

FINANCIAL HIGHLIGHTS

For the year ended December 31,	1980	1979
Revenues (000)	\$1,562,270	\$ 913,320
Net Income (000)	42,375	43,627
Earnings Per Share	2.68	3.03
Assets (000)	2,758,425	1,940,601
Stockholders' Equity (000)	446,279	357,846
Book Value Per Common Share	26.45	25.12
Cash Dividends Per Common Share	.80	.80

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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.



Success in a large and complex business is dependent upon sound strategic planning. At Tiger International, we emphasize the importance of long-range planning, and we attempt to position ourselves to take advantage of changes in the business environment. As a result, we have been able to improve our financial strength significantly in spite of high money costs, credit tightness and increased competitive pressures, while at the same time doubling revenues in two years. I would like to share with you the important elements of our strategic plan for the years ahead.

Tiger International has made a fundamental deci-

sion to concentrate its efforts in the business of transportation. Elimination of regulatory constraints has opened up new opportunities to companies such as ours which have the managerial and financial resources to exploit these new freedoms. Pursuant to that decision, we sold our mortgage insurance company, which was not in our desired field of concentration, and re-deployed that investment in the trucking industry.

We acquired Hall's Motor Transit which, in turn, acquired Dohrn Transfer. Hall's has grown to be a large and efficient common carrier specializing in less-than-truckload shipments, providing a service much in demand by industry throughout the country. In addition, we have entered into an agreement to purchase Warren Transport, a truckload heavy machinery carrier, whose business is growing very rapidly.

At the same time, we have made a commitment to increase our services to the rail industry by expanding into railcar manufacture and repair, activities which complement our railcar sales and leasing activities, and have made major research and development commitments for programs such as the RoadRailer®.

Meanwhile the growth of our air cargo business has continued apace with the addition of Seaboard World Airlines' Atlantic routes to our United States and Pacific routes, giving us worldwide scope.

With these multi-modal capabilities now in prospect, we have begun to work on the possibilities inherent in integrating the air-truck network, where those opportunities present themselves, and we are looking into the possibilities of integrating certain sea, air, truck and rail activities, all with the objective of becoming the most profitable, innovative, customer-oriented transportation company in the world.

In order to assure our future success in an era of credit stringencies, we have taken important steps to improve our financial strength. In early 1981, we sold Investors Mortgage Insurance Company for approximately \$83 million, and we agreed to sell our interest in three 747-100's for approximately \$90 million. These transactions together with the issuance in 1980 of \$60 million of subordinated debentures convertible into stock, the use of stock in the Hall's and Seaboard World acquisitions, and the special investor programs at North American Car have increased our stockholders' equity and improved our debt position, adding significantly to our ability to continue a prudent expansion program without fear of external financial constraints.

Lastly, and a most important reason for our strategic decision to specialize in transportation, we have made a commitment to develop the managers necessary to achieve a position of preeminence. These men and women, our leaders of the future, will be given the training necessary to succeed in tomorrow's competitive environment. When all is said and done, in a service business such as ours, people are our most important resource, and we intend to see that Tiger people are the best in the world.

Finally, all our efforts are aimed at securing an adequate return for our most important constituent, the stockholders. In a decade of severe upset caused by two major energy crises with resultant inflation which, in turn, affected the capital markets adversely, it has not always been possible to assure satisfactory earnings. We are confident, however, that with sound strategic and tactical decisions we can meet our high targets for the future and that our stockholders will be properly rewarded both in steadily higher dividends and in appreciation of stock value.

Wayne M. Hoffman

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



During 1980 each Tiger International business unit made substantial progress toward the implementation of our corporate plan. For a detailed discussion of that progress, I urge you to read management's discussion in Item 7 of the 10-K included in this report.

Following are my comments on how the events of 1980 fit our strategy.

