

Tiger International 1981 Annual Report

**TIGER
INTERNATIONAL,
INC.**

**1981
ANNUAL
REPORT**

FINANCIAL HIGHLIGHTS

*For the year ended December 31,
(Amounts in thousands, except
per share data)*

	1981	1980
Revenues	\$1,673,350	\$1,372,877^(a)
Net Income (Loss)	(16,613)	42,375
Earnings (Loss) Per Share	(.98)	2.68
Assets	2,702,397	2,758,425
Stockholders' Equity	419,389	446,279
Book Value		
Per Common Share	24.76	26.45
Cash Dividends Paid		
Per Common Share	.88	.80

^(a) Reclassified for comparative purposes (Railcar sales are currently recorded in revenues net of related costs of sales).

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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. Copies of the Exhibits are available upon request to the Director of Public Relations and Advertising, Tiger International, 1888 Century Park East, Los Angeles, California 90067.

Tiger International has been severely hurt by an unusual combination of forces: excessive interest rates persisting into a deep business recession. Were it not for the stabilizing benefit of our railcar leasing activities, our situation would be worse. Flying Tigers' losses have been offset to a great degree by the generally excellent performance of North American Car.

Meanwhile, we have taken a number of steps to maintain a safe cash position. We have increased credit lines, refinanced debt, sold some assets, cut capital expenditures, reduced staff, frozen salaries and eliminated bonuses and cash dividends.

Data Resources, Inc. recently published a transportation analysis which makes several points worth noting here. It is this organization's view, which we share, that freight transportation will become more, rather than less, important in the economy in the coming decade. Data Resources is enthusiastic about the prospects of the trucking sector stating that "motor carriers will be well positioned to take advantage of the new opportunities, and regulated truckers are expected to have the fastest growth of any

freight mode in the 1983 to 1990 period." While profits for the motor carrier industry as a whole will be lower in the 1980s, the "large conglomerates (including Tiger International, and eventually carriers such as Consolidated Freightways) will post strong earnings gains." Our decision to enter the motor carrier industry was premised upon the view that the progressive companies would benefit from the new environment brought about by deregulation and other factors. We believe this strategy will prove to be correct.

We already see deregulation causing a competitive realignment in the air freight, rail and motor carrier sectors, and we are positioning ourselves to take advantage of this new competitive climate. High interest rates will force shippers to reduce inventory carrying costs and to pay more attention to the total cost of distribution. We intend to meet the need for faster, more reliable and cost-effective transportation services.

Our present adverse circumstances should not be allowed to obscure the progress we have made

toward our goal of becoming one of the most profitable, innovative, customer-oriented transportation companies in the world. Examples abound. We have launched a new retail program at Flying Tigers which will open new domestic markets to us. We are marketing new products such as the RoadRailer and specialized railcars such as Pressure Differential. We are exploring intermodal opportunities through joint Hall's-Flying Tigers' programs.

We have launched Tiger Distribution Services to develop intermodal services for shippers requiring service involving combinations of sea, road, rail and air. We are presently engaging in multi-modal movements of international freight offering our customers the advantages of single carrier responsibility and reliability—a tailored transportation product which precisely fits their needs.

What of the future? When the economy improves once again, our various transportation businesses will show improved results almost immediately. If we are blessed with lower interest rates as well, we should see a return to solid earnings.

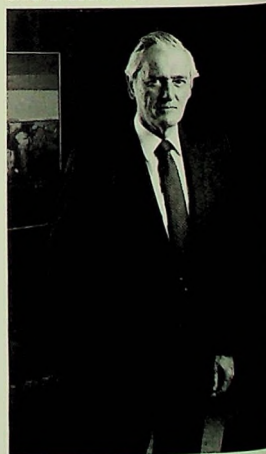
However, to assure our future success, we shall have to make some changes in the way we do business. We must reduce our capital intensity. Cheap money is a thing

of the past. We shall have to improve employee productivity. In an age of open competition we shall find ourselves competing with companies who are not saddled with outmoded work rules and practices. Recognizing these problems is the first step toward solving them.

We recognize that the past year's difficulties have required sacrifices from our stockholders and employees alike. We are confident that with everyone's continued support, we will achieve the high standard of earnings that we have set for ourselves.

Wayne M. Hoffman

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



1981, RoadRailer units entered commercial service for the first time and more orders are expected in the near future.

The railcar repair business has improved significantly, despite a continued reduction in industry demand. In addition, most of the new covered hoppers in inventory at year end have been placed in short-term service.

In order to restore profitability and to increase market share, Hall's has taken aggressive pricing actions, improved its service and increased productivity. Hall's has also restructured its sales and marketing departments. With the acquisition of Dohrn Transfer, Hall's increased its regional market intensity and currently has a network of 80 terminals.

In June 1981, we acquired Warren Transport, a leading motor carrier of heavy equipment and farm implements. Warren achieved record profits in 1981. Although the recession has hurt its customers, especially the farm implement manufacturers, Warren has been able to control its expenses, a high percentage of which are variable rather than fixed, and thus match capacity to the available business. Warren was recently awarded 48-state general commodities authority by the Interstate

In 1981, Tiger International reported its first full-year loss since 1968. To restore our operations to profitability, several significant actions have been taken. We have instituted cost reduction measures including a cutback in employment and a freeze on wages. We have also implemented new programs and services aimed at increasing revenues, stimulating traffic and improving productivity.

At Flying Tigers, a new domestic door-to-door air cargo delivery service was recently introduced. This money-back guaranteed service is designed to broaden the domestic customer base and improve profitability through a shift to higher yielding cargo. An increase in North Atlantic rates scheduled for May, coupled with additional air cargo service, should result in significant revenue improvement within that market. The Pacific market continues strong and profitable.

At North American Car, emphasis has been placed on providing value added services for railcar users and on producing proprietary railcars. During

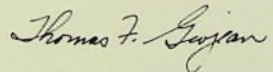
Commerce Commission, which opens many opportunities for expansion.

TigerAir, hurt by worldwide aviation cutbacks and a soft market for large aircraft, is concentrating on the service segment of its business. TigerAir's large aircraft inventory was substantially written down in 1981, and our current emphasis on fixed base operations and spare parts sales is expected to result in a substantial profit improvement in 1982.

We have also taken steps to ensure adequate cash resources for 1982. We recently expanded our long-term credit facilities, including Flying Tigers' revolving line of credit which was increased by \$40 million. This raised the aggregate amount of available long-term credit lines for Tiger International and subsidiaries to more than \$130 million. In addition, we anticipate in excess of \$200 million in cash to be generated from operations through depreciation charges, sales of railcars and collection of long-term

receivables. This level of liquidity will more than cover our needs.

As a result of our recent expansion, we have established strong positions in air cargo, trucking, railcar and aviation services and are postured to achieve substantial earnings when the world economy improves. Tiger's 14,000 highly skilled employees have their work cut out for them. We are confident that with their continued dedication and with the actions we have taken, Tiger International will have an early return to sustained profitability.



Thomas F. Grojean
President





Flying Tigers' door-to-door shipments have increased as a result of its guaranteed service.



Flying Tigers carries many types of cargo across the Pacific, including these cattle being reloaded in Tokyo for shipment to Taipei.



Flying Tigers serves major European markets, including Frankfurt, where the airline recently opened a new terminal.





Through its new, guaranteed door-to-door program, Flying Tigers picks up, flies and delivers shipments for its domestic customers.

AIR CARGO

Flying Tigers, the world's largest scheduled air cargo carrier, serves major markets in the United States, Asia and Europe. Flying Tigers recently implemented an exciting new door-to-door program throughout its domestic system. The new program offers the retail shipper three levels of service and a money-back guarantee if delivery is not on time. An extensive television and

radio advertising campaign launched the new door-to-door service.

Internationally, Flying Tigers' Pacific market continues strong and profitable. While volume on the Atlantic is increasing, rates are still not adequate. When proper rate levels are reached, the Atlantic market should also be profitable. To provide better service to its European customers, the airline established a hub at London's Heathrow Airport.

Flying Tigers operates cargo and passenger charters worldwide. Based

on combined passenger and cargo charters, Flying Tigers is the largest civilian contract carrier for the U.S. Military Airlift Command. The company's passenger division, Metro International Airways, operates charters to Europe, Hawaii, the Middle East and the Caribbean. In late March, Metro inaugurated scheduled service between New York and Brussels.



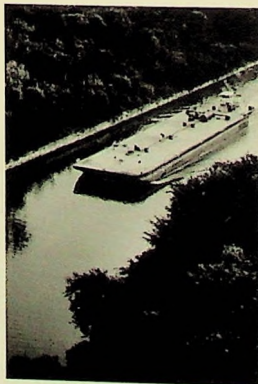
North American Car has the largest network of contract railcar repair shops in the industry with 27 locations across the country.



North American Car manufactures proprietary Pressure Differential cars which carry dry, flowable commodities such as flour, cement and chemicals.



Tiger Financial Services provides third party financing for various types of transportation equipment such as railcars, airplanes and barges.





The Illinois Central Gulf Railroad is operating North American Car's RoadRailers in regular commercial service between Memphis, Tennessee and Louisville, Kentucky.

RAILCAR SERVICES

leveraged leasing, and administrative and remarketing services.

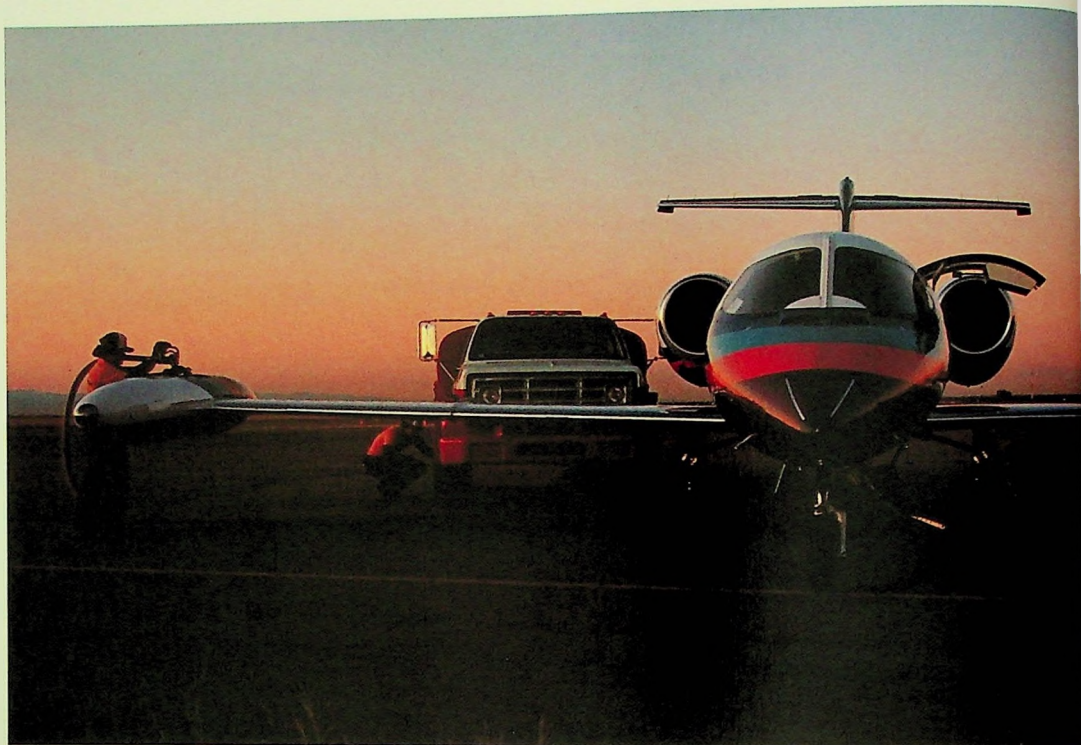
In September 1981, the first commercial operation of North American's RoadRailer® began on the Illinois Central Gulf Railroad. The RoadRailer is an innovative, bimodal vehicle that operates both as a truck trailer on highways and as a railcar on tracks. North American anticipates additional RoadRailer leases within the coming year.

Tiger Financial Services, a North American subsidiary, is one of the nation's 10 largest finance

lease brokers. Since its formation in 1971, Tiger Financial Services has exceeded one billion dollars in third party equipment financing.

North American continues to offer innovative services to its customers. It recently formed a new company, SEEK Systems, Inc., which provides shippers with a broad range of transportation information services, including tracking of railcar movements, to reduce shipper costs by optimizing fleet utilization.

North American Car, an international railcar leasing and services company, operates a fleet of more than 63,000 specialized railcars, including tanks, hoppers and its proprietary Pressure Differential cars. North American sells and leases railcars through its operations in the United States, Mexico, Europe and Canada. It also offers a broad range of railcar services, including repair and maintenance, financing and



Aircraft Tank Service recently installed the cylindrical supplemental fuel tank shown in this Boeing 727.



At TigerAir's fixed base operation in Burbank, California, a corporate pilot discusses flight plans with a TigerAir employee.



TigerAir's Spare Parts Support Division has an inventory of more than one million aircraft parts at its facilities in Sun Valley, California.





AVIATION SERVICES

TigerAir is a leading international aviation service and supply company serving general and commercial aviation markets. TigerAir owns and operates fixed bases in Burbank, California; Westchester County, New York; Denver, Colorado; and Salt Lake City, Utah. These facilities provide fuel, maintenance and ground support services to business and private aircraft operators.

Through its Aviquipo and Spare Parts Support operations, TigerAir distributes and sells aviation equipment worldwide.

Aviquipo is marketing a new central station system which supplies power and air conditioning to planes parked at airport gates.

The central station system, which would replace mobile ground supply units, offers substantial savings to airlines. Spare Parts, which purchases inventories in bulk for resale and provides parts overhaul capability, has

increased its inventory to supply parts for additional types of aircraft.

The company's Aircraft Tank Service Division specializes in the design and installation of auxiliary fuel tanks and FAA-approved fueling systems for many types of private and commercial aircraft. During 1981, the division received a contract from Boeing to install an auxiliary fuel system in Boeing's own 727-100 executive aircraft.

At Denver Jet-Center, TigerAir's newest fixed base operation, refueling, maintenance and hangaring are among the ground support services provided to business and general aviation customers.



Hall's maintains its equipment at Mechanicsburg, where general repair, painting, tire repair and retreading, mechanical work and refueling take place.

Warren Transport's computerized dispatch system provides a wide range of information such as the status of customers' loads and location of drivers.



At Warren Transport's main terminal in Waterloo, Iowa, farm equipment awaits loading for delivery throughout the country.





TRUCKING

Hall's Motor Transit has a network of 80 terminals. At its busy break-bulk terminal in Mechanicsburg, Pennsylvania, incoming freight is broken down and redistributed by destination for delivery to customers.

Tiger International has two trucking subsidiaries, Hall's Motor Transit and Warren Transport. Hall's is a less-than-truckload (LTL) general commodities carrier, and Warren is a specialized truckload hauler of heavy machinery and other commodities requiring special equipment.

Recently, Hall's was granted 48-state general commodities authority by the Interstate Commerce Commission. As a result, Hall's plans to expand its

Special Commodities Division which handles truckload traffic. In addition, this authority enables Hall's to expand the present geographic coverage of its LTL general commodities operation. The National Master Freight Agreement, recently ratified by the Teamsters Union, contains provisions giving Hall's more control over certain labor costs. The Agreement also contains work rule changes which will increase Hall's operational efficiencies.

Warren, the nation's leading carrier of farm equipment, was acquired

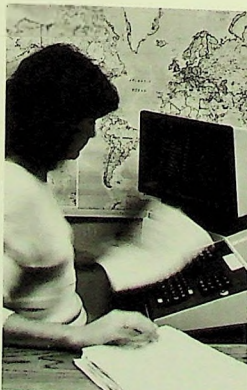
by Tiger International in June 1981. Warren owns more than 1200 trailer units and has contracts with 600 independent owner-operators. Warren received 48-state general commodities authority from the Interstate Commerce Commission in 1981 and, as a result, formed a truckload van division to penetrate the general commodities market.



The market development staff of Tiger Distribution Services provides transportation and distribution expertise to shipping customers.



Tiger Distribution Services monitors and traces freight around the world through its various communications networks.



At Flying Tigers' Los Angeles Terminal, employees of Tiger Inter-Modal and the airline confirm arrangements for a sea-air shipment.





Tiger InterModal coordinated this shipment of farm equipment to Australia with Warren Transport trucks providing surface transportation from the Midwest to the Port of Long Beach, California.

