxes for continuing operations for the years ended December 31, 1982 and 1981 are summarized as follows:

(In thousands)	1982	1981
Current		
United States Federal	\$ —	\$ (5,129)
Foreign	91	92
State	30	143
	<u>121</u>	<u>(4,894)</u>
Deferred		
United States Federal	(54,134)	(37,047)
State	113	95
	<u>(54,021)</u>	<u>(36,952)</u>
Income Tax Benefit	<u>\$ (53,900)</u>	<u>\$ (41,846)</u>

The income tax provision differs from the amount computed using the United States federal income tax rate. A reconciliation between this rate and the effective rate is as follows:

	1982	1981
United States federal income tax rate (benefit)	(46.0%)	(46.0%)
Investment tax credits	—	(29.9)
Permanent differences between book and tax income	1.6	9.3
Book losses not benefitted	1.0	—
State income taxes, net of federal tax benefit, and other	1.1	(.1)
Income tax benefit effective rate	<u>(42.3%)</u>	<u>(66.7%)</u>

The tax effect of timing differences resulting from recognition of amounts in different periods for financial reporting purposes and for tax reporting purposes is as follows:

(in thousands)	1981
Excess of tax over book depreciation	\$ 3,226
Differences in tax and book basis on disposal of assets	(6,418)
Differing tax treatment for leases	2,125
Differences in interest capitalized for tax and book purposes	1,661
Investment and foreign tax credits	(19,327)
Investment tax credits utilized	236
Tax net operating losses	(33,881)
Other, net	15,426
	<u>\$(36,952)</u>

At December 31, 1983, the Company has net operating loss carryforwards of \$475,186,000, including amounts from discontinued operations, of which approximately \$24,500,000 is available to reduce future tax liability for financial reporting purposes. The principal timing differences relate to depreciation and the recognition of various other income and expense items in different financial reporting and tax years.

The Company has approximately \$97,843,000 of investment tax credit carryforwards available to reduce future federal and foreign income taxes for income tax purposes of which \$82,800,000 is available to reduce future income tax liability for financial reporting purposes.

Foreign tax credits available to offset 1983, and future years' federal income taxes aggregate \$8,174,000.

The net operating loss and tax credits expire for tax reporting purposes as follows (in thousands):

Year of Expiration	Net Operating Loss	Investment Tax Credits	Foreign Tax Credits
1984	\$ —	\$ 123	\$ —
1985	—	1,343	1,776
1986	—	332	2,969
1987	—	97	1,247
1988	—	—	2,182
1989 through 1993	376	45,714	—
1994 through 1997	474,810	50,234	—
	<u>\$475,186</u>	<u>\$97,843</u>	<u>\$8,174</u>

Included in the tax net operating loss and investment tax credit carryforwards are approximately \$24,000,000 and \$15,000,000 respectively which were acquired in connection with the 1981 and 1980 acquisitions. To the extent such carryforwards are utilized in the future the goodwill acquired will be reduced to reflect realization of the tax benefits acquired.

The Company's federal income tax returns for the years 1977 and 1978 have been examined, and certain adjustments have been proposed by the Internal Revenue Service. Federal income tax returns for the years 1979 through 1981 are currently being examined. In the opinion of management, adequate provision has been made for all income tax liabilities.

Note 13 — Details of Certain Accounts
Supplemental Consolidated Balance Sheet Information

December 31

1983 1982

(In thousands)

Receivables

Trade	\$186,062	\$180,026
Federal income tax receivable	—	335
Other	11,925	16,266
Less allowance for doubtful accounts and revenue adjustments	(9,891)	(19,695)
Receivables, net	\$188,096	\$176,932

Inventories

Maintenance parts	\$ 24,526	\$ 28,821
Railcar repair and assembly parts	—	42,054
Inventories	\$ 24,526	\$ 70,875

Accounts Payable and Accrued Liabilities

Accounts payable	\$ 89,064	\$109,339
Accrued liabilities		
Payroll	14,474	13,783
Vacations	24,770	20,498
Interest	20,406	35,491
Income taxes	251	1,356
Taxes other than payroll and income taxes	7,164	11,841
Pensions	11,720	11,172
Other	37,761	57,727
Accounts Payable and Accrued Liabilities	\$205,610	\$261,207

Supplemental Consolidated Statement
of Operations Information

For the Years Ended December 31

1983 1982 1981

(In thousands)

Maintenance and repairs	\$105,429	\$88,601	\$103,771
Taxes other than payroll and income taxes	\$ 11,862	\$ 9,214	\$ 12,913
Amortization of cost in excess of fair value of acquired businesses(1)	\$ 2,124	\$ 2,563	\$ 2,412

(1) Includes \$192,000, \$631,000 and \$617,000 for the years ended December 31, 1983, 1982 and 1981, respectively, relating to Discontinued Operations.

Note 14 — Subsequent Events

On February 16, 1984, Tiger as Flying Tigers' then sole stockholder pursuant to a written consent, acted to amend Flying Tigers' Certificate of Incorporation to increase the number of shares of all classes of Flying Tigers' capital stock to 30,500,000 of which 30,000,000 are shares of common stock, \$1 par value, and 500,000 shares are shares of preferred stock with no par value. On March 1, 1984 Flying Tigers issued 18,000,000 shares of Flying Tiger common stock to Tiger in exchange for all the then outstanding shares of Flying Tigers' preferred stock and common stock, all of which were retired.

On February 16, 1984, Flying Tigers offered (i) to exchange (the "ETC Exchange Offer") 76 shares of Flying Tiger common stock and warrants to purchase 36 shares of Flying Tiger common stock for \$11 per share, subject to adjustment, exercisable from issuance through March 15, 1989 ("Warrants"), for up to \$6,300,000 of the outstanding \$34,790,000 principal amount of its outstanding 9% Equipment Trust Certificates due October 1, 1991 (the "ETCs") and (ii) to exchange (the "Debenture Exchange Offer" and, together with the ETC Exchange Offer the "Exchange Offers") 80 shares of Flying Tiger common stock and warrants to purchase 30 shares of Flying Tiger common stock for all of the outstanding \$7,730,000 principal amount of 5% Convertible Subordinated Debentures due April 1, 1986 (the "Debentures").