With the acquisition of Seaboard World Airlines and four new 747 jettfreighters, we have doubled the capital invested in air cargo. These acquisitions enabled us to sell three of our older, less

fuel-efficient 747-100's and thus upgrade our fleet. With our extensive domestic system, we can now provide scheduled service to the world's largest international markets—the Transpacific and Transatlantic. This global network enables us to serve our customers' worldwide air cargo needs.

Flying Tigers' expansion during the next several years will be modest. We will assimilate our recent gains and improve profitability. Our immediate plan for the Transatlantic market, which is still unprofitable, is to closely manage aircraft capacity, align rates to more accurately reflect rising costs and significantly improve service to our customers.

During 1980 Hall's demonstrated its strong management capabilities by continuing to perform very profitably when industry freight volume fell significantly. We have already taken advantage of the new freedom to expand under deregulation. The acquisition of Dohrn approximately doubled the number of city pairs we serve. Yet the cost of the acquisition was minimal. We intend to continue expanding our less-than-truckload service area

and will explore additional acquisitions.

North American Car's objective is to continue to increase market share without commensurately increasing capital intensity. Under one program, outside investors buy railcars in exchange for a certain return while we receive annual revenue for managing the cars. Our return is similar to that earned on a full-service lease, but we do not finance the cars ourselves. Railcar sales, remarketing, lease brokering and car repair programs similarly produce significant cash and earnings, but require little capital. Traditional full-service leases continue as the largest source of earnings, but we continue to broaden our range of services with the objective of maximizing earnings and cash flow without adding unduly to capital requirements.

In 1980 North American took additional steps to ensure an adequate supply of specialized railcars. In addition to maintaining an exclusive contract with an independent manufacturer, we developed limited manufacturing capabilities at our own facilities, and we acquired a company that produces pressure differential cars.

TigerAir is rapidly becoming a leader in the aviation services and supply business through an expanding network of fixed base oper-

ations and through a worldwide network of aviation parts centers under our Avi-quip subsidiary. These businesses are not capital intensive, and they achieve high returns. On the other hand, we are de-emphasizing our large aircraft sales activities, such as the Singapore 747 program, because those activities are subject to the same cycles as Flying Tigers, and needlessly exacerbate the adverse effect of high money costs.

Each of these major activities in 1980 was an important element of our overall corporate plan. Consolidated earnings declined only modestly during a period when many of our competitors experienced severe declines, and we have positioned Tiger International to achieve our customer service and profitability targets.

The continued achievement of our strategic objectives is dependent upon the performance of our 14,000 employees. Together, we will develop the most profitable, innovative, customer-oriented transportation company in the world.

Thomas F. Grojean
President

AIR CARGO

4 The merger of Flying Tigers and Seaboard World Airlines was accomplished on October 1, 1980. Flying Tigers,

the world's largest scheduled air cargo carrier, now serves the major markets in Europe in addition to Asia and the United States.

Flying Tigers also provides cargo charter services in the

U.S. and throughout the world. In addition, the company recently formed a passenger charter division, Metro International, which began operating in

December and provides passenger charters worldwide using both B747-200's and stretched DC-8's.