INTERMODAL SERVICES

In November 1981, Tiger International formed a new division, Tiger Distribution Services, to develop intermodal transportation services and to capitalize on the strengths and capabilities of other Tiger International companies.

Tiger Distribution's market development staff consults with shippers to

assist them in designing and implementing more cost-effective transportation and distribution services. The market development staff, in coordination with other Tiger International companies, identifies and markets new specialized transportation services.

Tiger Distribution currently has one operating unit, Tiger InterModal, which accepts total responsibility for shipments requiring the service of

several transportation modes such as sea, road, air and rail.

In addition, Tiger InterModal is expanding its services by offering customs brokerage, insurance, warehousing and export packing. Currently, Tiger InterModal provides service to both Asia and Europe and has successfully completed test shipments to South Africa and Australia.

FIVE-YEAR FINANCIAL SUMMARY

(Amounts in thousands, except per share and ratio data)	1981	1980	1979	1978	1977
Revenues					
Air Cargo	\$ 924,702	\$ 713,123	\$ 465,152	\$ 413,187	\$ 297,838
Railcar Services ^(a)	308,385	308,657	256,642	199,621	171,642
Aviation Services	148,476	118,500	88,803	53,011	23,217
Trucking	286,567	187,049	—	—	—
Other	5,220	45,548	36,723	26,687	11,537
Total Revenues^(a)	\$1,673,350	\$1,372,877	\$ 847,320	\$ 692,506	\$ 504,234
Operating Profit Before Interest Expense & Income Taxes					
	\$ 164,042	\$ 199,804	\$ 163,241	\$ 167,025	\$ 127,543
Interest Expense					
	\$ 194,355	\$ 140,929	\$ 99,118	\$ 90,309	\$ 85,604
Income Tax Provision (Benefit)					
	\$ (13,700)	\$ 16,500	\$ 20,496	\$ 26,697	\$ 15,595
Net Income (Loss)	\$ (16,613)	\$ 42,375	\$ 43,627	\$ 50,019	\$ 26,344
Per Share Data					
Earnings (Loss) per Share	\$ (.98)	\$ 2.68	\$ 3.03	\$ 3.68	\$ 2.08
Book Value per Share	\$ 24.76	\$ 26.45	\$ 25.12	\$ 22.86	\$ 19.42
Cash Dividends Paid per Share	\$.88	\$.80	\$.80	\$.60	\$.50
Shares Used for Computation (000)	17,000	15,810	14,405	13,598	12,695
Other Data					
Funds from Operations	\$ 337,650	\$ 301,196	\$ 225,136	\$ 225,997	\$ 158,771
Long-term Debt to Equity Ratio	4.05	3.70	3.20	2.91	3.87
Fixed Charge Coverage Ratio	.86	1.36	1.57	1.81	1.47
Stockholders' Equity	\$ 419,389	\$ 446,279	\$ 357,846	\$ 325,301	\$ 246,413
Total Assets	\$2,702,397	\$2,758,425	\$1,940,601	\$1,616,655	\$1,504,982
Number of Employees	13,952	14,769	8,684	7,162	4,938

^(a) Revenues reclassified for comparative purposes (Railcar sales are currently recorded in revenues net of related costs of sales).

FIVE-YEAR SUMMARY OF OPERATING STATISTICS

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	1981	1980	1979	1978	1977
Air Cargo					
<i>Scheduled Cargo Service</i>					
Domestic revenue ton miles (000)	846,667	881,895	776,459	752,027	(a)
Pacific revenue ton miles (000)	502,922	500,001	445,750	485,313	(a)
Atlantic revenue ton miles (000)	340,358	89,512	—	—	—
<i>Sources of Operating Revenues (percent)</i>					
Scheduled cargo operations	71.3	73.1	80.1	84.2	81.3
Military Airlift Command	12.7	12.1	9.9	8.6	8.3
Charter	11.3	11.3	8.5	5.4	9.4
Other	4.7	3.5	1.5	1.8	1.0
Fuel Cost per Gallon (\$)	1.13	.99	.58	.41	.39
Railcar Services					
Number of Railcars in Owned and Managed Fleet	63,400	59,180	52,264	48,513	46,575
On-lease Rate (Percentage average for year)	96.4	98.8	99.5	99.0	98.0
Trucking					
<i>Hall's Motor Transit^(a)</i>					
<i>Tonnage (000)</i>					
Truckload	1,697	1,707	2,294	2,419	2,146
Less-than-truckload	1,104	695	705	721	732
Total tonnage	2,801	2,402	2,999	3,140	2,878
Operating Ratio (percent)	100.7	96.9	95.7	94.4	93.4
Number of Terminals Operated	80	58	56	58	63
<i>Warren Transport^(c)</i>					
Ton Miles (000)	525,022	484,800	454,714	435,212	419,468
Intercity Miles (000)	42,452	42,071	38,400	36,085	36,981
Operating Ratio (percent)	92.0	91.3	90.7	90.1	90.5
Number Trailers Owned	1,281	1,128	1,107	1,014	821

^(a) Comparable figures for 1977 are not available.

^(b) 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.

^(c) Warren Transport was acquired in June 1981.

**TIGER
INTERNATIONAL
DIRECTORS**

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

Laurence C. Craigie
Consultant, Lockheed
Aircraft Corp.

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

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)

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

Thomas F. Grojean
President
Tiger International
and Flying Tigers

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

B. Houston Rehrig
President
Rehrig International
(Plastic Molders)



**TIGER
INTERNATIONAL
EXECUTIVES**

Martin A. Lynch
Senior Vice President-
Finance

David L. Auchterlonie
Vice President-Controller

Walter H. Bernhardson
Vice President-
Human Resources

Rolf Bodenburg
Vice President-Taxes

Robert J. Harter, Jr.
Vice President-Law and
Corporate Secretary

Jack Reiter
Vice President-
Government Relations

Gerald N. Hall
President
Hall's Motor Transit

Raymond Buch
Executive Vice President
and Chief Operating Officer
Hall's Motor Transit

Robert J. Molinaro
President
Warren Transport



James H. Ozanne
President
North American Car

John E. Flynn
Executive Vice President
Flying Tigers



George M. Gross
President
TigerAir

Thomas B. Liesy
President
Tiger Distribution Services



TIGER INTERNATIONAL DIRECTORS AND EXECUTIVES

Tiger International Directors

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

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

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

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

B. Houston Rehrig
President
Rehrig International
(Plastic Molders)

Tiger International

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Chief Executive Officer

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Finance

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Human Resources

Rolf E. Bodenburg
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Corporate Secretary

Jack Reiter
Vice President-
Government Relations

Flying Tigers

Wayne M. Hoffman
Chairman of the Board

Thomas F. Grojean
President

John E. Flynn
Executive Vice President

L. Russell Emerson
Senior Vice President-
Scheduled Services

Peter E. Hubbard
Senior Vice President-
Marketing and Sales

Lewis H. Jorran
Senior Vice President-
Operations

Thomas H. Barron
Vice President-Finance

Nissen Davis
Vice President-
Public Relations
and Advertising

Richard E. Haberly
Vice President-
Northeast Region

Albert O. Hicks
Vice President-Europe

Jack Kane
Vice President-Sales
System Accounts

Richard M. Keefer
Vice President-Flying

John H. Mahoney
Vice President and Advisor

Lawrence M. Nagin
Vice President-
Administration and Law

Reuben M. Rosenthal
Vice President-Sales
United States

Hermann A. Spiegel
Vice President-
Central Region

Paul A. Stokes
Vice President-Asia

Edwin H. Wallace
Vice President-
Contract Programs

Harold Woody
Vice President-
Maintenance and
Engineering

George A. Zettler
Vice President-
Latin America

North American Car

James H. Ozanne
President

Robert N. Tidball
Vice President and
General Manager-
Railcar Leasing Division

Gerald D. Birmingham
Vice President-
Fleet Operations

James F. Compton
Vice President and General
Manager-Remarketing
Services Division

Richard R. Forrest
Vice President-
Eastern Region

Robert A. Greenbury
Vice President-
Marketing and Product
Management

Harold C. Herrmann
Vice President and General
Manager-Terminal Division

Donald E. Jessie
Vice President-
National Accounts

C. Taylor Kew
General Manager-
Car Repair Division

Francis W. Kreidler
Vice President-
Special Projects

Roger A. Noback
Vice President-Law

Paul M. O'Hara
Vice President-
Finance

Gary N. Reynolds
Vice President-
Marketing and Sales,
Car Repair Division

Judith Becker Thomas
Vice President-
Administration, Car
Repair Division

Richard C. Underwood
Vice President-Sales
Railcar Leasing Division

Bi-Modal Corporation

Robert S. Resbie
President

Tiger Financial Services, Inc.

John A. Harrison
President

Grupo Tiger, S.A. (Mexico)

Steven H. Spencer
President

NACCO, S.A. (France)

David MacNaughton
President

North American Car (Canada) Limited

Raymond L. Bachinsky
Vice President-
General Manager

Tiger Railcar Leasing (U.K.) LTD.

Richard Bull
General Manager

Tiger Air

George M. Gross
President

Robert B. Burgess
Senior Vice President,
President-Aviquipo

Thomas C. Walker
Senior Vice President-
Fixed Base Division

Ronald J. Barowski
Vice President-Controller

Stephen Epstein
Vice President-
Human Resources

William D. Evans
Vice President and
General Manager-
Spare Parts Support

Hall's Motor Transit

John N. Hall
Chairman

Gerald N. Hall
President

Raymond Buch
Executive Vice President-
Chief Operating Officer

Buddy G. Cummings
Vice President-
General Transportation

J. Thomas Bailey
Vice President-Sales
and Marketing

Alvin M. Bodford
Executive Vice President
and Administration and
Treasurer

D. Richard Hassinger
Vice President-Operations

Edward W. Keilher
Vice President-Traffic

David G. Quddor
Vice President-
Human Resources

Bruce Walker
Vice President-
Maintenance

Warren Transport

Roberto Molinaro
President

Harold C. Andrews
Executive Vice President,
Assistant Secretary and
Treasurer

Adel J. Warren
Executive Vice President
and Operations Manager

George S. Warren
Executive Vice President
and Safety Director

Kenneth A. Nelson
Vice President and
Traffic Manager

Howard A. Peterson
Vice President and
Comptroller

Tiger Distribution Services

Thomas B. Liesy
President

James A. Mucci
General Manager-
Tiger InterModal

**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, 1981**

Commission file number **1-6457**

(Exact name of registrant as
specified in its charter)

**TIGER
INTERNATIONAL,
INC.**

(State or other jurisdiction of
incorporation or organization)

Delaware

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

95-2623176

(Address of principal executive offices)

**1888 Century Park East,
Los Angeles, California
90067**

(Zip Code)

Registrant's telephone number,
including area code

(213) 552-6300

Securities registered pursuant to
Section 12(b) of the Act
and listed on the
New York Stock Exchange:

Common Stock, \$1 Par Value*

*Also listed on the Midwest and
Pacific Stock Exchanges

**8%% Convertible Subordinated
Debentures Due 2005**

**11½% Sinking Fund Debentures
Due 1995**

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:

**\$132,170,000 as of March 1, 1982 based
upon the closing quotation for that date.**

Indicate the number of shares
outstanding of each of the
registrant's classes of common
stock, as of March 1, 1982:

**17,034,646 Shares of Common Stock,
\$1 Par Value**

Documents Incorporated by Reference

**Information called for by Part III (Item 10) is
incorporated by reference from registrant's
definitive proxy statement for registrant's
1982 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, 1982, pursuant to Regulation 14A.**

ANNUAL REPORT ON FORM 10-K

December 31, 1981

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* Certain Portions Not Applicable

** Not Applicable

PART I.

ITEM 1. BUSINESS.

Tiger International, Inc. ("Tiger") is engaged, through its subsidiaries, in air cargo, railcar services, aviation services and trucking

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

Revenue and Operating Profit

Information regarding Tiger's revenues, operating profit and identifiable assets by industry segment and geographic area is included in Part II under the caption "Item 8. Financial Statements and Supplementary Data."

Air Cargo

The Flying Tiger Line Inc. ("Flying Tigers") is a certificated air carrier primarily engaged in the scheduled common carriage of cargo over a route system serving cities in the United States, Asia and Europe. Flying Tigers is the largest air cargo carrier in the free world as measured by cargo revenue ton miles carried in 1981. On October 1, 1980 Flying Tigers merged with Seaboard World Airlines, Inc. Seaboard's results of operations have not been included in Tiger's consolidated financial statements prior to October 1, 1980.

Scheduled Operations

Domestic. As of March 1, 1982, Flying Tigers provided scheduled air service for both cargo and mail directly to the following U.S. cities: Anchorage, Atlanta, Boston, Charlotte, Chicago, Cleveland, Dallas-Fort Worth, Detroit, Houston, Los Angeles, Miami, Minneapolis, New York, Philadelphia, San Francisco-Oakland, Seattle-Tacoma, Syracuse, and San Juan, Puerto Rico. Service is provided to the following cities through other carriers on a sub-contract basis: Baltimore, Cincinnati, Denver, Orlando and St. Louis. Flying Tigers also transports, by coordinated air-truck and other modes of transportation, cargo originating at or destined to points other than the cities Flying Tigers serves by air.

International. As of March 1, 1982, Flying Tigers provided international scheduled air service for both cargo and mail directly between points served in the United States and points in Japan, the Republic of Korea, Hong Kong, the Republic of China (Taiwan), the Philippines, Malaysia, Singapore, the Republic of Ireland, France, the Federal Republic of Germany, Switzerland, Italy, the United Kingdom and Mexico. Service to the Benelux and the Scandinavian countries is provided via truck service to and from the cities which are served by air.

Charters

Commercial. Flying Tigers provides cargo charters within the United States and throughout the world. In 1981, Flying Tigers operated cargo charter flights which generated \$98,981,000 of operating revenues compared to \$80,164,000 in 1980 and \$38,808,000 in 1979.

In addition, in 1981 Flying Tigers began passenger charter service through its Metro International Division for charters between, primarily, the United States and Europe or the Middle East. Two of three Boeing 747-200 passenger aircraft were used in the Metro passenger charter operations in 1981, and are expected to be so utilized in 1982. Metro generated \$35,087,000 of operating revenues for its 12 months of operation in 1981. In prior years, Flying Tigers operated passenger charter flights, primarily carrying refugees or pilgrims, which generated revenues of \$25,326,000 and \$5,039,000 in 1980 and 1979, respectively.

Military. Military Airlift Command ("MAC") contracts for both passenger and cargo service are awarded annually on the basis of an airline's participation in the Civilian Reserve Air Fleet ("CRAF"). All of Flying Tigers' aircraft are committed to CRAF. Total revenues from MAC charters in the year ended December 31, 1981, were \$112,045,000 compared to \$86,035,000 in 1980 and \$45,485,000 in 1979. Flying Tigers was awarded a new MAC contract for the twelve months from October 1, 1981 to September 30, 1982, the fixed portion of which is in the amount of \$60,631,000. MAC contracts contain standard provisions which make them subject to renegotiation and termination for convenience by the U.S. Government. A third Boeing 747-200 passenger aircraft was used in MAC passenger charter operations in 1981, and will be similarly used in 1982.

Aircraft Operating Fleet

As of March 1, 1982, Flying Tigers' operating fleet consisted of seventeen DC-8-63 aircraft, seven DC-8-61 aircraft, three Boeing 747-100F aircraft, ten Boeing 747-200F aircraft and three Boeing 747-200 passenger aircraft. Two leased DC-8-63 aircraft were returned to a lessor during 1981 and a third will be returned in October of 1982. In 1981, Flying

Tigers sold its interests in three Boeing 747-100 freighters and related equipment for an aggregate consideration of approximately \$87,875,000. Substantially all of Flying Tigers' operating fleet is encumbered by equipment trust certificates, capital lease or similar obligations.

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 at times allocated the available fuel. In general, Flying Tigers has been able to obtain adequate fuel supplies to meet its commitments. The average price per gallon of fuel paid by Flying Tigers increased from \$1.02 in December, 1980 to \$1.13 in December, 1981.

Revenues and Revenue Ton Miles

The following table presents a percentage breakdown of Flying Tigers' sources of revenue for each of the past three years. Flying Tigers' revenues are seasonal, with more cargo carried in the third and fourth quarters of each year. Information as to Flying Tigers' revenues, income and identifiable assets is included in the Notes to the Consolidated Financial Statements, "Business Segment and Geographic Data".