The ETC Exchange Offer will expire at 12:00 Midnight, Eastern time on April 13, 1984. As of March 28, 1984 \$2,394,000 (7%) in principal amount of outstanding ETCs have been tendered and accepted and 181,944 shares of Flying Tiger common stock and warrants to purchase 86,184 shares of Flying Tiger

common stock had been or were to be issued therefor. Flying Tigers has reserved the right to accept up to approximately \$16,050,000 of outstanding ETCs duly tendered.

The Debenture Exchange Offer expired on March 28, 1984, under which \$88,000 in principal amount of outstanding Debentures were tendered and accepted and 7,040 shares of Flying Tiger common stock and warrants to purchase 2,640 shares of Flying Tiger common stock had been or were to be issued therefor.

The purposes of the Flying Tigers Exchange Offers are to convert a portion of the debt represented by the ETCs and Debentures to Flying Tigers equity and to conserve cash by reducing the cost to Flying Tigers of interest and sinking fund payments on its outstanding debt. If \$16,050,000 principal amount of ETCs are duly tendered and accepted pursuant to the ETC Exchange Offer, Flying Tigers may apply ETCs so acquired to satisfy all mandatory sinking fund requirements for the ETCs through April 1, 1987 and to satisfy a portion of the sinking fund payment on October 1, 1987. If all such ETCs are duly tendered and accepted, Tiger will own 93% of the Flying Tiger Common Stock, and if all Warrants issued in connection therewith are also exercised, Tiger will own 91% of the Flying Tiger Common Stock.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of Tiger International, Inc.:

We have examined the consolidated balance sheets of TIGER INTERNATIONAL, INC. (a Delaware corporation) and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of operations, stockholders' equity and changes in financial position for the years ended December 31, 1983, 1982 and 1981. Our examinations were 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.

As reflected in the accompanying consolidated financial statements, Tiger International, Inc. and subsidiaries incurred net losses aggregating \$421,263,000 before deferred tax benefits during the years ended December 31, 1983 and 1982. Recovery of the Company's investment in non-current assets is substantially dependent upon the success of future operations. As discussed in Note 2 to the consolidated financial statements, the Company has sold the railcar management business and intends to liquidate all of the assets of its North American Car Corporation subsidiary and pay the outstanding indebtedness from the proceeds of the liquidation. Under the debt restructuring agreement, Tiger International, Inc. is contingently liable for up to \$132,151,000 to North American Car Corporation. Amounts thereunder may be payable if North American Car Corporation is unable to meet its debt service or otherwise defaults under the restructuring agreement.

In our opinion, subject to the effects on the financial statements as of December 31, 1983 and for the year then ended of such adjustments, if any, as might have been required had the outcome of the uncertainties about the recoverability of recorded asset amounts and ultimate amount of the liability, if any, to North American Car Corporation referred to in the preceding paragraph been known, the financial statements referred to above present fairly the consolidated financial position of Tiger International, Inc. and subsidiaries as of December 31, 1983 and 1982 and the results of their operations and the changes in their financial position for the years ended December 31, 1983, 1982 and 1981 in conformity with generally accepted accounting principles which, except for the change (with which we concur) in the method of accounting for foreign currency translation as explained in the Summary of Significant Accounting Policies — Translation of Foreign Currencies to the consolidated financial statements, have been applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Los Angeles, California,
March 29, 1984.

Selected Financial Data Adjusted for Effects of Inflation (Unaudited)

Background. Financial statements of business enterprises, prepared in accordance with generally accepted accounting principles, present amounts reflecting costs in historical dollars. During times of significant and continued inflation, historical dollars do not reflect the cumulative effects of increasing prices and changes in the purchasing power of the dollar. To assist readers of financial statements in assessing this impact, the Financial Accounting Standards Board (FASB) issued SFAS No. 33 "Financial Reporting and Changing Prices." This statement requires disclosure of historical financial statements adjusted for inflation under two different methods for measuring the effects of changing prices — Constant Dollar and Current Cost. The information which follows complies with the requirements of SFAS No. 33. It is intended as an experiment to provide certain measurements of the effects of inflation on the Company's operations.

Methods of Measuring Effects of Changing Prices. **Constant Dollar:** The constant dollar approach attempts to measure the effects of general inflation by expressing all revenues and expenses in dollars of equivalent purchasing power (i.e. constant dollars). Specifically, historical costs are restated to the average purchasing power of the dollar for the year 1983. This is accomplished by using the Consumer Price Index for all urban consumers which is a broad-based measure of the general inflation rate.

Current Cost: The current cost approach adjusts historical costs of specific assets to the cost of purchasing or replacing them during 1983. This method is an attempt to measure the effect of specific price changes on a business enterprise. However, this rate of increase would not, except by coincidence, be the same rate of increase reflected by the change in the Consumer Price Index used in the constant dollar approach. The Consumer Price Index encompasses a wide range of commodities and is not necessarily representative of cost trends for specific services or assets of a business enterprise.

The methods used by the Company to adjust historical financial data in accordance with the constant dollar and current cost approaches are discussed below.

Comments on Statement of Operations and Selected Financial Data Adjusted for the

Effects of Changing Prices. In the accompanying inflation adjusted financial information for both the constant dollar and current cost methods, revenues and other operating expenses have not been adjusted because they generally reflect the average price levels for the year. However, depreciation expense and the inventory component of cost of sales have been adjusted in arriving at adjusted net loss amounts. Depreciation expense has been recomputed utilizing the same lives and depreciation methods as in the historical financial statements, to reflect the cost of the Company's property, plant and equipment adjusted separately for changes in general purchasing power (constant dollar) and changes in specific prices (current cost). The adjustments to cost of sales are intended to reflect separately the increases in general purchasing power (constant dollar) and specific prices (current cost) that would have resulted if inventories were valued at the 1983 costs when sold.

In the accompanying inflation adjusted statements, current cost of property, plant and equipment and inventories was determined by use of a combination of applicable indices and direct pricing. For the most part the current cost represents replacement in-place and in-kind. No consideration has been given to making improvements or installing different types of replacement assets. The current cost used, while believed reasonable, are subjective. They do not necessarily represent amounts for which the assets could be sold or independently appraised nor do they represent the cost which would be incurred in replacing such assets. The cumulative upward adjustment of property, plant and equipment has caused an adjustment in depreciation expense which increased consolidated net loss.