	Year Ended December 31		
	1981	1980	1979
Sources of Operating Revenue (percent)			
Scheduled cargo operations	71.3%	73.1%	80.1%
Military Airlift Command	12.7	12.1	9.9
Charter	11.3	11.3	8.5
Other	4.7	3.5	1.5
	100.0%	100.0%	100.0%

The following table presents certain statistics relating to Flying Tigers' scheduled and nonscheduled cargo operations for each of the past three years. The load factors 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	1980	1979
Scheduled Cargo			
Revenue ton miles (thousands)			
Freight	1,603,217	1,405,117	1,164,382
Mail & Other	86,730	66,291	57,827
Load Factor (percent)	70.0	70.3	68.4
Revenue per ton mile (cents)	36.1	35.2	30.0
Nonscheduled Cargo			
Revenue ton miles (thousands)			
Military Airlift Command	236,681	189,724	132,720
Charter	272,276	217,419	127,157

Customers

Approximately 14% of Flying Tigers' business in 1979, 15% in 1980 and 16% in 1981 was performed for two agencies of the United States Government: the Military Airlift Command and the U.S. Postal Service. MAC charter rates, which were formerly established by the Civil Aeronautics Board ("CAB"), are now determined by negotiation between the individual carrier and MAC. Service mail rates continue to be established by the CAB, which has adopted a procedure whereby those rates are revised on a quarterly basis to reflect cost changes. The CAB, however, has proposed to establish a mail rates zone which would allow a carrier to negotiate rates within the zone with the Postal Service.

Flying Tigers' domestic and international cargo customers are freight forwarders, direct shippers and cargo agents. Approximately 7% of Flying Tigers' scheduled cargo business in 1980 was performed for one customer, compared to approximately 6% in 1979. By the end of 1981, substantially all the business of that customer, as well as a significant amount of other freight forwarding business, was not given to Flying Tigers because the customers arranged to utilize aircraft directly in their operations.

In early 1982, Flying Tigers introduced door-to-door service, with guaranteed delivery times, directly to retail customers. This is done in an effort to attract business which does not rely on freight forwarders or cargo agents.

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.

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 July, 1984 and its Transatlantic routes pursuant to a permanent Certificate of Public Convenience and Necessity. *Flying Tigers'* authorization to operate its international routes and to serve foreign points is further dependent upon permissions from foreign authorities. Often, *Flying Tigers'* rights stem from bilateral agreements between the United States and a foreign government.

Flying Tigers is a member of the International Air Transport Association ("IATA"), as are most major foreign international air carriers. Rates over international air transport routes are usually established by member agreement at periodic IATA Traffic Conferences. Specific agreements are subject to the 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. The CAB has approved the IATA Traffic Conference system until March 15, 1982; *Flying Tigers* assumes the CAB will continue its approval of this system during 1982.

Flying Tigers was able to effect rate increases in all markets in 1981. However, these increases did not keep pace with increased costs. Under tariff rules, the cargo rates charged by carriers are expressed in each country's own currency and have not generally been adjusted for foreign currency exchange rate fluctuations.

Environmental Regulations

Flying Tigers is complying with a regulation issued by the FAA under the Noise Control Act of 1972 (the "FAA Noise Rule") by replacing the existing engines on its DC-8 fleet with newer, quieter engines ("re-engining") and/or replacing the DC-8 aircraft with other aircraft. The re-engining is expected to be completed by 1985 and its cost will be approximately \$13,500,000 per aircraft, exclusive of spares and other components. The re-engining modification will comply with the FAA Noise Rule and will also decrease fuel consumption by approximately 15% in comparison with present DC-8 engine performance.

Certain of the airports into 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 U.S. Government international aviation policies are both increasing significantly the number of competitors and expanding the number of U.S. interior points served by foreign competitors. Air freight forwarders are customers of *Flying Tigers*, but are becoming increasingly competitive because they have a direct relationship with the original shipper and are buying or chartering aircraft for their own use or in conjunction with other forwarders. The air cargo industry itself as one transportation mode is in competition with alternative means of transportation such as trucks, buses, railroads and container ships.

In its domestic operation, *Flying Tigers* also competes with most of the major passenger air carriers. In international service, Japan Air Lines, Northwest Airlines, China Airlines, Pan American World Airways and Korean Airlines are *Flying Tigers'* major Transpacific competitors and Air France, Alitalia, British Airways, KLM, Lufthansa, Pan American World Airways, SAS and TWA are *Flying Tigers'* major Transatlantic competitors. Such carriers provide scheduled air cargo service to many of the same points as does *Flying Tigers*. Most of these competitors operate all-cargo aircraft as well as passenger aircraft which carry cargo in addition to passengers.

International rates in the air cargo industry are subject to the approval of the CAB as well as of various foreign governments. For further information, see "International Route Authorizations and Rates". Competition in air cargo markets is based on both price and service. Market pressures result in some price uniformity. 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: reliability, door-to-door time, pickup and delivery service, tracing ability, claims processing, customer service and price.

Railcar Services

North American Car Corporation and its subsidiaries ("North American") are primarily engaged in furnishing and providing services with respect to specialized types of railcars. North American furnishes these railcars and services 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, Mexico, and Western Europe. Railcars and services are also provided directly to the railroads.

Most railcars are furnished under full-service leases pursuant to which North American acquires, provides and maintains railcars, collects mileage compensation from railroads, pays certain property and related taxes, and performs various other administrative functions. North American also markets various elements of its full service lease program separately.

North American sells new and used railcars directly to its customers and provides maintenance and other services for them which they would otherwise perform for themselves. These services are provided on both project and, under North American's administrative services contracts, long-term contract bases. Under its leveraged lease program, North American arranges long-term, net capital leases of railcars to its customers from third party equity lessors and sells the railcars to such third parties.

Under its investor management programs, North American sells railcars to corporate and other investors subject to management agreements which provide that North American will manage, market and maintain the railcars for periods of up to approximately 20 years as part of its normal business operations. At the end of such agreements, North American has certain rights to remarket or purchase the railcars.

North American operates repair shops and light repair units throughout the United States and Canada to conduct its railcar repair, maintenance and inspection business. North American also modifies, constructs and rebuilds railcars for others at several of its shops.

Railcar Fleet

North American's railcar fleet at December 31, 1981, consisted of approximately 63,000 railcars. The fleet, as of December 31, 1980 and 1979 consisted of approximately 59,000 and 52,000 cars, respectively. Substantially all of the railcars in North American's fleet are encumbered under equipment trust, capitalized lease or similar obligations or operated by North American for others under North American's investor management programs or serviced for others under North American's administrative service contracts.

At December 31, 1981, approximately 31% of the railcars in the fleet were tank cars, 55% were covered hopper cars, and 14% were box, flat, and other types of railcars. The fleet is comprised of railcars owned by North American, held by North American under capitalized leases or similar obligations, operated by North American for others under North American's investor management program and serviced by North American for others under administrative services contracts. Railcars managed by North American under investor management programs or administrative services contracts are not reflected in North American's consolidated balance sheet and represent approximately 20% of the railcars in the above-described fleet.

Leases

Leases for railcars are generally at fixed rentals not subject to escalation during the term of the lease, except, where North American believes such lease provisions are appropriate, for increases in railcar costs or governmentally reported indices between the date of lease and delivery of new railcars. Occasionally, in response to market and other conditions, leases with rentals based on usage are entered. Leases for railcars in the fleet are for terms ranging for several months to over 10 years, with most such leases for terms of between 5 and 10 years. As of December 31, 1981, North American had firm rentals for railcars and related equipment owned and leased by North American and leased to others under operating and finance leases of approximately \$664,000,000 due to it during the period from January 1, 1982 through 1997, of which \$165,000,000 will be due in 1982 and \$347,000,000 during 1983 through 1986. Average fleet utilization of used railcars was 96% during 1981 and 99% during 1980. In addition, as of December 31,

1981 and 1980, 770 and 425 new railcars at a cost of approximately \$34,300,000 and \$19,900,000 were held in storage by North American.

North American's railcars are leased primarily to approximately 900 shippers and, to a lesser extent, 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

In recent years, the new railcars added to North American's fleet or sold have been either purchased as completed units or assembled at facilities of North American or its contractors from purchased kits or components. Often North American obtains and furnishes components directly to its suppliers and assemblers of railcars. In January, 1981, North American purchased the manufacturing business of its exclusive supplier of pressure differential (P.D.[®]) railcars for transporting dry bulk commodities.

In order to acquire railcars for its various programs, North American places purchase orders for standard types of railcars and components before it has obtained commitments for the lease or sale of such railcars. This practice is designed to take advantage of production economies and to maintain an available supply of railcars for lease and sale. Demand for new railcars has lessened compared to prior periods and, as a result, North American currently has new railcars with respect to which it has no lease or sale commitments.

In recent years North American has acquired railcars and components from a number of different manufacturers and assemblers in the United States, Canada, Mexico and Europe. Most of the railcars expected to be delivered to North American for 1982 are to be manufactured or assembled by three companies in the United States, in addition to North American.

Maintenance

The railcars under full-service leases are repaired and maintained at North American's own shops and light repair units and at various facilities owned by railroads and others. Running repairs, which account for approximately one-half of North American's total maintenance expense, are normally made by railroads and billed to North American in accordance with rates established by the Association of American Railroads (the "AAR"). North American makes substantially all railcar repairs, other than running repairs, at its own facilities.

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 two concerns with fleets substantially the same size as that of North American, and one concern with a slightly smaller fleet. Although price and service are important considerations in dealings with customers, the availability of equipment for lease is often a major factor in the leasing of railcars. As a leasing and servicing company, North American might be considered to be competing with, or facing potential competition from, customers who could provide such services for themselves.

Railroads do not supply tank cars and hence do not compete with North American in offering tank cars to shippers. Railroads do supply covered hopper cars for grain and fertilizer service and such cars do compete directly with privately owned covered hopper cars suitable for such service. However, railroads do not generally offer covered hopper cars for pelletized plastic resin service (those in excess of 5,000 cubic feet) or P.D.[®] covered hopper cars and hence do not generally compete with respect to such cars. North American currently has approximately 4,100 plastic pellet and P.D.[®] type railcars in its fleet.

The competition with railroad-supplied, grain covered hopper cars arises in part because of railroad restrictions on the use of similar equipment 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, railroads may seek to cancel approvals, may request or require shippers to alternate loadings of privately and railroad supplied grain covered hopper cars in accordance with ratios established by the railroads, or decline to grant new approvals in order to keep railroad owned cars moving in preference to private cars.

There currently exists a surplus supply of grain covered hopper cars in relation to demand. The last extended period during which a surplus of grain covered hopper cars occurred was 1975 and 1976. As a result of the present surplus, competition of privately-supplied grain covered hopper cars with railroad-supplied grain covered hopper cars is particularly intense for cars originating on a number of railroads.

Regulation

North American is not a common carrier and is not subject to regulation or supervision by the Interstate Commerce Commission (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. In addition, railroads assert authority to restrict the use of non-tank railcars supplied by shippers (see "Competition").

International Activities

North American activities outside the United States include the leasing of railcars, principally in Canada, Mexico and Western Europe. Information as to North American's revenues, income and identifiable assets is included in the Notes to the Consolidated Financial Statements, "Business Segment and Geographic Data".

Other Activities

Tiger Financial Services, Inc., a wholly owned subsidiary of North American, is involved in the brokerage of leveraged lease transactions of various types of capital equipment, primarily transportation and energy-related equipment. During 1980 such transactions involved the placement of financing for equipment with a cost of approximately \$220 million. A major portion of the \$182 million placed by Tiger Financial Services during 1981 consisted of sales of tax benefits under the Economic Recovery Tax Act.

North American's Terminal Services Division furnishes, leases and services storage tanks for storage and blending of bulk liquids. North American's Chemical Division blends and packages water purification chemicals such as chlorine, caustic soda, and bleach which are then marketed to municipalities, private companies and institutions in the Midwest.

Aviation Services

TigerAir, Inc. ("TigerAir") organized into two business groups during 1981: Commercial Corporate Aircraft Sales and Leasing, and Aviation Services. Management is emphasizing the Aviation Services group and expects to continue efforts to dispose of TigerAir's fleet of commercial aircraft. Substantially all of TigerAir's fleet is encumbered by debt.

The Aviation Services group consists of four fixed base operations ("FBO") and three supply companies. FBOs, located in Salt Lake City, Utah; White Plains, New York; Denver, Colorado; and Burbank, California, sell and charter light aircraft and sell fuel, aircraft parts, repair and light modification services to the general aviation market. The Denver FBO was acquired in 1981. FBO's compete with other fixed base operations located at each airport. Generally, jet fuel sales to corporate users at the FBO's have not been materially impacted by the recession, but sales of light aircraft, particularly piston-powered aircraft, lagged during 1981, primarily due to higher financing costs to the buyer.

The supply companies furnish aircraft parts and auxiliary fuel tank systems to the domestic and international aviation and airport authority markets, including private, commercial and government owned aircraft. Revenues derived from TigerAir's aviation equipment operations were down to \$51,881,000 in 1981 from \$55,342,000 in 1980. The revenue reduction is attributable to reduced commercial aircraft flying, offset by improved operating efficiencies and controls. Commercial aircraft constitute a significant portion of the supply companies' customers.

During 1981, Aircraft Sales and Leasing group transferred three Boeing 747's to Flying Tigers, and wrote down the realizable value of its remaining fleet by approximately \$11,200,000. At December 31, 1981, TigerAir's fleet included four 727-200's and two DC-10's on lease, and twelve aircraft for sale with an aggregate net book value for all TigerAir aircraft of \$83,300,000.

Trucking

Tiger controls two trucking companies, Hall's Motor Transit Company ("Hall's") and Warren Transport, Inc. ("Warren"). Each company is separately managed and specializes in different types of motor carrier service.

Hall's was acquired by Tiger on January 24, 1980. Dohrn Transfer Company ("Dohrn"), a common carrier engaged in motor freight transportation primarily in the North Central and Great Lakes regions, was acquired by Halls in January, 1981. Hall's results of operations include Dohrn beginning January 1, 1981; Dohrn was merged into Hall's on April 19, 1981. On the basis of operating revenues for 1981, Hall's ranked as the fourteenth largest motor carrier in the United States.

Hall's is a common carrier of general commodities by motor vehicle, operating in interstate and foreign commerce in 23 states and the District of Columbia under authority granted by the ICC, 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 Pennsylvania, New York, Maryland, Wisconsin and Illinois under authority granted by the applicable state commissions

Hall's operating revenues were \$253,300,000 in 1981, \$197,100,000 in 1980 and \$199,300,000 in 1979. For these same three fiscal years, Hall's handled 1.2 billion ton-miles in 1981, 1.0 billion ton-miles in 1980 and 1.2 billion ton-miles in 1979. Hall's operating ratio was 100.7% in 1981, 96.9% in 1980 and 95.7% in 1979.

Hall's is authorized to transport general commodities, with exceptions, over a network of regular routes. In 1981 Hall's received from the ICC a preliminary grant for nationwide, general commodities authority. In addition, Hall's maintains interline connections beyond its territory to most other cities in the United States and to points in Eastern Canada. It also possesses irregular route general commodity authority from and to specified points or areas in 13 states and the District of Columbia and irregular route specific commodity authority from and to specified points or areas in 38 states and the District of Columbia.

Hall's has 60 agencies in 55 cities booking freight for its Special Commodities Division, which transports chiefly iron, steel, and related products, glass and refrigerated shipments, on a commission basis.

Of the total intercity tonnage carried during 1981 by Hall's, 88% both originated and terminated within the Hall's system, the remaining 12% either originated or terminated with Hall's. During the fiscal years ended December 26, 1981, and December 27, 1980, 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. None of Hall's customers accounted for more than 1% of Hall's revenues.

Warren was acquired on June 1, 1981. Warren's results of operations are not included in Tiger's consolidated financial statements prior to that date. Warren is primarily a specialized truckload hauler of heavy machinery and other commodities that require special equipment. Warren is the leading hauler of agricultural machinery in the United States.

Warren's operating revenues were \$49,900,000 in 1981, \$46,300,000 in 1980 and \$41,200,000 in 1979. For these same three fiscal years, Warren handled 525 million ton-miles in 1981, 485 million ton-miles in 1980 and 455 million ton-miles in 1979. Warren's operating ratio was 92% in 1981, 91.3% in 1980 and 90.7% in 1979. A significant portion of Warren's business in 1981 and 1980 was performed for one customer.

On June 16, 1981, Warren was 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 foreign commerce to and from specified points in the Province of Ontario and by the applicable state commissions to operate in intrastate commerce in Missouri, Nebraska, Kansas, Iowa, Illinois, and Minnesota.

Equipment

As of December 26, 1981, Hall's owned 1,967 truck tractors, 4,131 van semitrailers and 292 trucks, substantially all of which is encumbered by debt. Hall's also leases truck tractors, with or without drivers, from brokers and owner-operators, as needed for its operations, generally for the purpose of hauling steel, glass and perishables.

As of December 31, 1981, Warren owned 16 tractors (switch only) and 1,281 semitrailers. 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 issued by the ICC. These certificates specify the commodities that can be hauled and the territory in which a carrier can operate. The Motor Carrier Act of 1980 ("Motor Carrier Act") simplified this process and eased the burden on a carrier seeking new or expanded authority.

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 has 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's, 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's. 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. Normally, 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.

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 buys diesel fuel in bulk for delivery to each of its terminals for use as needed by its trucks. Because of the placement of its terminals, a relatively small portion of the diesel fuel used by Hall's trucks is purchased from truck stops and other retail sales outlets. 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. However, the cost of fuel has increased significantly and only part of the additional cost of fuel has been offset by increased rates authorized by the various regulatory commissions.

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

Other Activities

Tiger Distribution Services

In November, 1981, Tiger Distribution Services ("TDS") was established as an operating division of Tiger, to develop intermodal business opportunities, establish corporate marketing programs and provide both internal (to Tiger) and external transportation consulting services.

Computer Leasing

Through its Tiger Computer division in the United States and its Tiger Leasing Division in Europe, National Equipment Rental, Ltd. ("NER") leases, arranges leases of, and provides administrative and remarketing services in connection with, IBM System 370 and 3000 Series computer equipment.

At December 31, 1981, computers on operating and finance leases had firm and insured rentals of \$23,700,000, or 73% of the book value of such equipment. In addition, NER arranges, administers and/or has remarketing agreements for computer leases with nonaffiliated investors. NER's investment in the computer equipment related to these leases at December 31, 1981, was \$11,100,000 or 7% of original cost.

Private Mortgage Insurance

As a consequence of Tiger's decision to concentrate its future activities in transportation related businesses, Tiger sold its former subsidiary, Tiger Investors Mortgage Insurance Company, and its subsidiaries for a purchase price of approximately \$83,000,000 in cash on February 26, 1981.

Tiger Employees

As of December 31, 1981, Tiger and its subsidiaries had approximately 13,950 employees. Approximately 3,000 of Flying Tigers' employees in the United States are covered by contracts between Flying Tigers and three unions. During

1982, pursuant to the provisions of Title II of the Railway Labor Act, Flying Tigers and the three unions will be negotiating new contracts. Approximately 3,600 Hall's employees are governed by labor agreements between Hall's and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America; approximately 240 additional Tiger employees are covered by other union contracts, all of which contracts expire and will be renegotiated in 1982.

ITEM 2. PROPERTIES.

Tiger's executive offices are located in leased space in Los Angeles, California. These offices cover approximately 48,500 square feet 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 and a general office building, including a ten-story office tower, have been constructed on this property by Flying Tigers. Flying Tigers also has entered into long-term leases on airport facilities at most of the cities it serves. Flying Tigers' operating fleet is described under the caption "Item 1. Business."

In addition to the railcars described above under the caption "Item 1. Business.", North American operates 15 repair shops throughout the United States and Canada at which it conducts railcar repair, modification, rebuilding and, to a lesser extent, assembly. Such repair shops are owned or leased by North American or its affiliates. North American leases its executive offices in Chicago, Illinois and sales offices in cities throughout the country.

The aircraft owned by TigerAir are described under the caption "Item 1. Business." TigerAir leases its executive offices in Atlanta, Georgia and its subsidiaries lease office space and hangar and warehouse facilities throughout the United States. TigerAir subsidiaries also lease sales offices and warehouse facilities in foreign cities.

Hall's owns a 36-acre tract in Mechanicsburg, Pennsylvania where it maintains its executive and general offices, breakbulk terminal, and principal garage facility. Hall's maintains 96 terminal facilities in 89 cities in 23 states and the Province of Quebec. Hall's operates 80 of the 96 terminals, of which it owns 50 and leases 30 under leases due to expire between 1982 and 2001. Of the 15 terminals not used by Hall's, 7 are leased to unrelated parties and 8 are vacant. Hall's equipment is described under the caption "Item 1. Business."

Warren maintains 16 terminals in 15 cities located in 9 states and the Province of Manitoba. Warren operates all 16 of these terminals, of which it owns 11 and leases 5. The leases are due to expire between 1982 and 1986. Warren's executive and general offices and principal garage facilities are in Waterloo, Iowa. Warren's equipment is described under the caption "Item 1. Business."

ITEM 3. LEGAL PROCEEDINGS.

In the ordinary course of business, Tiger and its subsidiaries become involved as defendants in various legal proceedings. It is the opinion of Tiger management, based upon the advice of its counsel, that the ultimate disposition of pending legal proceedings will not be material in relation to Tiger's consolidated financial position.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table shows persons known to Tiger to be the beneficial owners of more than five percent of the outstanding Tiger Common Stock, as of February 1, 1982:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Reliance Financial Services Corporation and its subsidiary, Reliance Insurance Company, 919 Third Avenue, New York, New York 100222	3,746,200(1)	21.92%
Mathers and Company, Inc. 125 S Wacker Drive, Chicago, Illinois 606061	1,134,610(2)	6.68%

(1) This information is derived from Amendment No. 9 to Schedule 13D, dated February 10, 1982, filed with the Securities and Exchange Commission by Reliance Financial Services Corporation, a subsidiary of Reliance Group, Inc. In such filing, Reliance reported that (i) it had sole voting and investment power with respect to all of the above-referenced shares and (ii) it had no shared voting or investment power with respect to such shares. In this filing, Reliance has stated that the above-referenced shares were acquired for investment as part of the general investment portfolio of Reliance Insurance Company, and that "subject to availability and price and subject to applicable laws and regulations, Reliance Insurance may increase its holdings but also reserves the right to dispose of any or all of such securities on terms and at prices determined by [it]." On April 22, 1980, Tiger commenced suit against Reliance Insurance Company and certain of its affiliates in the United States District Court for the Central District of California, alleging that their purchases of Tiger Common Stock violated the Federal securities laws and seeking injunctive relief.

(2) This information is derived from Amendment No. 1 to Schedule 13G, dated February 18, 1982, filed by Mathers and Company, Inc. In such filing, Mathers reported that (i) it had sole voting power with respect to 400,000 shares of Tiger Common Stock; (ii) it had sole investment power with respect to 1,134,610 shares of Tiger Common Stock; and (iii) it had no shared voting or investment power with respect to any shares of Tiger Common Stock.

The following table shows the number of shares of Tiger Common Stock beneficially owned by each director and by all directors and officers of the registration as a group (none of whom owns any other equity security of Tiger), as of March 30, 1982:

Name	Title of Class	Amount of Beneficial Ownership	Percent of Class
Wayne M. Hoffman	Common Stock	350,326	2.01%(A)
B. Houston Rehrig	Common Stock	456	(B)
Charles Luckman	Common Stock	3,912	(B)
Laurence C. Craigie	Common Stock	10,279	(B)
J. Howard Edgerton	Common Stock	5,596	(B)
William E. McKenna	Common Stock	910	(B)
Thomas F. Grojean	Common Stock	200,959	1.15%(A)
Gordon M. Metcalf	Common Stock	1,100	(B)
Charles T. Manatt	Common Stock	0	(B)
Gerald R. Ford	Common Stock	102	(B)
All directors and officers as a group	Common Stock	631,188	3.62%(A)

(A) Includes 30,250 shares of outstanding Tiger Common Stock (.17%) which Mr. Hoffman, 21,250 shares (.12%) which Mr. Grojean and 32,400 shares (.18%) which other Tiger officers have the right to acquire pursuant to options granted under Tiger's 1981 Key Employees Stock Option Plan, which options are exercisable after May 24, 1982, at the earliest. Tiger has entered into stock purchase agreements with certain of its principal executive officers pursuant to which such officers agreed to purchase, within ten years of the date of the agreement, a specified number of shares of Tiger Common Stock at the market price on the date of the agreement. The amounts shown include 200,000 shares, in the case of Mr. Hoffman, and 150,000 shares, in the case of Mr. Grojean, which each is obligated to purchase pursuant to agreements which have been approved by Tiger's stockholders. The amounts shown do not include 100,000 shares, in the case of Mr. Hoffman, and 80,000 shares, in the case of Mr. Grojean, which each is obligated to purchase pursuant to agreements which will be submitted to Tiger's stockholders for their approval.

(B) Less than 0.1% of the outstanding shares of Tiger Common Stock. Each of the foregoing persons has sole voting and investment powers with respect to all shares owned by him.

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 executive officers of Tiger at March 1, 1982.

<i>Name</i>	<i>Title</i>	<i>Age</i>
Wayne M. Hoffman	Chairman of the Board, Chief Executive Officer and Director	59
Thomas F. Grojean	President and Director	43
Martin A. Lynch	Senior Vice President—Finance	44
David L. Auchterlonie	Vice President—Controller	35
Walter H. Bernhardson	Vice President—Human Resources	50
Rolf Bodenbug	Vice President—Taxes	53
Robert J. Harter, Jr.	Vice President—Law and Corporate Secretary	37
Jack Reiter	Vice President—Government Relations	62

There is no family relationship between any of the foregoing persons.

The following is a brief account of the business experience during the past five years of the executive officers of Tiger.

Wayne M. Hoffman	Before becoming Chairman of the Board and Chief Executive Officer of Tiger in March, 1978, Mr. Hoffman had been President and Chief Executive Officer of Tiger since August, 1973.
Thomas F. Grojean	Before becoming President of Tiger in March, 1978, Mr. Grojean had been Executive Vice President of Tiger since September, 1975. In addition, Mr. Grojean has served as President of Flying Tigers since August, 1979.
Martin A. Lynch	Before becoming Senior Vice President—Finance in April, 1980, Mr. Lynch had been Vice President—Finance since July, 1979. Mr. Lynch was Vice President—Treasurer of Tiger from April, 1976 to June, 1979. Since 1971, Mr. Lynch has been a Vice President of North American and since March, 1976 he has been Treasurer of North American.
David L. Auchterlonie	Before becoming Vice President—Controller in September, 1980, Mr. Auchterlonie had been Senior Audit Manager of the Los Angeles office of Price Waterhouse since July, 1978. Mr. Auchterlonie had been with Price Waterhouse since September, 1968.
Walter H. Bernhardson	Before becoming Vice President—Human Resources of Tiger in May, 1979, Mr. Bernhardson had been Vice President—Personnel Relations for Flying Tigers since June, 1977, and Senior Director of Personnel Relations for Flying Tigers from 1972 to June, 1977.
Rolf Bodenbug	Before becoming Vice President—Taxes in July, 1979, Mr. Bodenbug had been Assistant Treasurer—Taxes from April, 1976.
Robert J. Harter, Jr.	Before becoming Vice President—Law and Corporate Secretary in June, 1980, Mr. Harter had been Vice President—Law since July, 1979. Mr. Harter was Associate General Counsel to Tiger from April, 1978 to June, 1979. Prior to April, 1978, Mr. Harter was an attorney with the Los Angeles law firms of Shutan & Trost from 1976 to 1978, and Gibson, Dunn & Crutcher from 1970 to 1976.
Jack Reiter	Before becoming Vice President—Government Relations in January, 1980, Mr. Reiter had been an attorney with the Washington, D.C. law firm of Zuckert, Scoutt & Rasenberger since March, 1979. Prior to that date, he had been Vice President, Government Affairs of World Airways, Inc. since 1968 and had been a director of World since 1975.

PART II.**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS.**

Tiger Common Stock is traded on the New York, Midwest and Pacific stock exchanges under the symbol TGR. As of March 1, 1982, there were approximately 23,450 record holders of Tiger Common Stock according to records maintained by Tiger's transfer agent. The range of the sales price of Tiger Common Stock by quarter and the cash dividends declared per common share for the two years ended December 31, 1981 are as follows:

	Quarter Ended			
	March 31	June 30	September 30	December 31
1981				
High	23.88	26.63	23.00	14.00
Low	18.50	21.50	11.88	11.63
Close	23.00	23.00	13.88	13.50
Cash dividends paid per common share	.20	.225	.225	.225
1980				
High	\$24.75	\$24.00	\$28.75	\$25.00
Low	17.88	20.00	22.00	21.13
Close	20.00	22.25	24.38	23.25
Cash dividends paid per common share	.20	.20	.20	.20

On March 1, 1982, the closing sales price of Tiger's Common Stock amounted to \$7.88 per share.

Certain bank credit agreements provide for restrictions on the payment of cash dividends. At December 31, 1981, under the most restrictive of the agreements, approximately \$5.4 million of retained earnings were available for the payment of cash dividends; approximately \$11,400,000 of cash dividends were declared in 1981. The Board of Directors of Tiger determined not to declare a dividend for the first quarter of 1982, and has made no decision with respect to future dividends.

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected consolidated financial data for the Company and its subsidiaries for each of the five years ended December 31, 1981 (in thousands, except per share and ratio data):

	1981	1980	1979	1978	1977
Results of operations					
Revenues	\$ 1,673,350	\$ 1,372,877	\$ 847,320	\$ 692,506	\$ 504,234
Net income (loss)	\$ (16,613)	\$ 42,375	\$ 43,627	\$ 50,019	\$ 26,344
Earnings (loss) per common share	\$ (.98)	\$ 2.68	\$ 3.03	\$ 3.68	\$ 2.08
Cash dividends declared per common share	\$.675	\$.80	\$.80	\$.60	\$.50
Funds provided by operations*	\$ 337,650	\$ 301,196	\$ 225,136	\$ 225,997	\$ 158,771
Ratio of earnings to fixed charges	.86	1.36	1.57	1.81	1.47
Financial position					
Total assets	\$ 2,702,397	\$ 2,758,425	\$ 1,940,601	\$ 1,616,655	\$ 1,504,982
Long-term obligations and minority preferred stock subject to mandatory redemption	\$ 1,703,399	\$ 1,655,575	\$ 1,151,851	\$ 952,845	\$ 961,396
Stockholders' equity	\$ 419,389	\$ 446,279	\$ 357,846	\$ 325,301	\$ 246,413
Long-term debt to equity ratio	4.05	3.70	3.20	2.91	3.87
Book value per common share	\$ 24.76	\$ 26.45	\$ 25.12	\$ 22.86	\$ 19.42

*Includes working capital provided by operations, collection of finance lease, long-term and other receivables, sale or retirement of property, plant and equipment and other assets. See Management Discussion and Analysis on page 13 and Consolidated Statement of Changes in Financial Position on page 23, and for additional information pertaining to source and use of funds.

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

Summary

Tiger is an international transportation and related services company. The Company has grown in each of its businesses (air cargo, railcar services, aviation services and trucking) over the past three years through both internal growth and acquisition.

This growth has required substantial investment. During the past three years, \$1.3 billion has been spent for 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, Warren and Dohrn were also acquired to complement the trucking business and two other transportation related businesses were also acquired. Lower than anticipated operating results in both 1980 and 1981 combined with funds required for the acquisitions and equipment additions have had the effect of increasing Tiger's debt to equity ratio from 3.20 to 1 in 1979 to 4.05 to 1 in 1981.

Tiger reported a net loss of \$16.6 million for 1981 compared to a net income of \$42.4 million in 1980. The current recession and continued high interest rates have negatively impacted each of Tiger's operations. The deterioration of the economy combined with the decline in domestic air cargo and truck freight and a slowdown in railcar sales and leasing markets resulted in lower than anticipated revenues and a consolidated operating loss in 1981. As a result of the 1981 fourth quarter loss coupled with poor economic conditions, Tiger omitted its first quarter dividend for 1982.

Liquidity and Capital Resources

Tiger International receives funds from its subsidiaries to meet its cash requirements and it also borrows funds. The Company's sources of funds include public and private issuances of equipment trust certificates, tax exempt revenue bonds, common stock and debentures. Additional sources include available bank facilities. At December 31, 1981 the Company had approximately \$295 million of unused bank facilities pursuant to formal and informal agreements.

The acquisitions completed during 1981 cost Tiger approximately \$65 million including the assumption of debt and liabilities of \$25 million. The 1980 acquisitions cost Tiger approximately \$352 million including the assumption of debt and liabilities of \$198 million. The acquisitions were financed from funds from operations, available bank commitments and issuances of common stock and debentures.