Depreciation expense is greater when adjusted for general inflation than when adjusted for changes in specific prices. The difference reflects the Consumer Price Index (general inflation) rising faster than the increase of current costs over the last several years for the type of property, plant and equipment used in the Company's various businesses.

Monetary assets represent money or a claim to receive money without reference to future changes in prices. Similarly a monetary liability represents an obligation to pay a sum of money which is fixed or determinable without reference to changes in future prices. Holding a monetary asset during periods of inflation results in a decline in the value of the asset since the dollar loses purchasing power when it is held. Conversely, holders of monetary liabilities benefit during inflationary periods because less purchasing power is required to satisfy future obligations when they can be paid with less valuable dollars.

The FASB does not permit any gain or loss resulting from a net monetary liability or asset position to be included in adjusted results of operations. Instead it is treated as an unrealized gain or loss and shown

separately as "Gain From Decline in Purchasing Power of Net Amounts Owed" in the accompanying adjusted financial statements.

Conversely, the FASB does require that the effects of inflation on non-monetary assets (i.e. adjustments resulting from the restatement of inventories and property, plant and equipment) be included in the adjusted results of operations.

Tiger has financed substantially all of its fixed assets with long-term debt, in order to hedge against the impact of inflation on depreciation; and interest expense. Therefore, Tiger believes that the adjustments for depreciation expense and cost of sales alone do not adequately portray the effects of inflation adjustments prescribed by the FASB, and is therefore presenting two inflation adjusted presentations — one as defined by SFAS No. 33 and the other as defined by the Company.

The Company's inflation adjusted statement of operations include an \$11.5 million reduction in depreciation and interest expense representing that portion of the total unrealized purchasing power gain attributable to capital assets financed by long-term indebtedness.

In the opinion of management the accompanying Statement of Operations Adjusted for Changing Prices on a Current Cost basis is more indicative of the effects of inflation on the Company than is the Statement of Operations Adjusted for General Inflation on the Constant Dollar basis.

Statement of Operations Adjusted for Changing Prices (Unaudited)

For the Year Ended December 31, 1983 (in thousands)	Historical Financial Statements	Adjusted For Constant Dollar	Adjusted For Current Cost
Revenues	\$ 1,250,276	\$ 1,250,276	\$ 1,250,276
<i>Cost and Expenses</i>			
Cost of operations	995,404	995,442	995,404
Selling, general and administrative	171,390	171,390	171,390
Depreciation and amortization	84,003	132,712	102,481
Interest expense, net	88,560	88,560	88,560
Other (income) expense	6,547	6,547	6,547
	1,345,904	1,394,651	1,364,382
Net loss as defined by SFAS No. 33	(95,628)	(144,375)	(114,106)
Decrease in depreciation and interest expense, net of applicable income taxes, from decline in purchasing power of net monetary liabilities	—	11,488	11,488
Net loss adjusted for decrease in depreciation and interest expense	\$ (95,628)	\$ (132,887)	\$ (102,618)
<i>Other Supplementary Information</i>			
Increase in property, plant and equipment and inventories in 1983 based on constant dollars			\$ 36,000
Increase in property, plant and equipment and inventories in 1983 based on current costs			<u>33,000</u>
Excess in constant dollars over current costs in 1983			<u>\$ 3,000</u>
Current cost of net property, plant and equipment at December 31, 1983			<u>\$ 822,000</u>
Current cost of inventory December 31, 1983			<u>\$ 25,000</u>

Five-Year Comparison of Selected Financial Data Adjusted for Effects of Changing Prices Stated in 1983 Dollars (Unaudited)

(In thousands except per share data and index)	For the Years Ended December 31				
	1983	1982	1981	1980	1979
Revenues	\$1,250,276	\$1,198,550	\$1,272,824	\$1,079,130	\$ 628,110
Constant dollar information As defined by SFAS No. 33					
Net loss	(144,375)	(128,226)	(64,769)	(16,269)	(9,723)
Net loss per common share	(8.00)	(7.57)	(3.81)	(1.03)	(.67)
As defined by Tiger					
Net income (loss)	(132,887)	(109,629)	(27,127)	20,718	2,192
Net income (loss) per common share	(7.36)	(6.47)	(1.60)	1.31	.15
Net assets at year end	638,000	1,604,000	1,433,000	1,412,000	1,239,000
Current cost information					
As defined by SFAS No. 33					
Net income (loss)	(114,106)	(104,477)	(43,829)	(11,666)	(21)
Net income (loss) per common share	(6.32)	(6.17)	(2.58)	(.74)	—
As defined by Tiger					
Net income (loss)	(102,618)	(85,839)	(6,187)	25,320	11,893
Net income (loss) per common share	(5.69)	(5.07)	.36	1.60	.83
Excess in constant dollar over current costs	3,000	155,000	68,000	111,000	1,400
Net assets at year end	350,000	1,430,000	1,376,000	1,323,000	1,129,000
Gain from decline in purchasing power of net amounts owed	21,000	53,000	156,000	177,000	138,000
Cash dividends declared per common share	—	—	.74	.96	1.09
Market price per common share at year end	5.75	8.77	14.79	26.85	24.67
Average consumer price index (base year 1967=100)	298.4	289.1	272.4	246.8	217.4

Selected Quarterly Financial Data (Unaudited)

(In thousands except per share data)