During the first half of 1981, Tiger received approximately \$70 million from the sale of its interest in three B-747-100 freighter aircraft and related equipment, and approximately \$83 million from the sale of its mortgage insurance subsidiary. These proceeds were used primarily to pay outstanding bank debt. During the fourth quarter of 1981 Flying Tigers issued approximately \$120 million of long-term debt securities which were used to refinance short-term bank debt.

1981 capital expenditures of \$186 million reflect a substantial reduction compared to 1980 expenditures of \$549 million. Capital requirements for 1982 are expected to be further curtailed until economic conditions improve. At December 31, 1981 purchase commitments amounted to \$370 million (as described in the note on page 33); these commitments relate principally to re-engining requirements for Flying Tigers DC-8 aircraft and to railcar deliveries.

Funds provided by operations amounted to \$337.7 million in 1981 including \$151.9 million of sales of aircraft and insurance operations compared to \$301.2 million in 1980. The net decline in funds provided is largely as a result of adverse operating results caused by economic conditions including high interest rates. At December 31, 1981, the Company had total debt outstanding of approximately \$1.8 billion with an average term of 7 years; approximately \$500 million of debt is subject to short-term interest fluctuations.

Results of Operations — Overview

1981 revenues of approximately \$1.7 billion exceeded 1980 revenues by 22% or approximately \$300 million. 1980 revenues exceeded 1979 revenues by 62% or approximately \$530 million. 1980 and 1979 revenues have been restated to report railcar sales net of related costs. They previously had been reported separately in results of operations as revenues and cost of sales, respectively.

The net loss of approximately \$17 million in 1981 compares unfavorably to the net income of \$42 million in 1980. The 1981 results were attributed to the economic recession, competitive pressure in most of Tiger's markets, and high interest costs. Also contributing to the earnings decline was a write-down of approximately \$22.7 million related to aircraft and leasing related assets. 1981 was favorably impacted by the sale of the Company's interest in three B-747s for a pretax gain of approximately \$35 million, a pretax gain of \$18.7 million on the sale of tax benefits and the sale of the mortgage insurance group for a pretax gain of approximately \$6 million. 1980 results were aided by a pretax gain on the sale of Tiger's interest in a real estate partnership amounting to approximately \$15 million. 1980 net income declined 3% from 1979 due to higher operating costs and poor economic conditions.

Air Cargo

1981 Flying Tigers revenues increased 30% over 1980 revenues from \$713 million to \$925 million. 1981 results include a full years' revenue from Seaboard whereas 1980 results reflect revenues from the date of acquisition in October 1980. 1980 revenues increased 53% from 1979. Flying Tigers sustained a pretax loss of \$23 million in 1981 compared to a pretax loss of \$10 million in 1980 and \$1 million of pretax income in 1979. Included in the 1981 results is the pretax gain of \$35 million on the sale of three B747-100s.

Flying Tigers' scheduled service revenues increased 21% in 1981 over 1980 revenue levels, reflecting a full year of Seaboard transatlantic operations. The transpacific route system remained strong during 1981 increasing revenues by 13% due primarily to higher average yields and increased volumes. The transatlantic route system was adversely affected during most of 1981 by highly competitive contract rates and excess capacity which made implementation of rate increases difficult. The domestic route system experienced intense competition during 1981 as revenues declined 5% over 1980 levels while volumes declined 8%. The domestic route system has been unfavorably affected by competition from freight forwarders arranging for their own aircraft which has reduced Flying Tigers' volumes. Additionally, the weak United States economy has negatively impacted Flying Tigers domestic traffic resulting in lower yields and volumes. These factors are expected to continue during 1982. The Company has implemented a commercial shipper retail program in an effort to offset trends experienced in 1981.

Military Aircraft Command revenues have increased significantly during the past three years increasing in 1981 30% over 1980 levels and 89% in 1980 over 1979 levels. The significant increase is the result of a much larger dedicated fleet due to the acquisition of Seaboard and aircraft purchases. MAC allocates business based upon the size of the dedicated fleet. 1982 contract awards are expected to decline as a result of reduced fleet size due to the sale of the three B-747s.

Commercial Charter revenues were \$99 million in 1981, an increase of 23% over 1980 while 1980 revenues increased 107% over 1979 levels. The implementation of a new commercial passenger program (METRO) resulted in the major charter revenue increase for 1981. Two passenger B-747's used in the METRO program, along with one other B-747, were leased for most of the year from TigerAir. During December 1981 these aircraft were transferred to Flying Tigers and refinanced under a favorable long-term fixed rate financing.

1981 costs and expenses increased 31% over 1980. The increase is attributable in part to the increased flying as the result of the Seaboard acquisition. Depreciation and interest costs increased faster than general costs adversely affecting profitability. The higher than normal increase in these costs is the result of aircraft acquisitions late in 1980. Fuel prices also adversely affected profitability increasing 14% during 1981 to an average price per gallon of \$1.13. In 1980 the average price per gallon increased by approximately 70%.

Railcar Services

North American revenues were \$308 million in 1981, a slight decrease from \$309 million in 1980. Currently, revenues for new and remarketing railcar sales are reported net of cost of goods sold. These transactions were previously reported during 1980 and 1979 separately in results of operations as revenues and costs of sales; prior periods have been restated to reflect this change. Revenues in 1980 increased 20% over 1979. Although revenues in 1981 are similar in amount to those reported in 1980 a number of factors influence relative comparability. These include the favorable impact in 1981 of sales of tax benefits and the strong performances by North American's international operations, offset by the adverse impact in 1981 of the continuing soft railcar market resulting in reduced railcar placements and reduced volumes at the car repair division. A prolonged labor dispute at a repair shop during 1981 contributed to the curtailment of car repair and railcar assembly activities.

Earnings in 1981 were negatively influenced by the railcar market and weak demand resulting in low railcar orders, lower fleet productivity and a decline in brokerage activities. The softness of the market is largely a function of the overall economic environment and is anticipated to continue in 1982. Interest costs throughout 1981 have hampered placements of both new and used railcars during the year. Despite the higher interest rates, North American Car successfully placed 1,000 used railcars through its used car investor program during 1981, and sustained steady earnings from leasing activities and other core operations.

The passage of the 1981 Economic Recovery Tax Act enabled North American Car to realize pretax income of approximately \$17.7 million from the sale of tax benefits. 1981 pretax income of \$70 million was a decrease of \$10 million from 1980. The decrease resulted primarily from soft new railcar demand and the lower volumes of North American's Car Repair Division. Also unfavorably affecting pretax income is a \$4 million write down of various non-rolling stock assets. 1980 results were favorably affected by new car sales and remarketing sales which were particularly strong.

Aviation Services

Aviation services operations reported revenues of \$148 million for 1981, an increase of 25% over 1980 revenues. 1980 revenues exceeded 1979 revenues by 33%. TigerAir's revenues increased due to expansion of their fixed base operations (primarily fueling, light maintenance and storage services aimed at corporate aircraft fleets) and spare parts sales activities.

Aviation services sustained a pretax loss of \$24 million in 1981 compared to a pretax loss of \$8 million in 1980 and pretax income of \$13 million in 1979. Operations in 1981 and 1980 were negatively impacted by the high carrying costs associated with three passenger B-747s purchased during 1980. These aircraft were on lease to Flying Tigers for use in their charter programs during most of 1981. Also affecting TigerAir's operations during 1981 was a weak aircraft market which significantly depressed prices and resulted in the write-down of certain aircraft by \$11 million pretax. The fixed base operations and the spare parts sales were profitable in 1980 and 1981. 1979 profits were primarily attributable to major aircraft sales and brokerage transactions.

Trucking

Combined trucking operations reported a pretax loss of \$3 million on revenues of \$287 million in 1981 as compared to pretax income of \$6 million on revenues of \$187 million for 1980. Tiger acquired Hall's Motor Transit in January 1980. The 53% increase in trucking revenues in 1981 as compared to 1980 is due primarily to Tiger's acquisition of Dohrn Transfer Company in January 1981 and the June 1981 acquisition of Warren Transport, a specialized truckload hauler of heavy machinery and other specialized equipment used in both the farm and construction industries.

The deterioration of the economy adversely impacted Hall's which operates in regions which were severely impacted during 1981. Hall's was less successful in controlling wages and benefit costs in 1981 as compared to 1980. The 1981 operating ratio was 100.7%, approximately 3.8% greater than 1980.

During 1982, Hall's expects to finalize a new Teamster contract which is expected to improve productivity of its union workforce.

To profitably operate in the current deregulated trucking environment, Hall's commenced a discount rate program in the third quarter aimed at increasing its share of less than truckload (LTL) shipments. The full impact of the program will not be known for several months. LTL shipping operations require a complex freight handling network that is too capital intensive for most new entrants to duplicate.

The acquisition of Warren Transport contributed favorably to Tiger's trucking operations during 1981. After being acquired June 1, 1981, Warren recorded revenues of \$30.4 million and pretax income of \$3.7 million. Warren experienced little increase in income over 1980 as the farming and construction industries have been severely impacted by the recession. Warren was able to maintain profitability as a result of increasing its market share during 1981. The current recession is expected to negatively impact Warren's profitability during 1982.

Impact of Inflation

Worldwide inflation has an impact on Tiger's results of operations and financial position which are reported in historical amounts. Tiger has estimated the impact of inflation for selected financial information on pages 38 to 41.

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) except for the insurance subsidiary which is accounted for by the equity method as described in the note on insurance operations and investments. All significant intercompany accounts and transactions have been eliminated. During the year ended December 31, 1981, new railcar sales have been recorded in revenues net of related costs of sales inasmuch as these railcars are usually placed with third parties before delivery to the Company. Certain reclassifications have been made to conform prior period information with the 1981 presentation.

Leases

In addition to its air cargo and trucking operations, the Company is engaged in the business of leasing railcars, aircraft, computers and other equipment. Most of the Company's leases are classified as operating leases. Rentals from these leases are reported as revenue 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 records income related to certain leases (other than aircraft and 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

Foreign currency accounts are translated in accordance with Statement of Financial Accounting Standards No. 8. Under this method, balance sheet accounts are translated at exchange rates in effect at the end of the period for monetary items (cash, receivables, payables, debt, etc.) and at the rate in effect at the time of acquisition for non-monetary items (inventories, property and equipment, investments, equity accounts). Income and expense accounts are translated at the average rate prevailing during the period except for cost of sales, depreciation and amortization which are translated at the exchange rate in effect when the related non-monetary assets were acquired. Exchange gains and losses from both realized transactions and unrealized translations are included in current period results of operations.

In December 1981, the Financial Accounting Standards Board issued a revised Statement on Translation of Foreign Currencies. The business segment and geographic data note describes the estimated effect on the consolidated results of operations if this new standard had been adopted for the year ended December 31, 1981.

Inventories

Inventories consist of maintenance and assembly parts for aircraft, trucks and leased equipment and are carried at the lower of cost or market. 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: railcars — 25 to 30 years; aircraft — 5 to 20 years (15% maximum salvage value); trucks — 6 to 8 years; other — 2 to 40 years (average 15 years). Accelerated depreciation methods are utilized for certain computers and aircraft leased or held for lease.

Intangibles

Intangibles consist of cost in excess of fair value of net assets of acquired businesses. Those acquired prior to November 1, 1970 (\$15,863,000) are considered to have an unlimited life and are not being amortized. All others

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

acquired since that date are amortized on a straight-line basis over their estimated useful lives of 20 to 40 years. No cost was assigned to intangible motor carrier operating rights of trucking businesses acquired.

Short-Term Borrowings and Current Portion of Long-Term Obligations

The Company has long-term revolving credit facilities with lenders providing it with the ability to refinance short-term borrowings. To the extent management intends to refinance short-term borrowings with long-term financing such borrowings have been classified in the accompanying consolidated financial statements as long-term obligations.

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 subsidiaries which are expected to be invested indefinitely.

Investment tax credits on equipment acquired for use in air cargo, trucking and aviation 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 in the year in which they are so 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 carry-forward period. Investment tax credits arising from the acquisition of equipment for lease under finance leases are accounted for under the deferral method. Under this method the credits are amortized over the initial terms of the related lease in decreasing amounts in relation to the declining balance of the unrecovered investments.

Investment tax credits which have been utilized 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.

During 1981, the Company entered into agreements permitted under the Economic Recovery Tax Act of 1981 to sell tax benefits through tax leases. Under terms of the agreements, the Company transferred investment tax credits and depreciation tax benefits of asset ownership for certain assets placed in service during the year. Aggregate cash proceeds received from these transactions are recognized as income.

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, 1981, 1980 and 1979.

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Years Ended December 31		
	1981	1980	1979
	(In thousands, except per share data)		
Revenues			
Operating revenues	\$ 1,624,394	\$ 1,340,245	\$ 829,907
Other	48,956	18,560	3,485
Pretax income of unconsolidated insurance subsidiary	—	14,072	13,928
	<u>1,673,350</u>	<u>1,372,877</u>	<u>847,320</u>
Costs and Expenses			
Costs of operations	1,185,979	916,949	502,534
Selling, general and administrative	167,741	137,792	99,896
Depreciation and amortization	155,588	118,332	81,649
Interest	199,768	153,094	106,411
Interest capitalized	(5,413)	(12,165)	(7,293)
	<u>1,703,663</u>	<u>1,314,002</u>	<u>783,197</u>
Income (Loss) Before Income Tax Provision (Benefit)	<u>(30,313)</u>	<u>58,875</u>	<u>64,123</u>
Income tax provision (benefit)	(13,700)	16,500	20,496
Net Income (Loss)	<u>\$ (16,613)</u>	<u>\$ 42,375</u>	<u>\$ 43,627</u>
Shares used in computation of earnings (loss) per share	<u>17,000</u>	<u>15,810</u>	<u>14,405</u>
Earnings (Loss) Per Share	<u>\$ (.98)</u>	<u>\$ 2.68</u>	<u>\$ 3.03</u>

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

CONSOLIDATED BALANCE SHEET

Assets	December 31	
	1981	1980
	(In thousands)	
Current Assets		
Cash	\$ 46,968	\$ 42,033
Receivables, net	253,490	246,389
Inventories	125,288	105,613
Prepaid expenses and other	25,577	17,672
Total Current Assets	451,323	411,707
Investment in Finance Leases	119,839	116,228
Property, Plant and Equipment		
Equipment used in operations	2,350,643	2,402,405
Buildings and leasehold improvements	142,245	109,487
Shop and terminal facilities and other	107,766	87,820
Construction in process	38,499	48,952
	2,639,153	2,648,664
Less accumulated depreciation and amortization	736,881	645,470
	1,902,272	2,003,194
Other Assets		
Investment in unconsolidated insurance subsidiary	—	76,421
Investments, other receivables and deposits	134,207	81,541
Cost in excess of fair value of acquired businesses, net	94,756	69,334
	228,963	227,296
Total Assets	\$2,702,397	\$2,758,425

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

Liabilities and Stockholders' Equity	December 31	
	1981	1980
	(In thousands)	
Current Liabilities		
Short-term borrowings	\$ 5,757	\$ 53,565
Current portion of long-term obligations	77,835	51,247
Accounts payable and accrued liabilities	290,332	299,844
<i>Total Current Liabilities</i>	<i>373,924</i>	<i>404,656</i>
Long-term Obligations		
Notes payable and equipment obligations	1,193,600	1,113,312
Subordinated debt	78,858	81,730
Capital lease obligations	425,125	454,200
	1,697,583	1,649,242
Deferred Credits		
Deferred income taxes and tax credits	137,145	171,267
Other	68,540	80,648
	205,685	251,915
Commitments		
Minority Preferred Stock Subject to Mandatory Redemption	5,816	6,333
Stockholders' Equity		
Common stock, \$1 par value		
Authorized — 35,000,000 shares; outstanding — 17,001,398 and 16,888,811 shares	17,001	16,889
Additional paid-in capital	219,052	216,905
Retained earnings	184,780	212,833
	420,833	446,627
Less treasury stock, at cost (65,364 and 18,600 shares)	1,444	348
<i>Total Stockholders' Equity</i>	<i>419,389</i>	<i>446,279</i>
Total Liabilities and Stockholders' Equity	\$2,702,397	\$2,758,425

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	\$1 Par Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
For the three years ended December 31, 1981					
<i>(In thousands)</i>					
Balance at December 31, 1978	\$14,231	\$159,880	\$151,190	\$ —	\$325,301
Net income	—	—	43,627	—	43,627
Treasury stock purchase of 18,600 shares	—	—	—	(348)	(348)
Issuance of shares pursuant to the Executive Incentive Plan	34	858	—	—	892
Shares issued upon exercise of stock options	2	29	—	—	31
Unrealized depreciation of equity investments by insurance subsidiary	—	—	(247)	—	(247)
Cash dividends declared on common stock (\$.80 per share)	—	—	(11,410)	—	(11,410)
Balance at December 31, 1979	14,267	160,767	183,160	(348)	357,846
Net income	—	—	42,375	—	42,375
Shares issued in connection with acquisitions	2,501	53,547	—	—	56,048
Issuance of shares pursuant to the Executive Incentive Plan	35	706	—	—	741
Issuance of shares pursuant to the Qualified Employees Stock Purchase Plan	86	1,885	—	—	1,971
Unrealized appreciation of equity investments by insurance subsidiary	—	—	471	—	471
Cash dividends declared on common stock (\$.80 per share)	—	—	(13,173)	—	(13,173)
Balance at December 31, 1980	16,889	216,905	212,833	(348)	446,279
Net loss	—	—	(16,613)	—	(16,613)
Shares issued in connection with acquisitions	67	1,318	—	—	1,385
Issuance of shares 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 share)	—	—	(11,440)	—	(11,440)
Balance at December 31, 1981	\$17,001	\$219,052	\$184,780	\$(1,444)	\$419,389

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

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands)	For the Years Ended December 31		
	1981	1980	1979
Source of Funds			
Net income (loss)	\$ (16,613)	\$ 42,375	\$ 43,627
Items not involving working capital —			
Depreciation and amortization	155,588	118,332	81,649
Deferred income tax provision (benefit)	(13,909)	12,175	17,208
Gain on sale of insurance subsidiary	(5,850)	—	—
Gain on sale of equipment used in operations	(36,963)	(702)	—
Other	(3,321)	(1,276)	5,164
Working capital provided by operations	78,932	170,904	147,648
Collection of finance lease and long-term receivables	36,300	59,960	24,973
Retirement of property, plant and equipment	70,447	70,332	52,515
Proceeds from sale of insurance subsidiary	82,271	—	—
Proceeds from sale of B747-100 aircraft	69,700	—	—
	337,650	301,196	225,136
Net proceeds from debt financing	193,438	410,095	308,729
Issuance of common stock	2,259	58,760	923
Working capital of acquired businesses	6,547	(31,681)	142
Total Source of Funds	539,894	738,370	534,930
Application of Funds			
Acquisition of businesses	40,416	154,000	4,100
Additions to finance lease and long-term receivables	51,432	15,925	—
Additions to property, plant and equipment, net of new railcar sales	186,404	549,508	363,395
Payments on maturities of long-term obligations	150,332	97,077	113,295
Cash dividends on common stock	11,440	13,173	11,410
Other	29,522	(39,140)	37,816
Total Application of Funds	469,546	790,543	530,016
Increase (Decrease) in Working Capital	\$ 70,348	\$ (52,173)	\$ 4,914
Changes in Components of Working Capital			
Cash	\$ 4,935	\$ 845	\$ (24,187)
Receivables	7,101	89,085	50,143
Inventories	19,675	30,647	32,525
Prepaid expenses and other	7,905	8,825	2,569
Increase in Current Assets	39,616	129,402	61,050
Short-term borrowings (less portion reclassified to long-term in 1981 — \$124,000)	(47,808)	14,228	30,496
Current portion of long-term obligations	26,588	33,570	(4,364)
Accounts payable and accrued liabilities	(9,512)	133,777	30,004
Increase (Decrease) in Current Liabilities	(30,732)	181,575	56,136
Increase (Decrease) in Working Capital	\$ 70,348	\$ (52,173)	\$ 4,914

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

DETAILS OF CERTAIN ACCOUNTS**Supplemental Balance Sheet Information**

	December 31	
	1981	1980
(In thousands)		
Receivables		
Trade	\$245,727	\$240,221
Federal income tax receivable	5,083	—
Other	26,397	28,963
Less allowance for doubtful accounts and revenue adjustments	(23,717)	(22,795)
Receivables, net	\$253,490	\$246,389
Inventories		
Maintenance parts	\$ 31,215	\$ 23,026
Railcar repair and assembly parts	48,552	55,977
Aircraft, aircraft parts and other equipment held for sale	45,521	26,610
Inventories	\$125,288	\$105,613
Accounts Payable and Accrued Liabilities		
Accounts payable	\$147,872	\$152,552
Accrued liabilities		
Payroll	14,698	10,325
Vacations	21,690	17,270
Interest	34,120	35,676
Dividends	—	3,537
Income taxes	3,076	3,149
Taxes other than payroll and income taxes	8,943	8,647
Pensions	10,554	12,574
Other	49,379	56,114
Accounts Payable and Accrued Liabilities	\$290,332	\$299,844

Supplemental Statement of Operations Information

	For the Years Ended December 31		
	1981	1980	1979
(In thousands)			
Maintenance and repairs	\$141,647	\$125,374	\$ 92,221
Taxes other than payroll and income taxes	\$ 17,255	\$ 11,365	\$ 7,528
Amortization of cost in excess of fair value of acquired businesses	\$ 2,412	\$ 800	\$ 493

ACQUISITIONS AND DISPOSITIONS

Acquisitions

During 1980 the Company acquired Hall's Motor Transit Company, Seaboard World Airlines, Inc. and two other businesses for approximately \$154,000,000. These acquisitions have been accounted for as purchases and accordingly the results of their operations are included in the consolidated financial statements of the Company from the dates of acquisition. If the above acquisitions had occurred on January 1, 1980 the Company's unaudited pro forma results of operations for the year ended December 31, 1980 would be as follows: revenues of \$1,550,000,000 with net income of \$23,615,000 and earnings per share of \$1.41. This unaudited pro forma data was prepared by combining the reported operating results of the businesses acquired with the results of operations of the Company after making certain pro forma adjustments for the imputed interest on acquisition debt, for increased shares outstanding, and for depreciation and amortization of the cost of the assets and liabilities acquired.

During the first six months of 1981, an adjustment of approximately \$13,000,000 was made to the preliminary allocation of the purchase price related to the acquisition of Seaboard. This adjustment reflects the reduction of certain acquired asset values and increases in certain liability amounts with a corresponding increase in the cost in excess of fair value of acquired businesses (goodwill).

During 1981 the Company completed its acquisition of two trucking companies (Warren Transport and Dohrn Transfer), and two other businesses for cash and common stock aggregating approximately \$40,416,000. These acquisitions, which were accounted for as purchases, did not have a material effect on the Company's consolidated financial position or results of operations. The excess purchase prices over net assets acquired of approximately \$15,000,000 is being amortized over a period of 40 years. At the time of acquisition, Dohrn was not in compliance with certain technical financial provisions of debt arrangements. The aggregate principal amounts outstanding under these arrangements is approximately \$12,400,000 at December 31, 1981. The Company expects to restructure these loans.

In connection with the 1981 and 1980 acquisitions, the tax effect of book net operating loss carryforwards of approximately \$13,000,000 and investment tax credit carryforwards of approximately \$15,000,000 were also acquired and are available to reduce future income taxes otherwise payable. To the extent such carryforwards are utilized in the future the goodwill acquired will be reduced to reflect realization of the tax benefits acquired.

During 1980, legislation was enacted by Congress which substantially increased employer pension liabilities related to multiemployer union sponsored plans. During 1981, union pension plan administrators advised companies of the formula to be applied in estimating the effect of vested benefits associated with multiemployer plans. The legislation enacted has the potential effect of substantially increasing pension plan vested benefit liabilities assumed in the connection with the acquisition of Dohrn. The increased employer responsibilities under the 1980 Multiemployer Pension Plan Amendments 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 assigned in the allocation of the purchase price to potential vested benefits for such union sponsored plans. 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.

Dispositions

Effective December 31, 1980, the Company disposed of its investment in a real estate partnership interest. The pretax gain of approximately \$15,000,000 has been included in other revenues in the accompanying consolidated statement of operations for the year ended December 31, 1980.

In February 1981, the Company sold its insurance operations resulting in a pretax gain of \$5,850,000 (see the footnote on "Insurance Operations and Investments").

During the first six months of 1981, the Company's air cargo subsidiary 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 revenues in the accompanying consolidated statement of operations.

During 1981 the Company realized approximately \$18,700,000 in pretax income from the sale of tax and depreciation benefits.

INSURANCE OPERATIONS AND INVESTMENTS**Insurance Operations**

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 revenues in the accompanying consolidated statement of operations.

The cash proceeds received from the sale were used to pay a portion of the Company's variable rate debt. Such reductions in debt had the effect of replacing the contribution of pretax income received from the insurance subsidiary by the reduction of interest expense with no material effect on the Company's operations. Accordingly, the Company's investment in the insurance operations assets and liabilities for periods prior to 1981 is presented in the accompanying consolidated balance sheet as "investment in unconsolidated insurance subsidiary" and the pretax income of the insurance operations has been reported under the equity method and is included in revenues in the consolidated statement of operations.

Condensed financial information for the Company's insurance operations for the years ended December 31, 1980 and 1979 are as follows:

	1980	1979
	(In thousands)	
Assets	\$ 106,625	\$98,053
Liabilities	\$ 30,204	\$30,488
Stockholder's Equity	76,421	67,565
	\$106,625	\$98,053
Revenues	\$ 28,243	\$26,293
Expenses	14,171	12,365
Income before income tax provision	14,072	13,928
Income tax provision	5,579	5,547
Net income	\$ 8,493	\$ 8,381

Investments

Among the investments held as of December 31, 1981, the Company has approximately 955,000 shares of Purolator, Inc. common stock at a cost of approximately \$29,413,000. This investment has been accounted for on the cost basis and represents approximately 14.6 percent of Purolator's common shares outstanding. At December 31, 1981, the market value of these shares exceeded the carrying value of this investment.

BUSINESS SEGMENT AND GEOGRAPHIC DATA

The Company is engaged primarily in four businesses: air cargo, railcar services, aviation services and trucking. The Company operates in the United States and Canada with some operations also located in Europe, the Far East, Mexico and South America. Revenues and transfers between industry and geographic areas are not currently significant.

Segment Data (In thousands)

	Revenues	Operating Results, Before Interest Expense	Interest Expense, Net	Identifiable Assets	Capital Expenditures	Depreciation and Amortization Expense
1981						
Air Cargo	\$ 924,702	\$ 37,340	\$ 60,223	\$1,123,703	\$ 51,046	\$ 65,917
Railcar Services	308,385	148,171	78,459	1,099,425	92,147	39,547
Aviation Services	148,476	3,693	27,957	155,975	23,223	14,111
Trucking	286,567	3,251	6,151	152,503	11,791	13,666
Other	5,220	(28,413)	21,565	170,791	8,197	22,347
	\$1,673,350	\$ 164,042	\$194,355	\$2,702,397	\$ 186,404	\$ 155,588
1980						
Air Cargo	\$ 713,123	\$ 23,137	\$ 32,742	\$1,073,683	\$ 276,515	\$ 45,304
Railcar Services	308,657	150,517	70,818	1,046,963	99,591	37,163
Aviation Services	118,500	7,513	15,502	267,637	126,271	7,429
Trucking	187,049	8,861	3,179	87,570	5,509	7,930
Other	45,548	9,776	18,688	282,572	41,622	20,506
	\$1,372,877	\$199,804	\$140,929	\$2,758,425	\$ 549,508	\$ 118,332
1979						
Air Cargo	\$ 465,152	\$ 20,311	\$ 19,125	\$ 544,282	\$ 148,021	\$ 29,442
Railcar Services	256,642	121,076	63,409	963,197	96,913	36,096
Aviation Services	88,803	18,968	5,966	141,754	68,599	4,365
Other	36,723	2,886	10,618	291,368	49,862	11,746
	\$ 847,320	\$163,241	\$ 99,118	\$1,940,601	\$ 363,395	\$ 81,649

Air cargo revenues and operating results (before interest expense) include interest income of \$6,275,000 in 1981, \$3,942,000 in 1980 and \$3,073,000 in 1979 earned on loans and advances to other industry segments. Other includes parent company and corporate intercompany elimination items, the Company's computer and other leasing activities and the investment in unconsolidated insurance operations for the years prior to 1981.

BUSINESS SEGMENT AND GEOGRAPHIC DATA (CONTINUED)**Geographic Data (In thousands)**

	Revenues	Pretax Income (Loss)	Identifiable Assets
1981			
United States	\$1,561,203	\$ (54,952)	\$2,362,752
Canada	53,399	18,033	224,555
Other Foreign	58,748	6,606	115,090
	\$1,673,350	\$ (30,313)	\$2,702,397
1980			
United States	\$1,270,039	\$ 38,311	\$2,445,254
Canada	49,158	15,555	191,665
Other Foreign	53,680	5,009	121,506
	\$1,372,877	\$ 58,875	\$2,758,425
1979			
United States	\$ 769,478	\$ 50,486	\$1,685,227
Canada	39,407	9,160	138,395
Other Foreign	38,435	4,477	116,979
	\$ 847,320	\$ 64,123	\$1,940,601

The accounts of foreign subsidiaries and other accounts presented in foreign currencies are translated into United States dollars in accordance with Statement of Financial Accounting Standards No. 8. Translation gains were \$3,180,000 in 1981 and \$2,312,000 in 1980 compared to translation losses of \$1,376,000 in 1979.

In December 1981, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 52 "Foreign Currency Translation". This Statement, which must be adopted by 1983, replaces SFAS No. 8, "Accounting for the Translation of Foreign Currency Transactions and Foreign Currency Financial Statements." The principal change under this new accounting method 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 is the method under SFAS No. 8. In addition, the translation adjustments after the application of the new rules are to be recorded as an adjustment to stockholders' equity rather than an adjustment to current period income. If the Company had adopted the provisions of SFAS No. 52 as of January 1, 1981, the effect would have been to increase 1981 net loss by approximately \$1,100,000 (\$.06 per share).

Provision for federal income taxes has not been made on undistributed earnings relating to the Company's foreign subsidiaries aggregating \$37,276,000 at December 31, 1981, because these earnings are considered indefinitely reinvested in these operations and not available for dividend payments.

THE COMPANY AS LESSOR

The leasing operations consist principally of the leasing of railcars, aircraft, computers and other equipment. Substantially all of the equipment is leased to third parties under operating leases. In addition, the Company has entered into certain lease arrangements which are accounted for as finance leases.

Operating Leases

Equipment used in operations (classified as property, plant and equipment) includes equipment held for lease at December 31 as follows (in thousands):

	1981	1980
Equipment for lease or under lease:		
Railcars	\$1,067,474	\$1,053,954
Aircraft	73,008	204,197
Computers	115,158	134,147
Other	13,007	21,894
	1,268,647	1,414,192
Less accumulated depreciation and amortization	(390,055)	(381,226)
Net book value of equipment for lease or under lease	\$ 878,592	\$1,032,966

During the year ended December 31, 1981, the Company recognized a pretax write-down of approximately \$14,200,000 related to the carrying value of aircraft, 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 are as follows (in thousands):

	1981	1980
Lease payments receivable (includes \$35,525 in 1981 and \$28,670 in 1980 due within one year)	\$186,365	\$155,322
Estimated unguaranteed residual value of leased equipment	17,107	15,155
Less — estimated executory costs	(8,993)	—
unearned income	(75,155)	(52,288)
allowance for uncollectible amounts	(3,072)	(5,687)
Net investment in finance leases	116,252	112,502
Other leases	3,587	3,726
Net investment in finance and other leases	\$119,839	\$116,228

The Company periodically evaluates the estimated unguaranteed residual value of leased equipment and adjusts the balance to reflect adverse changes in rental and economic conditions.

Minimum Future Lease Receivables

At December 31, 1981, minimum future lease receivables from non-cancellable operating leases and finance leases are as follows (in thousands):

	Operating Leases	Finance Leases
1982	\$ 181,955	\$ 35,525
1983	138,146	19,696
1984	90,706	18,211
1985	59,021	16,457
1986	40,640	15,150
Later Years	79,582	81,326
Total minimum future lease receivables	\$ 590,050	\$ 186,365

SHORT-TERM DEBT

The Company borrows short-term funds periodically under uncommitted arrangements with a number of banks. The short-term lines available at December 31, 1981, amounted to \$204.6 million of which \$129.8 million was borrowed. Of the \$129.8 million borrowed at December 31, 1981, \$124.0 million has been reclassified to long-term obligations because such amounts are expected to be refinanced under existing long-term revolving credit agreements. The average month-end balances of aggregate unsecured borrowings were \$139,085,000 in 1981 and \$60,188,000 in 1980 at weighted average interest rates of 18.3% and 14.1%. Maximum total month-end borrowings in 1981 and 1980 were \$210,885,000 and \$97,338,000. The weighted average interest rates of total short-term debt outstanding at December 31, 1981 and 1980 were 15.8% and 19.9%.