1983	Quarter Ended				Year
	March 31,	June 30,	Sept. 30,	Dec. 31,	
Revenues	\$278,350	\$292,545	\$311,761	\$367,620	\$1,250,276
Income (Loss) From Continuing Operations	\$(38,144)	\$(28,950)	\$(13,411)	\$ 4,669	\$(75,836)
Loss From Discontinued Operations	(12,627)	(21,584)	(29,437)	(83,356)	(147,004)
Net Loss	\$(50,771)	\$(50,534)	\$(42,848)	\$(78,687)	\$(222,840)
Income (Loss) Per Share—					
Continuing	\$ (2.25)	\$ (1.71)	\$ (.75)	\$.23	\$ (4.20)
Discontinued	(.75)	(1.27)	(1.64)	(4.10)	(8.14)
Total	\$ (3.00)	\$ (2.98)	\$ (2.39)	\$ (3.87)	\$ (12.34)
1982					
Revenues	\$259,226	\$286,582	\$302,414	\$312,974	\$1,161,196
Loss From Continuing Operations	\$(25,959)	\$(7,011)	\$(13,299)	\$(27,264)	\$(73,533)
Income (Loss) From Discontinued Operations	1,922	(2,696)	(6,845)	(55,071)	(62,690)
Net Income (Loss)	\$(24,037)	\$(9,707)	\$(20,144)	\$(82,335)	\$(136,223)
Earnings (Loss) Per Share—					
Continuing	\$ (1.53)	\$ (.41)	\$ (.79)	\$ (1.61)	\$ (4.34)
Discontinued	.11	(.16)	(.40)	(3.25)	(3.70)
Total	\$ (1.42)	\$ (.57)	\$ (1.19)	\$ (4.86)	\$ (8.04)
1981					
Revenues	\$256,109	\$277,266	\$298,673	\$329,873	\$1,161,921
Income (Loss) From Continuing Operations	\$ 2,205	\$ 3,280	\$(22,669)	\$(3,665)	\$(20,849)
Income (Loss) From Discontinued Operations	8,548	9,953	4,169	(18,434)	4,236
Net Income	\$ 10,753	\$ 13,233	\$(18,500)	\$(22,099)	\$(16,613)
Earnings (Loss) Per Share—					
Continuing	\$.13	\$.19	\$ (1.33)	\$ (.21)	\$ (1.23)
Discontinued	.50	.59	.24	(1.09)	.25
Total	\$.63	\$.78	\$ (1.09)	\$ (1.30)	\$ (.98)

Continuing Operations —

The seasonal fluctuations in the transportation business and fluctuations in foreign exchange rates are reflected in the above summary.

The first quarter of 1981 includes a pretax gain of \$5,850,000 from the sale of the insurance operations and a pretax gain of \$12,946,000 from the sale of a Boeing 747-100 freighter. The second quarter of 1981 includes a pretax gain of \$22,436,000 from the sale of two Boeing 747-100 freighters.

The second quarter of 1982 includes a pretax gain of \$2,327,000 from the sale of the Company's investment in Purolator, Inc. common stock and a \$14,000,000 translation gain on yen denominated debt. The third quarter of 1982 includes a \$4,391,000 translation gain on yen denominated debt. The fourth quarter of 1982 includes a gain of \$4,792,000 from the sale of three DC-8-73 freighter aircraft.

The first quarter of 1983 includes a pretax gain of \$1,318,000 from the sale of a re-engined DC-8-63F aircraft. The second quarter of 1983 includes a pretax gain of \$2,255,000 from the sale of four DC-8-63F aircraft. The third quarter of 1983 includes an extraordinary gain of \$19,792,000 from the exchange of debt for new securities and pretax asset write-downs and reserves of \$9,900,000.

Discontinued Operations —

The third quarter of 1981 includes a pretax gain of \$4,500,000 from the sale of tax and depreciation benefits. The fourth quarter of 1981 includes \$14,200,000 in pretax gains from the sale of tax and depreciation benefits and a pretax loss of \$22,700,000 due to the write-down of certain aircraft and leasing assets.

Pretax gains from the sale of tax and depreciation benefits in 1982 were \$5,300,000 in the first quarter, \$2,953,000 in the second quarter and \$5,250,000 in the fourth quarter. In addition, the fourth quarter of 1982 included a \$20,000,000 provision related to discontinued operations and a pretax loss of \$14,000,000 due to write-downs of assets of other leasing operations.

The fourth quarter of 1983 includes a \$66,153,000 provision related to discontinued operations.

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Within the 24 month period prior to the date of Tiger's most recent financial statements, no reports on Form 8-K under the Exchange Act reporting a change of or disagreement with accountants has been filed by Tiger with the SEC.

Except as provided under the heading "Executive Officers of the Registrant" following ITEM 4. of Part I hereof, ITEMS 10, 11, 12 and 13 are incorporated by reference to Tiger's definitive proxy statement pursuant to Regulation 14A which will involve the election of directors.

PART IV.**ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES,
AND REPORTS ON FORM 8-K.****(a) FINANCIAL STATEMENT SCHEDULES AND EXHIBITS FILED***Financial Statement Schedules*

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The statements and schedules referred to above should be read in conjunction with the consolidated financial statements and notes thereto included in Part II of this Annual Report on Form 10-K. Schedules not included in this section have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Exhibit Number Description of Exhibit

3.1	<i>Restated Certificate of Incorporation of Tiger, effective May 20, 1981, filed with the SEC on March 31, 1982 with Tiger's Annual Report on Form 10-K for the fiscal year ended December 31, 1981, is hereby incorporated by reference.</i>
3.2	<i>By-Laws of Tiger, as amended on January 18, 1982, filed with the SEC on March 31, 1982 with Tiger's Annual Report on Form 10-K for the fiscal year ended December 31, 1981, are hereby incorporated by reference.</i>
4.1	<i>Indenture, dated as of September 1, 1980, between Tiger and Crocker National Bank, as Trustee, filed as Exhibit 2(b) to Tiger's Form S-16 Registration Statement, Regis. No. 2-68885, filed with the SEC on August 28, 1980, is hereby incorporated by reference.</i>
4.2	<i>Indenture, dated as of September 1, 1980, between Tiger and Bankers Trust Company, as Trustee, filed as Exhibit 6-2.2 to Tiger's Form S-14 Registration Statement, Regis. No. 2-68788, filed with the SEC on August 11, 1980, is hereby incorporated by reference.</i>
4.3	<i>First Supplemental Indenture, dated as of September 30, 1980 between Tiger, Seaboard World Airlines, Inc. and J. Henry Schroeder Bank and Trust Company, as Trustee, filed as Exhibit 6-25 to Tiger's Form S-14 Registration Statement, Regis. No. 2-68788, filed with the SEC on August 11, 1980 is hereby incorporated by reference.</i>
4.4	<i>Indenture for 11½% Sinking Fund Debentures due April 1, 1995 between Tiger International, Inc. and Midlantic National Bank dated as of July 1, 1983, filed as Exhibit 4.1.*</i>
4.5	<i>Indenture for 8½% Senior Subordinated Debentures due July 1, 1995 between Tiger International, Inc. and American Fletcher National Bank and Trust Company dated as of July 1, 1983, filed as Exhibit 4.2.*</i>
4.6	<i>Warrant Agreement between Tiger International, Inc. and Midlantic National Bank dated as of July 1, 1983, filed as Exhibit 4.3.*</i>
4.7	<i>Stock Purchase Warrant for the First National Bank of Chicago, as Collateral Agent, to purchase 117,245 shares of Common Stock of Tiger International, Inc. dated as of October 1, 1983, filed as Exhibit 4.4.*</i>
4.8	<i>Stock Purchase Warrant for the First National Bank of Chicago, as Collateral Agent, to purchase 54,109 shares of Common Stock of Tiger International, Inc. dated as of January 1, 1984.</i>
4.9	<i>Stock Purchase Warrant issued to Drexel Burnham Lambert, Incorporated to purchase 400,000 shares of Common Stock of Tiger International, Inc., dated as of, filed as Exhibit 4.6.*</i>
10.1	<i>Purchase and Loan Agreement between General Electric Credit Corporation and North American Car Corporation dated September 7, 1983, filed as Exhibit 10.1.*</i>

<i>Exhibit Number</i>	<i>Description of Exhibit</i>
10.2	<i>First Amendment to Purchase and Loan Agreement between General Electric Credit Corporation and North American Car Corporation dated December 5, 1983, filed as Exhibit 10.2.*</i>
10.3	<i>North American Car Corporation Amended and Restated Master Credit Terms Agreement among North American Car Corporation, Creditors of North American Car Corporation and First National Bank of Chicago, as Collateral Agent, dated as of December 6, 1983, filed as Exhibit 10.3.*</i>
10.4	<i>North American Car Corporation Intercreditor Agreement between the Creditors of North American Car Corporation and First National Bank of Chicago, as Collateral Agent, dated as of September 8, 1983, filed as Exhibit 10.4.*</i>
10.5	<i>Tiger International Agreement among Tiger International, Inc., Creditors of North American Car Corporation and First National Bank of Chicago, as Collateral Agent, dated as of December 6, 1983.</i>
10.6	<i>Tiger Note, principal amount of up to \$10,000,000, from Tiger International, Inc. to North American Car Corporation dated September 30, 1983, filed as Exhibit 10.6.*</i>
10.7	<i>Tiger Note, principal amount of \$132,154,622, from Tiger International, Inc. to North American Car Corporation dated as of September 8, 1983, filed as Exhibit 10.7.*</i>
10.8	<i>TLG Agreement among Tiger Leasing Group, Inc., Creditors of North American Car Corporation and First National Bank of Chicago, as Collateral Agent, dated September 30, 1983, filed as Exhibit 10.8.*</i>
10.9	<i>TLG Note, principal amount of \$81,261,000, from Tiger Leasing Group, Inc. to North American Car Corporation dated as of September 30, 1983, filed as Exhibit 10.9.*</i>
10.10	<i>TLG Guarantee executed by Tiger Leasing Group, Inc., in favor of First National Bank of Chicago, as Collateral Agent, on behalf of the Creditors of North American Car Corporation dated as of September 30, 1983, filed as Exhibit 10.10.*</i>
10.11	<i>Pledge Agreement between Tiger Leasing Group, Inc. and Continental Illinois National Bank and Trust Company dated September 8, 1983, filed as Exhibit 10.11.*</i>
10.12	<i>Pledge Agreement between North American Car Corporation and First National Bank of Chicago dated September 8, 1983, filed as Exhibit 10.12.*</i>
10.13	<i>General Security Agreement between North American Car Corporation and First National Bank of Chicago dated September 8, 1983, filed as Exhibit 10.13.*</i>
10.14	<i>Credit Agreement among TigerAir Inc., Tiger Leasing Group, Inc. and Lenders dated as of September 8, 1983.</i>
10.15	<i>Credit Agreement among The Flying Tiger Line Inc., Private Lenders and Chase Manhattan Bank, as agent for for the Private Lenders, dated as of September 30, 1983, filed as Exhibit 10.15.*</i>
10.16	<i>Override Agreement among The Flying Tiger Line Inc., Tiger International, Inc. and Private Lenders dated as of December 21, 1983, filed as Exhibit 10.16.*</i>
10.17	<i>First Amendment to Override Agreement among The Flying Tiger Line Inc., Tiger International, Inc. and Private Lenders dated as of December 21, 1983, filed as Exhibit 10.17.*</i>
10.18	<i>Chattel Mortgage, Pledge Agreement and Security Agreement between The Flying Tiger Line Inc. and United States Trust Company of New York dated as of September 30, 1983.</i>
10.19	<i>Warrant Agreement between Tiger International, Inc. and Private Lenders dated as of September 30, 1983.</i>
10.20	<i>Waiver Agreement and Amendment among TigerAir, Inc., Tiger Leasing Group, Inc., Lenders and Continental Illinois National Bank and Trust Company of Chicago, as Collateral Custodian, dated as of December 21, 1983, filed as Exhibit 10.20.*</i>
10.22	<i>Leasehold Mortgage and Security Agreement between North American Car Corporation and First National Bank of Chicago dated September 8, 1983, filed as Exhibit 10.22.*</i>
10.23	<i>Tripartite Agreement among North American Car Company, First National Bank of Chicago and Bankers Trust Company dated as of September 8, 1983, filed as Exhibit 10.23.*</i>