LONG-TERM DEBT

The outstanding balance of long-term debt at December 31 consisted of the following (in thousands):

	1981	1980
Notes Payable and Equipment Obligations		
Tiger International, Inc.		
Variable rate (subject to a 10% maximum rate) notes payable to banks, due in quarterly installments 1982 to 1984	\$ 12,526	\$ 17,537
11½% Debentures, due 1995, net of imputed interest	48,594	48,339
Subsidiaries		
5½% to 11% equipment obligations and trust certificates maturing serially 1982 to 2004 (average rate 9.7% in 1981)	595,791	652,319
5¾% to 20½% notes payable due 1982 to 2000 (average rate 9.8% in 1981)	292,759	201,595
Variable rate revolving credit agreements (average rate 19.4% in 1981)	110,918	93,506
Variable rate notes payable due 1982 to 1987 (average rate 17.6% in 1981)	58,677	132,364
Short-term borrowings classified as long-term (see above)	124,000	—
	1,243,265	1,145,660
Less current portion (exclusive of \$76,607 in 1981 and \$92,684 in 1980 to be paid from finance and long-term operating leases)	49,665	32,348
	\$ 1,193,600	\$ 1,113,312

	1981	1980
Subordinated Debt		
Tiger International, Inc.		
8½% Convertible Subordinated Debentures, due 2005	\$ 60,000	\$ 60,000
Subsidiaries (net of imputed interest)		
5% Convertible Subordinated Debentures, due to 1986	11,118	10,987
5¼% Subordinated Debentures, due to 1988	1,506	1,894
9¼% Subordinated Debentures, due to 1992	9,819	9,849
	82,443	82,730
Less current portion	3,585	1,000
	\$ 78,858	\$ 81,730

Tiger International, Inc.

Tiger has a \$40 million unsecured credit agreement with a group of banks. There were no borrowings outstanding under the credit agreement at December 31, 1981. The terms of this agreement provide for interest at the bank prime lending rate through December 31, 1982 (revolving period) and one-half of one percent over the prime lending rate thereafter through December 31, 1987 (term period). In addition, the agreement requires the maintenance of compensating balances or a fee in lieu thereof.

The \$60 million of 8% Convertible Subordinated Debentures, due in 2005, are convertible into common stock at an adjusted price of \$31 per share, are redeemable at a premium at any time at the option of the Company, and are entitled to sinking fund privileges commencing in 1990.

The 11½% debentures, \$52.5 million in aggregate principal, which were issued in connection with the acquisition of Seaboard World Airlines, are redeemable at the Company's option at any time at par. Commencing in 1986 the Company is required to redeem each year, at par, an equal portion necessary to retire or redeem all the debentures by the maturity date.

Tiger International receives funds from its subsidiaries to meet its cash requirements. See note on page 46 concerning restrictions on the transfer of funds to the parent.

Subsidiaries

Tiger subsidiaries have revolving lines of credit with various banks totaling \$291.5 million of which \$110.9 million was borrowed at December 31, 1981. The terms of these revolving credit lines provide for interest based on the prime rate. Commitment fees ranging from .25% to .50% per annum are paid on the unused portions of these credit lines.

The \$11.1 million 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 1982 through 1985 and \$1.95 million in 1986. Each \$1,000 principal amount of these debentures is convertible into \$500 principal amount of the Company's 11½% debentures and 12 shares of the Company's common stock.

Effective January 31, 1982, Flying Tigers replaced its \$40 million unsecured Revolving Credit Agreement in effect at December 31, 1981 with an \$80 million Credit Agreement secured by defined domestic trade accounts receivable. The new agreement has a revolving period through January 31, 1984 at which time Flying Tigers has the option to convert the outstanding balance to a term loan through January 31, 1989.

Maturities

Principal maturities of long-term debt, including sinking fund requirements for debentures and capital lease obligations (described in the Commitments footnote) are as follows (in thousands):

Year	Long-Term Debt	Capital Lease Obligations	Total
1982	\$ 129,857	\$ 28,796	\$ 158,653
1983	126,550	29,856	156,406
1984	101,422	25,932	127,354
1985	92,462	19,669	112,131
1986	87,548	19,347	106,895
Later Years	663,869	326,110	989,979
Total	1,201,708	449,710	1,651,418
Short-term borrowings	124,000	—	124,000
	\$1,325,708	\$449,710	\$1,775,418

If short-term borrowings of \$124 million are converted to long-term lines of credit, the maturities of this debt would be \$24.8 million a year from 1983 through 1987.

Restrictions on Cash, Dividend Payments and Assets Secured by Debt

Certain lines of credit are covered by agreements which restrict borrowings and cash payment of dividends. In addition, certain lines require the maintenance of compensating balances or fees to be paid in lieu of maintaining compensating balances. At December 31, 1981 approximately \$12,300,000 of cash, which is not subject to restrictions on withdrawals, was available to meet minimum cash balance requirements. During 1981 \$837,000 was paid to the banks for fees in lieu of maintaining compensating balances. At December 31, 1981, under the most restrictive of the agreements, approximately \$5.4 million of retained earnings were unrestricted for payment of cash dividends to stockholders. Assets having an aggregate net book value of approximately \$1.3 billion were encumbered by debt.

COMMITMENTS**Leases**

At December 31, 1981 the Company was lessee under long-term leases on aircraft and engines, railcar equipment, facilities and other equipment. These leases extend for varying periods through 2019. There are renewal and fair market value purchase options on 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):

	1981	1980
<i>Equipment used in operations:</i>		
Equipment for lease or under lease	\$ 168,663	\$ 173,401
Equipment used in air cargo operations	367,510	383,991
Equipment used in trucking operations	7,589	—
<i>Buildings and leasehold improvements</i>	5,419	3,464
	549,181	560,856
<i>Less accumulated amortization</i>	(149,930)	(128,672)
	<u>\$399,251</u>	<u>\$432,184</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, 1981, 1980 and 1979 was \$37,938,000, \$30,620,000 and \$19,610,000.

Minimum Future Lease Payments

At December 31, 1981, 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):

	Capital Leases	Operating Leases
1982	\$ 66,875	\$ 40,650
1983	65,442	37,925
1984	59,265	30,073
1985	51,458	24,709
1986	49,582	20,757
<i>Later Years</i>	578,080	211,839
<i>Total minimum lease payments</i>	870,702	<u>\$ 365,953</u>
<i>Less amount representing interest</i>	(420,992)	
<i>Present value of net minimum future lease payments</i>	449,710	
<i>Less current portion (exclusive of \$4,211 to be paid from finance and long-term operating leases)</i>	(24,585)	
<i>Long-term capital lease obligations</i>	<u>\$ 425,125</u>	

Purchase Commitments

At December 31, 1981, the Company had long-term commitments to purchase approximately \$100,000,000 of equipment, related for the most part to additions to the Company's railcar fleet. In addition, starting in 1982, the Company intends to begin re-engining a portion of its fleet of DC-8 aircraft at a total estimated cost of approximately \$270,000,000 to be incurred from 1982 to 1984.

Guarantees

At December 31, 1981, the Company was contingently liable under outstanding guarantees for indebtedness and lease obligations of \$53,000,000 which will be fully amortized during the period 1982 to 2010. The guarantees relate to construction of facilities, equipment sold and leases arranged for others which are financed by third parties. In addition, the Company has agreed to purchase certain residual values of various equipment from the lessors at the lessors' option for \$13,900,000 at December 31, 1981. The Company has also guaranteed to lessors certain future lease obligations of lessees amounting to \$8,500,000 at December 31, 1981.

CAPITAL STOCK**Common Stock**

At December 31, 1981 the Company had reserved the following number of shares of common stock for possible future issuance:

Key Employees Incentive Stock Option Plan	750,000
Qualified Employee Stock Purchase Plan	542,000
Officers' Stock Purchase Agreements	465,000
Conversion of Convertible Subordinated Debentures	2,390,000
Acquisitions completed prior to December 31, 1981	1,042,000
	5,189,000

Stock Option, Stock Purchase and Executive Incentive Plans

During 1981, the stockholders approved a Key Employees Incentive Stock Option Plan. At December 31, 1981, options granted to officers and key employees for the purchase of 445,700 shares were outstanding at \$12.375 per share (market value at date of grant) with an aggregate purchase price of \$5,516,000. These options are exercisable from 1982 to 1991. In early 1982, additional options were granted for the purchase of 33,125 shares at \$14.125 per share (market value at date of grant) with an aggregate purchase price of \$468,000.

An offering of common stock under the Qualified Employee Stock Purchase Plan was made in 1978 at \$22.90 per share. During 1980, 86,067 shares were purchased by employees under this offering and the Plan was terminated.

In 1974, 1978 and 1979, the Company entered into stock purchase agreements with certain principal officers. The agreements obligate the officers to pay the full purchase price (market value at the date of the agreements) for shares not later than ten years from the date of the agreements or upon demand by the Company if employment terminates. At December 31, 1981 shares available for purchase under these agreements include 120,000 shares at \$9.13, 100,000 shares at \$26.88 and 245,000 shares at \$22.13.

The Company has a discretionary Executive Incentive Plan, approved by the stockholders in 1976. The amounts awarded (60% in stock and 40% in cash) under the plan were \$1,472,000 in 1980 and \$1,236,000 in 1979; no amounts were awarded for 1981. Shares awarded under the plan cannot be sold, hypothecated, or pledged for a period of five years from date of grant.

Minority Redeemable Preferred Stock

At December 31, 1981, North American Car Corporation had authorized 200,000 shares of \$3 Cumulative Preferred Stock at a \$50 per share stated value. At December 31, 1981, 116,314 shares were outstanding and held by minority interests. Retirement of the outstanding preferred shares is required at a rate of 8,000 shares per year. In addition the shares are redeemable at any time by North American at the stated value per share.

RETIREMENT PLANS

The Company maintains retirement plans for substantially all its union and non-union employees. The total employer cost for these retirement plans was \$16,763,000 in 1981, \$17,864,000 in 1980 and \$13,868,000 in 1979. The total cost includes amortization of unfunded prior service costs over periods from 25 to 30 years. In addition, the Company contributed \$8,831,000 in 1981 and \$7,300,000 in 1980 to union sponsored multiemployer plans.

The Company's policy is to fund pension costs accrued. The following table summarizes accumulated plan benefit information and plan net assets for the Company's retirement plans and certain union sponsored plans as of the dates of the most recent valuations. Excluded from the table are amounts related to union sponsored multiemployer plans.

(In thousands)	As of January 1	
	1981	1980
Actuarial present value of accumulated plan benefits		
Vested	\$ 121,711	\$ 152,083
Non-vested	21,796	10,847
	\$ 143,507	\$ 162,930
Net plan assets including Company balance sheet accruals available for benefits	\$ 148,223	\$ 108,530

During 1981, the Company changed certain actuarial assumptions which were used by consulting actuaries to determine the information set forth above. The changes related to modifications of disability assumptions made as a result of reviewing current industry experience and certain changes in interest rate assumptions used to determine accumulated plan information. Estimated assumed rates of return used by consulting actuaries were between 4% and 9.25% in 1981 and 5.5% and 7.5% for 1980.

During 1980, legislation was enacted by Congress which substantially increased employer pension liabilities related to multiemployer union sponsored plans. The legislation enacted has the effect of substantially increasing pension plan vested benefits related to Tiger's trucking companies and has specific requirements for funding upon plan termination or company withdrawal.

During 1981, union plan administrators advised companies of the formula to be applied in estimating the effect of vested benefits associated with multiemployer plans. Based on the limited information provided, the Company's share of unfunded vested retirement benefits for these plans is believed to approximate \$40,000,000 (\$25,000,000 for Hall's and \$15,000,000 for Dohrn). Information with respect to the plan's non-vested retirement benefits and the fund assets pertaining to these benefits is not currently available from the plans' administrators.

The increased employer responsibilities under this legislation are being litigated in the courts. In addition, legislative efforts are being made to lessen the burden of the legislation. However, the outcome of these efforts is not currently determinable.

INCOME TAXES

The provisions (benefit) for income taxes for the years ended December 31, are summarized as follows (in thousands):

	1981	1980	1979
CURRENT			
United States	\$ (5,083)	\$ —	\$ —
Foreign	4,690	2,982	2,927
State	602	1,343	361
	209	4,325	3,288
DEFERRED			
United States	(25,661)	1,259	7,491
Foreign	10,088	7,725	6,242
State	1,664	3,191	3,475
	(13,909)	12,175	17,208
INCOME TAX PROVISION (BENEFIT)	\$ (13,700)	\$ 16,500	\$ 20,496

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

	1981	1980	1979
United States federal income tax rate (benefit)	(46.0)%	46.0%	46.0%
Investment tax credits	(52.7)	(22.9)	(17.3)
Capital gains rate on sale of real estate investment	—	(3.2)	—
Foreign taxes	14.1	3.2	4.6
Permanent differences between book and tax income	24.8	7.8	(4.4)
State income taxes, net of federal tax benefit, and other	14.6	(2.9)	3.1
Income tax provision (benefit) effective rate	(45.2)%	28.0%	32.0%

INCOME TAXES (Continued)

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	1980	1979
Excess of tax over book depreciation	\$ 27,295	\$ 30,694	\$ 31,114
Differences in tax and book basis on disposal of assets	(3,723)	6,395	(2,537)
Excess book gain on sale of tax benefits	8,602	—	—
Differing tax treatment for leases	1,679	1,112	(1,262)
Differences in interest capitalized for tax and book purposes	1,875	744	3,221
Investment and foreign tax credits	(19,771)	(15,365)	(12,855)
Investment tax credits utilized	236	—	—
Tax net operating losses	(36,732)	(12,091)	(1,391)
Other, net	6,630	686	918
	\$ (13,909)	\$ 12,175	\$ 17,208

The Company has approximately \$88,371,000 of investment tax credit carryforwards available to reduce future federal and foreign income taxes, of which \$75,340,000 has been applied as a reduction of the deferred income tax account. The Economic Recovery Tax Act of 1981 extended the carryforward period for investment tax credits from seven to fifteen years. As a result of this extension substantially all of the Company's investment credit carryforward computed for financial reporting purposes will be utilized against net deferred federal income tax credits. Accordingly, the 1981 income tax benefit includes the expected future benefit of these carryforwards in accordance with the Financial Accounting Standards Board Interpretations No. 25 and No. 32.

Foreign tax credits available to offset 1981, and future years' federal income taxes aggregate \$2,990,000, which if not utilized will be included in federal income tax provisions in future years.

The tax credits expire for tax reporting purposes as follows (in thousands):

Year of Expiration	Foreign Tax Credits	Investment Tax Credits
1984	\$ —	\$ 130
1985	—	1,209
1986	2,990	523
1987 through 1991	—	15,761
1992 through 1996	—	70,748
	\$2,990	\$88,371

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have examined the consolidated balance sheet of Tiger International, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1981 and 1980, and the related consolidated statements of operations, stockholders' equity and changes in financial position for the years ended December 31, 1981, 1980 and 1979. 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.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Tiger International, Inc. and subsidiaries as of December 31, 1981 and 1980, and the results of their operations and the changes in their financial position for the years ended December 31, 1981, 1980 and 1979, in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

Los Angeles, California

March 5, 1982

SUPPLEMENTAL FINANCIAL INFORMATION**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 these 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 Statement 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.

The information which follows complies with the requirements of Statement 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 adjusts historical costs to dollars of the same current purchasing power. This method is an attempt to measure the effects of general inflation on a business enterprise. The adjustment to dollars of common purchasing power (constant dollar) 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 1981. 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 Earnings and Selected Financial Data Adjusted for the Effects of Changing Prices

In the inflation adjusted financial information appearing on pages 40 and 41 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 1981 costs when sold.

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 costs over the last several years of the type of property, plant and equipment used in the Company's various businesses.

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 costs 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 costs which would be incurred in replacing such assets.

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.