<i>Exhibit Number</i>	<i>Description of Exhibit</i>
10.24	<i>Deferred Interest Note from North American Car Corporation to First National Bank of Chicago dated September 8, 1983, filed as Exhibit 10.24.*</i>
10.25	<i>Supplemental Retirement Income Plan, as amended, between Tiger International, Inc. and Wayne M. Hoffman dated December 13, 1977, filed with the Securities Exchange Commission on March 23, 1981 with Tiger's annual report on Form 10-K for the fiscal year ended December 31, 1980 and is hereby incorporated by reference.</i>
10.26	<i>1981 Key Employees Stock Option Plan for Tiger International, Inc. and subsidiaries, filed with the Securities Exchange Commission on April 30, 1981 as Exhibit "A" to Tiger's 1981 proxy statement and is hereby incorporated by reference.</i>
22.1	<i>List of all subsidiaries of Tiger International, Inc.</i>
25.1	<i>Power of attorney granted to Wayne M. Hoffman by Houston Rehrig.</i>
25.2	<i>Power of attorney granted to Wayne M. Hoffman by Charles Luckman.</i>
25.3	<i>Power of attorney granted to Wayne M. Hoffman by J. Howard Edgerton.</i>
25.4	<i>Power of attorney granted to Wayne M. Hoffman by Peter M. Kennedy.</i>
25.5	<i>Power of attorney granted to Wayne M. Hoffman by William E. McKenna.</i>
25.6	<i>Power of attorney granted to Wayne M. Hoffman by Gordon M. Metcalf.</i>
25.7	<i>Power of attorney granted to Wayne M. Hoffman by Gerald R. Ford.</i>

** To Tiger's Form S-1 Registration Statement, Registration No. 2-88929, filed with the SEC on January 17, and is hereby incorporated by reference.*

(b) Reports on Form 8-K

There were no reports on Form 8-K filed by Tiger with the SEC during the three months ended December 31, 1983.

Report of Independent Public Accountants on Financial Statement Schedules Filed
To the Board of Directors and Stockholders of Tiger International, Inc.:

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In connection with our examinations of the consolidated financial statements included in the Tiger International, Inc. and Subsidiaries' annual report to stockholders and included in the Form 10-K, we have also examined the Financial Statement Schedules listed in the Index to Item 14. Our examinations of the consolidated financial statements were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Reference is made to our report, included in this Form 10-K, which is qualified with respect to the recoverability of non-current assets and the ultimate amount of the liability, if any, to North American Car Corporation as of December 31, 1983. The schedules are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities Exchange Act of 1934 and are not otherwise a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, subject to the effect of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in our report been known, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN & CO.

Los Angeles, California,
March 29, 1984.

Schedule III — Condensed Parent Company Financial Data
Condensed Statement of Operations and Statement of Changes in Financial Position

Condensed Statement of Operations	For the Years Ended December 31,		
	1983	1982	1981
<i>(In thousands)</i>			
Revenues and dividend income (including equity in distributed earnings of subsidiaries)	\$ 1,096	\$ 12,667	\$ 20,677
Costs and expenses:			
General and administrative	10,434	14,712	18,567
Interest expense — external	10,185	14,918	14,057
intercompany	76	21,848	30,347
Deferred income tax benefit, net	—	(20,769)	(35,855)
	20,695	30,709	27,107
Loss before equity in undistributed earnings of subsidiaries	(19,599)	(18,042)	(6,427)
Equity in undistributed losses of consolidated subsidiaries	(76,029)	(55,491)	(14,422)
Net loss from continuing operations	(95,628)	(73,533)	(20,849)
Equity in undistributed earnings (losses) of discontinued subsidiaries	(147,004)	(62,690)	4,236
Net loss before extraordinary gain	(242,632)	(136,223)	(16,613)
Extraordinary gain	19,792	—	—
Net loss	\$(222,840)	\$(136,223)	\$(16,613)

Condensed Statement of Changes in Financial Position	For the Years Ended December 31,		
	1983	1982	1981
Source of Funds			
Net loss before extraordinary item	\$(242,632)	\$(136,223)	\$(16,613)
Equity in undistributed losses of consolidated subsidiaries	76,029	55,491	14,422
Other, net	2,011	(19,235)	(29,847)
Funds used by continuing operations	(164,592)	(99,967)	(32,038)
Equity in undistributed (earnings) losses of discontinued subsidiaries	147,004	62,690	(4,236)
Funds used by operations before extraordinary item	(17,588)	(37,277)	(36,274)
Extraordinary item	19,792	—	—
Proceeds from issuance of stock and debt	73,529	—	2,538
Funds Provided (Used)	75,733	(37,277)	(33,736)
Application of Funds			
Payments of long-term debt and notes payable	7,516	7,010	7,011
Debentures retired in exchange offer	92,073	—	—
Cash dividends declared on common stock	—	—	11,440
Acquisition or contribution to subsidiaries capital	—	5,300	68,877
Decrease in investments, notes, advances or other	(6,303)	(90,246)	(87,448)
Funds Applied	93,286	(77,936)	(120)
Net increase (decrease) in working capital	\$ (17,553)	\$ 40,659	\$(33,616)

Condensed Balance Sheet

	December 31	
	1983	1982
<i>(In thousands)</i>		
Assets		
Cash	\$ 5,304	\$ 25,909
Other current assets	99	5,106
	5,403	31,015
<i>Investments in subsidiaries:</i>		
The Flying Tiger Line Inc.	199,959	281,346
Tiger Leasing Group, Inc.	—	337,981
Hall's Motor Transit Company	25,227	34,667
Warren Transport, Inc.	26,586	25,365
Other	51	225
	251,823	679,584
Property, plant and equipment, net	1,691	1,709
Investments and other	2,151	1,282
	\$261,068	\$713,590
Liabilities and Stockholders' Equity		
Current liabilities	\$ 8,242	\$ 16,301
Long-term obligations	57,109	112,434
<i>Net payables to subsidiaries:</i>		
The Flying Tiger Line Inc.	74,043	75,512
Tiger Leasing Group, Inc.	—	233,812
Hall's Motor Transit Company	(9,635)	(9,613)
Other	2,468	(441)
	66,876	299,270
Deferred credits and other(1)	43,154	1,929
Stockholders' equity	85,687	283,656
	\$261,068	\$713,590

(1) Includes a reserve of \$31,261,000 for discontinued operations at December 31, 1983.

Restrictions on the Transfer of Funds From Subsidiaries to the Parent. At December 31, 1983, Warren Transport is free from restrictions limiting dividends and advances to Tiger International. Hall's Motor Transit Company can advance up to \$1,000,000 a year to Tiger International. In connection with the debt restructuring agreements, Tiger International can only receive limited funds from The Flying Tiger Line Inc. and North American Car Corporation. See Note 7 — Long-Term Debt to the Consolidated Financial Statements.

Cash Dividends Paid to Parent From Consolidated Subsidiaries. During the year ended December 31, 1983, Tiger International did not receive any dividends from its subsidiaries. During the year ended December 31, 1982 Tiger International received total dividends of \$3,400,000, all from Warren Transport. During the year ended December 31, 1981 Tiger International received total dividends of \$12,600,000, all from Tiger Leasing Group.

Investments in Subsidiaries. At December 31, 1983 and 1982, Stockholders' Equity includes treasury shares, at a cost of \$1,151,000 and \$490,000 held by an affiliate.

Parent Company Debt. Included in parent company long-term obligations is \$13.7 million of 11½% debentures due October 1995 issued in connection with the acquisition of Seaboard World Airlines. Tiger's investment in Seaboard World Airlines was contributed to The Flying Tiger Line Inc. in October 1980. For further information on the parent company long-term debt, see Note 7 — Long-Term Debt to the Consolidated Financial Statements.

Schedule V — Property, Plant and Equipment

For the Three Years Ended December 31, 1983	Balance at Beginning of Period	Additions	Retirements or Sales	Transfers, Adjustments and Other(1)	Balance at End of Period
<i>(In thousands)</i>					
Year Ended December 31, 1981					
<i>Equipment used in operations:</i>					
Equipment for lease or under lease	\$1,414,192	\$110,790	\$109,970	\$ (146,365)	\$1,268,647
Equipment used in air cargo operations	953,823	31,648	84,624	123,229	1,024,076
Equipment used in trucking operations	34,390	5,579	824	18,775	57,920
	2,402,405	148,017	195,418	(4,361)	2,350,643
Buildings and leasehold improvements	109,487	16,948	3,170	18,980	142,245
Shop properties, terminal facilities and other	87,820	18,254	2,120	3,812	107,766
Construction in process	48,952	3,185	2,860	(10,778)	38,499
	\$2,648,664	\$186,404	\$203,568	\$ 7,653	\$2,639,153

Year Ended December 31, 1982

<i>Equipment used in operations:</i>					
Equipment for lease or under lease	\$1,268,647	\$ 68,418	\$ 55,675	\$ (70,718)	\$1,210,672
Equipment used in air cargo operations	1,024,076	2,930	30,726	—	996,280
Equipment used in trucking operations	57,920	942	7,653	3,092	54,301
	2,350,643	72,290	94,054	(67,626)	2,261,253
Buildings and leasehold improvements	142,245	10,602	2,710	(6,300)	143,837
Shop properties, terminal facilities and other	107,766	10,045	6,208	5,024	116,627
Construction in process	38,499	46,129	42,924	—	41,704
	\$2,639,153	\$139,066	\$145,896	\$ (68,902)	\$2,563,421

Year Ended December 31, 1983

<i>Equipment used in operations:</i>					
Equipment for lease or under lease	\$1,210,672	\$ 29,782	\$112,368	\$(1,128,086)	\$ —
Equipment used in air cargo operations	996,280	6,048	69,333	(16,635)	916,360
Equipment used in trucking operations	54,301	338	2,103	2,047	54,583
	2,261,253	36,168	183,804	(1,142,674)	970,943
Buildings and leasehold improvements	143,837	2,477	11,357	(46,267)	88,690
Shop properties, terminal facilities and other	116,627	8,463	21,420	(21,955)	81,715
Construction in process	41,704	7,991	20,758	(53)	28,884
	\$2,563,421	\$ 55,099	\$237,339	\$(1,210,949)	\$1,170,232

(1) 1981 includes \$40 million acquired in business combinations accounted for by the purchase method. 1982 includes \$78 million related to discontinued operations. 1983 includes \$1,172 million related to discontinued operations.

**Schedule VI — Accumulated Depreciation and Amortization of Property,
Plant and Equipment**

For the Three Years Ended December 31, 1983	Balance at Beginning of Period	Additions	Retirements or Sales	Transfers, Adjustments and Other(1)	Balance at End of Period
<i>(In thousands)</i>					
Year Ended December 31, 1981					
<i>Equipment used in operations:</i>					
Equipment for lease or under lease	\$381,226	\$ 69,583	\$ 48,097	\$ (12,657)	\$390,055
Equipment used in air cargo operations	213,091	55,500	31,139	31,812	269,264
Equipment used in trucking operations	4,508	10,253	(93)	(2,031)	12,823
	598,825	135,336	79,143	17,124	672,142
Buildings and leasehold improvements	17,455	6,838	33	433	24,693
Shop properties, terminal facilities and other	29,190	11,002	1,068	922	40,046
	\$645,470	\$153,176	\$ 80,244	\$ 18,479	\$736,881
Year Ended December 31, 1982					
<i>Equipment used in operations:</i>					
Equipment for lease or under lease	\$390,055	\$ 61,530	\$ 38,767	\$ (21,208)	\$391,610
Equipment used in air cargo operations	269,264	62,650	20,483	376	311,807
Equipment used in trucking operations	12,823	11,072	(1,842)	(5,841)	19,896
	672,142	135,252	57,408	(26,673)	723,313
Buildings and leasehold improvements	24,693	6,726	874	(1,388)	29,157
Shop properties, terminal facilities and other	40,046	13,259	4,357	(2,657)	46,291
	\$736,881	\$155,237	\$ 62,639	\$ (30,718)	\$798,761
Year Ended December 31, 1983					
<i>Equipment used in operations:</i>					
Equipment for lease or under lease	\$391,610	\$ 53,800	\$ 46,434	\$(398,976)	\$ —
Equipment used in air cargo operations	311,807	59,939	55,838	(6,367)	309,541
Equipment used in trucking operations	19,896	9,128	6	(1,770)	27,248
	723,313	122,867	102,278	(407,113)	336,789
Buildings and leasehold improvements	29,157	6,088	4,110	(7,812)	23,323
Shop properties, terminal facilities and other	46,291	10,973	6,431	(9,618)	41,215
	\$798,761	\$139,928	\$112,819	\$(424,543)	\$401,327

(1) 1982 includes \$25 million related to discontinued operations. 1983 includes \$405 million related to discontinued operations.