Selected Financial Data Adjusted for Effects of Inflation (Unaudited) (Continued)

Tiger's monetary liabilities exceeded monetary assets (net amounts owed) resulting in an unrealized gain; however, Statement No. 33 does not permit such gain to be reflected in the adjusted net loss presentation required by the FASB. 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 Statement No. 33 and the other as defined by the Company. Because Tiger finances substantially all of its fixed assets with long-term debt, it effectively hedges against the impact of inflation on depreciation and interest expense. The Company's inflation adjusted statement of operations includes a \$76.2 million reduction in depreciation and interest expense, net of applicable income taxes, 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, 1981 (In thousands)

	Historical Financial Statements	Adjusted for Constant Dollar	Adjusted for Current Cost
Revenues	\$1,673,350	\$1,673,350	\$ 1,673,350
Cost and Expenses			
Cost of operations	1,185,979	1,193,017	1,196,201
Selling, general and administrative	167,741	167,741	167,741
Depreciation and amortization	155,588	238,368	207,974
Interest, net	194,355	194,355	194,355
Income tax benefit	(13,700)	(13,700)	(13,700)
	1,689,963	1,779,781	1,752,571
Net loss	(16,613)	(106,431)	(79,221)
Decrease in depreciation and interest expense, net of applicable income taxes, from decline in purchasing power of net monetary liabilities		76,158	76,158
Net loss adjusted for decrease in depreciation and interest expense	\$ (16,613)	\$ (30,273)	\$ (3,063)
Other Supplementary Information			
Increase in property, plant and equipment and inventories based on constant dollars			\$ 268,000
Increase in property, plant and equipment and inventories based on current costs			206,000
Excess in constant dollars over current costs			\$ 62,000
Current cost of net property, plant and equipment at December 31, 1981			\$2,700,000
Current cost of inventory December 31, 1981			\$ 128,000

**FIVE-YEAR COMPARISON OF SELECTED FINANCIAL DATA
ADJUSTED FOR EFFECTS OF CHANGING PRICES STATED IN 1981 DOLLARS (Unaudited)**

(In thousands except per share data and index)

	For the Years Ended December 31				
	1981	1980	1979	1978	1977
Revenues	\$1,673,350	\$1,515,282	\$1,060,904	\$965,398	\$756,768
Constant dollar information					
As defined by Statement No. 33					
Net income	(106,431)	(16,601)	944		
Net income per common share	(6.25)	(1.05)	.07		
As defined by Tiger					
Net income	(30,273)	74,120	69,109		
Net income per common share	(1.78)	4.69	4.80		
Net assets at year end	1,308,000	1,289,000	1,131,000		
Current cost information					
As defined by Statement No. 33					
Net income	(79,221)	5,278	6,906		
Net income per common share	(4.66)	.33	.48		
As defined by Tiger					
Net income	(3,063)	95,999	75,070		
Net income per common share	(.18)	6.07	5.21		
Excess in constant dollars over current costs	62,000	102,000	1,300		
Net assets at year end	1,256,000	1,208,000	1,031,000		
Gain from decline in purchasing power of net amounts owed	142,000	161,000	126,000		
Cash dividends declared per common share	.675	.88	1.00	.83	.74
Market price per common share at year end	13.50	24.51	22.52	32.73	23.97
Average consumer price index (base year 1967=100)	272.4	246.8	217.4	195.4	181.5

SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

	QUARTER ENDED			
	March 31	June 30	September 30	December 31
	(In thousands except per share data)			
1981				
Revenues	\$388,850	\$416,168	\$411,817	\$456,515
Net Income (loss)	\$ 10,753	\$ 13,233	\$ (18,500)	\$ (22,099)
Earnings (loss) per Share				
Primary	\$.63	\$.78	\$ (1.09)	\$ (1.30)
Fully diluted	\$.60	\$.73	\$ —	\$ —
1980				
Revenues	\$273,791	\$321,654	\$338,124	\$439,308
Net Income	\$ 10,435	\$ 3,227	\$ 11,230	\$ 17,483
Earnings Per Share	\$.70	\$.21	\$.72	\$ 1.03
1979				
Revenues	\$187,663	\$216,437	\$201,723	\$241,497
Net Income	\$ 11,450	\$ 15,800	\$ 1,949	\$ 14,428
Earnings Per Share	\$.80	\$ 1.10	\$.14	\$ 1.00

The seasonal fluctuations in the business of Flying Tigers and fluctuations in foreign exchange rates are reflected in the above summary. In addition, the third quarter of 1979 reflects the impact of an 18-day strike at the Flying Tigers and the fourth quarter of 1980 includes a \$15,000,000 pre-tax gain on the sale of a real estate partnership interest. 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 third quarter includes a pretax gain of \$4,500,000 from the sale of tax and depreciation benefits. The fourth quarter includes \$14,200,000 in pretax gain 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.

Fully diluted earnings per share for the quarter ended December 31, 1980 amounted to \$.95 based upon 19,051,000 shares used for the computation. The fully diluted effect for the quarter ended September 30, 1980 was not significant.

As a result of additional shares issued during 1980 and 1979 the addition of quarterly earnings per share amounts for those periods will not equal the earnings per share reported for the annual period.

PART III.

Except as provided under the heading "Executive Officers of the Registrant" under Item 4 of Part I hereof, Items 9 and 10 are incorporated by reference to Tiger's definitive proxy statement pursuant to Regulation 14A which will involve the election of directors.

PART IV.

ITEM 11. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

	<u>Page</u>
(a) Financial Statement Schedules and Exhibits Filed	
<u>Financial Statement Schedules</u>	
Report of Independent Public Accountants on Financial Statement Schedules Filed	44
Condensed Parent Company Financial Data	45
Schedule V—Property, plant and equipment	47
Schedule VI—Accumulated depreciation and amortization of property, plant and equipment	48
Schedule VIII—Valuation and qualifying accounts and reserves	49
<p>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.</p>	
<p>Separate financial statements of subsidiaries not consolidated and 50% or less owned persons accounted for by the equity method have been omitted because, if considered in the aggregate, they would not constitute a significant subsidiary.</p>	
<u>Exhibits</u>	
(3.1)	Restated Certificate of Incorporation of Tiger, effective May 20, 1981.
(3.2)	By-Laws of Tiger, as amended on January 18, 1982.
(4.1)	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.
(4.2)	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.
(4.3)	First Supplemental Indenture, dated as of September 30, 1980 between Tiger, Seaboard 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, with the SEC on August 11, 1980 is hereby incorporated by reference.
(10.1)	Supplemental Retirement Income Plan dated December 13, 1977, as amended, between Tiger and Wayne M. Hoffman, filed with the SEC on March 23, 1981 with Tiger's annual report on Form 10-K for the fiscal year ended December 31, 1980, is hereby incorporated by reference.

Exhibits

- (10.2) Form of Stock Purchase Agreement entered into between Tiger and certain principal executive officers of Tiger, filed with the SEC on March 23, 1981 with Tiger's annual report on Form 10-K for the fiscal year ended December 31, 1980, is hereby incorporated by reference.
- (10.3) Executive Incentive Plan, filed with the SEC on March 23, 1981 with Tiger's annual report on Form 10-K for the fiscal year ended December 31, 1980, is hereby incorporated by reference.
- (10.4) 1981 Key Employees Stock Option Plan for Tiger and subsidiaries, filed as Exhibit "A" to Tiger's 1981 Proxy Statement, filed with the SEC on April 30, 1981, is hereby incorporated by reference.
- (22) List of Subsidiaries.

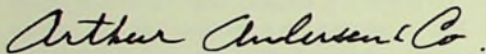
(b) Reports on Form 8-K

There were no reports on Form 8-K filed by Tiger with the SEC during the three months ended December 31, 1981.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES FILED

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

Our examinations of the consolidated financial statements in the Tiger International, Inc. and subsidiaries' annual report to stockholders and filed with this Form 10-K were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Financial Statement Schedules listed in the index to Item 11 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, 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 5, 1982

CONDENSED STATEMENT OF OPERATIONS AND STATEMENT OF CHANGES IN FINANCIAL POSITION

	For the Years Ended December 31		
	1981	1980	1979
	(In thousands)		
CONDENSED STATEMENT OF OPERATIONS			
Revenues and dividend income (including equity in distributed earnings of consolidated subsidiaries and in 1980 a gain on the sale of a partnership interest)	\$ 20,677	\$ 36,370	\$ 4,449
Costs and expenses	62,962	40,563	25,912
Deferred income tax benefit, net	(35,858)	(4,197)	(2,940)
	27,104	36,366	22,972
Income (loss) before equity in undistributed earnings of subsidiaries	(6,427)	4	(18,523)
Equity in undistributed earnings (losses) of consolidated subsidiaries	(10,186)	33,878	53,769
Equity in undistributed earnings of unconsolidated subsidiary	—	8,493	8,381
Net income (loss)	\$ (16,613)	\$ 42,375	\$ 43,627

CONDENSED STATEMENT OF CHANGES IN FINANCIAL POSITION

SOURCE OF FUNDS

Net income (loss)	\$ (16,613)	\$ 42,375	\$ 43,627
Equity in undistributed (earnings) losses of subsidiaries	10,186	(42,371)	(62,150)
Other, net	(29,847)	4,344	6,370
Funds provided by (applied to) operations	(36,274)	4,348	(12,153)
Proceeds from issuance of stock and debt	2,538	166,298	52,272
Funds Provided	(33,736)	170,646	40,119

APPLICATION OF FUNDS

Payments of long-term debt and notes payable	7,011	7,011	42,233
Cash dividends declared on common stock	11,440	13,173	11,410
Acquisition of or contribution to subsidiaries' capital	68,877	97,619	14,000
Increase in investments, notes, advances and other	8,700	25,337	27,081
Funds Applied	96,028	143,140	94,724
Net increase (decrease) in working capital	\$ (129,764)	\$ 27,506	\$ (54,605)

CONDENSED BALANCE SHEET

	December 31	
	1981	1980
	(In thousands)	
ASSETS		
Current assets	\$ 90,740	\$ 56,663
Investments in subsidiaries	746,187	610,552
Property, plant and equipment, net	1,983	2,278
Long-term receivables from subsidiaries	8,419	7,534
Investment in unconsolidated insurance subsidiary	—	76,421
Investments and other	31,104	6,973
	<u>\$878,433</u>	<u>\$760,421</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$269,193	\$105,352
Long-term obligations	116,388	120,865
Long-term payables to subsidiaries	160,600	78,724
Deferred income taxes, tax credits and other	(87,388)	9,201
Stockholders' equity	419,640	446,279
	<u>\$878,433</u>	<u>\$760,421</u>

Restrictions on the Transfer of Funds From Subsidiaries to the Parent

At December 31, 1981 Tiger Leasing Group, North American Car and Warren Transport are free from restrictions limiting dividends and advances to Tiger International. At December 31, 1981 the combined retained earnings of these companies is approximately \$212,000,000. Dividends and advances to Tiger International from Flying Tigers, National Equipment Rental, Halls Motor Transit and TigerAir are subject to restrictions contained in credit loan agreements. At December 31, 1981, NER, Halls', and TigerAir could not advance funds or declare dividends to Tiger International, however, approximately \$21,000,000 was available for dividends or advances from Flying Tigers.

Cash Dividends Paid to Parent From Consolidated Subsidiaries

During the year ended December 31, 1981 Tiger International received total dividends of \$12,600,000, all from Tiger Leasing Group. During the year ended December 31, 1980 Tiger International received dividends of \$12,700,000 from Tiger Leasing Group and \$1,500,000 from Hall's Motor Transit for a total of \$14,200,000 for the year. Tiger International received no dividends from its subsidiaries for the year ended December 31, 1979.

Parent Company Debt

Parent company long-term debt is disclosed in the Long-Term Debt Note to the Consolidated Financial Statements under the caption "Tiger International, Inc."

Maturities of Tiger International long-term debt for the five years subsequent to December 31, 1981 are: 1982 \$5 million; 1983 \$5 million; 1984 \$2.5 million and 1986 \$5.3 million. There is no debt due in 1985. Maturities due subsequent to 1986 total approximately \$108 million.

Schedule V — Property, Plant and Equipment

For the Three Years Ended December 31, 1981	Balance at Beginning of Period	Additions	Retire- ments, Overhauls or Sales	Transfers, Adjustments and Other(1)	Balance at End of Period
(In thousands)					
Year Ended December 31, 1979					
Equipment used in operations:					
Equipment for lease or under lease	\$1,133,958	\$161,825	\$ 79,562	\$ (6,390)	\$1,209,831
Equipment used in air cargo operations	390,135	115,223	1,023	—	504,335
	1,524,093	277,048	80,585	(6,390)	1,714,166
Buildings and leasehold improvements	44,164	7,679	584	1,060	52,319
Shop properties, terminal facilities and other	57,476	8,589	1,715	283	64,633
Construction in process	34,181	70,079	3,219	—	101,041
	\$1,659,914	\$363,395	\$ 86,103	\$ (5,047)	\$1,932,159
Year Ended December 31, 1980					
Equipment used in operations:					
Equipment for lease or under lease	\$1,209,831	\$243,783	\$ 66,673	\$ 27,251	\$1,414,192
Equipment used in air cargo operations	504,335	248,652	39,207	240,043	953,823
Equipment used in trucking operations	—	2,787	617	32,220	34,390
	1,714,166	495,222	106,497	299,514	2,402,405
Buildings and leasehold improvements	52,319	17,856	874	40,186	109,487
Shop properties, terminal facilities and other	64,633	14,809	714	9,092	87,820
Construction in process	101,041	21,621	1,055	(72,655)	48,952
	\$1,932,159	\$549,508	\$109,140	\$ 276,137	\$2,648,664
Year Ended December 31, 1981					
Equipment used in operations:					
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

(1) 1980 includes \$327 million acquired in business combinations accounted for by the purchase method, less approximately \$37 million of aircraft deposits refunded and approximately \$10 million of equipment placed on finance leases. 1981 includes \$40 million acquired in business combinations accounted for by the purchase method.

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

For the Three Years Ended December 31, 1981	Balance at Beginning of Period	Additions	Retirements, Overhauls or Sales	Transfers, Adjustments and Other	Balance at End of Period
	(In thousands)				
Year Ended December 31, 1979					
Equipment used in operations:					
Equipment for lease or under lease	\$335,429	\$ 49,138	\$32,131	\$ (26)	\$352,410
Equipment used in air cargo operations	156,981	25,168	557	200	181,792
	492,410	74,306	32,688	174	534,202
Buildings and leasehold improvements	11,035	3,501	568	93	14,061
Shop properties, terminal facilities and other	20,101	3,349	332	38	23,156
	\$523,546	\$ 81,156	\$33,588	\$ 305	\$571,419
Year Ended December 31, 1980					
Equipment used in operations:					
Equipment for lease or under lease	\$352,410	\$ 62,649	\$33,133	\$ (700)	\$381,226
Equipment used in air cargo operations	181,792	39,743	5,237	(3,207)	213,091
Equipment used in trucking operations	—	6,308	104	(1,696)	4,508
	534,202	108,700	38,474	(5,603)	598,825
Buildings and leasehold improvements	14,061	3,905	506	(5)	17,455
Shop properties, terminal facilities and other	23,156	4,927	530	1,637	29,190
	\$571,419	\$117,532	\$39,510	\$ (3,971)	\$645,470
Year Ended December 31, 1981					
Equipment used in operations:					
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

Schedule VIII—Valuation and Qualifying Accounts and Reserves

For the Three Years Ended December 31, 1981	Allowance for Doubtful Accounts		Inventories Allowance	Aircraft Overhaul Reserves
	Trade Receivables(1)	Finance Lease Receivables		
	(In thousands)			
Balance at December 31, 1978	\$11,417	\$8,156	\$1,371	\$ 26,845
Additions (deductions) —				
Provisions charged to costs and expenses	4,576	275	562	23,598
Amounts charged to reserve	(3,741)	(3,134)	(56)	(23,192)
Balance at December 31, 1979	12,252	5,297	1,877	27,251
Additions (deductions) —				
Provisions charged to costs and expenses	6,421	1,076	2,657	34,086
Reserves from acquired companies	9,525	50	1,518	12,140
Amounts charged to reserve	(5,403)	(736)	(603)	(33,261)
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(2)

(1) Includes revenue adjustments.

(2) Includes \$19,896 classified in accumulated depreciation and \$26,479 classified as other deferred credits.

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 regulations.

(1) Any person who either owned, at December 31, 1981, or subsequently acquired, beneficially or as a trustee, more than 5 per cent, 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, 1982 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.

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**The Annual Meeting of
Stockholders will be held
on Tuesday, June 15, 1982
at 10:00 a.m. at the Beverly
Hilton Hotel, 9876 Wilshire
Boulevard, Beverly Hills,
California 90210.**