Schedule VIII — Valuation and Qualifying Accounts and Reserves

For the Three Years Ended December 31, 1983	Allowance for Doubtful Accounts			Aircraft Overhaul Reserves
	Trade Receivables(1)	Finance Lease Receivables	Inventories Allowance	
(In thousands)				
Balance at December 31, 1980	\$ 22,795	\$ 5,687	\$ 5,449	\$ 40,216
Additions (deductions) —				
Provisions charged to costs and expenses	14,440	104	3,098	29,498
Reserves from acquired companies	494	—	30	—
Amounts charged to reserve	(14,012)	(2,719)	(449)	(23,339)
Balance at December 31, 1981	23,717	3,072	8,128	46,375
Additions (deductions) —				
Provisions charged to costs and expenses	24,039	2,209	3,011	23,163
Amounts charged to reserve	(26,863)	(648)	(2,655)	(30,376)
Transfers to discontinued operations	(1,198)	—	(2,694)	(4,885)
Balance at December 31, 1982	19,695	4,633(2)	5,790	34,277
Additions (deductions) —				
Provisions charged to costs and expenses	30,205	623	3,143	39,252
Amounts charged to reserve	(33,956)	(1,895)	(403)	(26,013)
Transfers to discontinued operations	(6,053)	(3,132)	(3,587)	—
Other	—	(229)	—	1,177(4)
Balance at December 31, 1983	\$ 9,891	\$ —	\$ 4,943	\$ 48,693(3)

(1) Includes revenue adjustments.

(2) Includes \$3,519 classified in other assets.

(3) Includes \$29,913 classified in accumulated depreciation and \$18,780 classified as other deferred credits.

(4) Consists primarily of \$1,495 overhaul additions added to asset cost of the four engines acquired in the exchange of Boeing 747 aircraft.

Signatures

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TIGER INTERNATIONAL, INC.
(Registrant)

By JOSEPH K. McDONNELL

Joseph K. McDonnell
Vice President—Controller

Date: March 29, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant, and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u> WAYNE M. HOFFMAN </u> Wayne M. Hoffman	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)	March 29, 1984
<u> JOSEPH K. McDONNELL </u> Joseph K. McDonnell	Vice President—Controller (Principal Financial and Accounting Officer)	March 29, 1984
<u> J. HOWARD EDGERTON* </u> J. Howard Edgerton	Director	March 29, 1984
<u> GERALD R. FORD* </u> Gerald R. Ford	Director	March 29, 1984
<u> PETER M. KENNEDY* </u> Peter M. Kennedy	Director	March 29, 1984
<u> CHARLES LUCKMAN* </u> Charles Luckman	Director	March 29, 1984
<u> Charles T. Manatt </u>	Director	March , 1984
<u> GORDON M. METCALF* </u> Gordon M. Metcalf	Director	March 29, 1984
<u> WILLIAM E. McKENNA* </u> William E. McKenna	Director	March 29, 1984
<u> HOUSTON REHRIG* </u> Houston Rehrig	Director	March 29, 1984

*By WAYNE M. HOFFMAN

Wayne M. Hoffman
Attorney-in-Fact and Agent

Tiger International, Inc.
1888 Century Park East
Los Angeles, California 90067
(213) 552-6300

The Flying Tiger Line Inc.
7401 World Way West
Los Angeles, California 90009
(213) 646-6161

Hall's Motor Transit Company
6060 Carlisle Pike
Mechanicsburg, Pennsylvania 17055
(717) 790-8400

Warren Transport, Inc.
P.O. Box 420
Waterloo, Iowa 50704
(319) 233-6113

Tiger Distribution Services
1888 Century Park East
Los Angeles, California 90067
(213) 552-6400

Auditors
Arthur Andersen & Co.
911 Wilshire Blvd.
Los Angeles, California 90017

Counsel
White & Case
14 Wall Street
New York New York 10005

Stock Exchanges
New York Stock Exchange
20 Broad Street
New York, New York 10005

Pacific Stock Exchange
301 Pine Street
San Francisco, California 94104

Midwest Stock Exchange
120 S. LaSalle Street
Chicago, Illinois 60603

Transfer Agents
Manufacturers Hanover Trust Company
450 West 33rd Street
New York, New York 10001

Union Bank
3810 Wilshire Blvd.
Los Angeles, California 90010

Registrars
The Bank of New York
90 Washington Street
New York, New York 10015

Union Bank
3810 Wilshire Blvd.
Los Angeles, California 90010

The Annual Meeting of Stockholders will be held on Friday, May 25, 1984 at 10:00 a.m. at the Beverly Hilton Hotel, 9876 Wilshire Boulevard, Beverly Hills, California 90210.

Notice to Stockholders

The following notice is published in accordance with section 245.16 of subpart B of Part 245 of the Economic Regulations of the Civil Aeronautics Board (the "Board"); section references in the following notice are to sections of such regulation.

(1) Any person who either owned, at December 31, 1983, or subsequently acquired, beneficially or as a trustee, more than 5 percent, in the aggregate of any class of the capital stock of Tiger International, Inc. (i.e., Tiger International, Inc.'s, Common Stock \$1 Par Value) shall file with the Board a report containing the information required by Section 245.12 on or before April 1, 1984 as to the capital stock owned at December 31 of the preceding year, and, in the case of stock subsequently acquired, a report under Section 245.13, within 10 days after such acquisition, unless such person has otherwise filed with the Board a report covering such acquisition or ownership; (2) any bank or broker covered by (1) above, to the extent that it holds shares as trustee on the last day of any quarter of a calendar year, shall file with the Board, within 30 days after the end of the quarter, a report in accordance with the provisions of Section 245.14; and (3) any person required to report under this subpart who grants a security interest in more than 5 percent of any class of the capital stock of Tiger International, Inc. shall within 30 days after granting such security interest file with the Board a report containing information required in Section 245.15.

Any stockholder who believes that he may be required to file such a report may obtain further information by writing to the Director, Bureau of Domestic Aviation, Civil Aeronautics Board, Washington, D.C. 20428.

TIGER INTERNATIONAL

1888 Century Park East
Los Angeles, California 90067