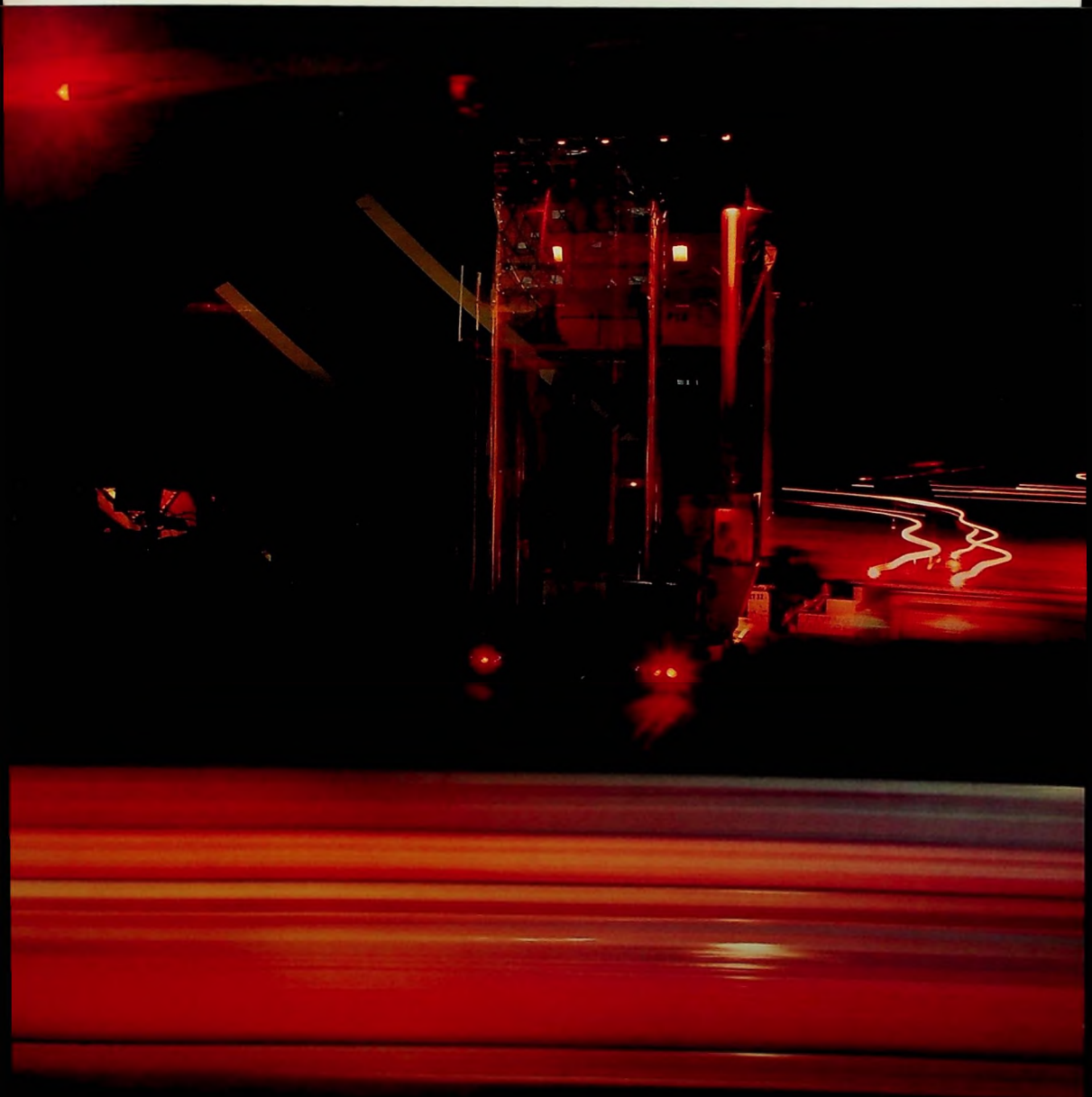
Air cargo is an increasingly vital link in the movement of goods, particularly in international markets. Air is the fast-



est, and frequently the most cost effective, way to move cargo to overseas points from inland cities. Flying Tigers has a competitive advantage since it serves the

two largest international cargo markets, the Atlantic and Pacific, with its extensive domestic system.

In response to customers' needs, Flying Tigers constantly strives to improve its scheduled service and its facilities and equipment. Below, one of Flying Tigers' new B747-200 jettfreighters is being loaded to meet customers' requirements around the world.



RAILCAR SERVICES

6 North American Car operates one of the largest fleets of specialized railcars in the world—more than 59,000 cars. North American offers its customers a wide range of

railcar services. In addition to sales and leasing, it provides repair and maintenance, finance and leveraged leasing, and administrative and remarketing services. Also, North American is increasing its manufacturing capabilities

to include the production of specialized proprietary equipment such as the pressure differential car.

In an effort to reduce its capital intensity and yet meet all its customers' needs, North

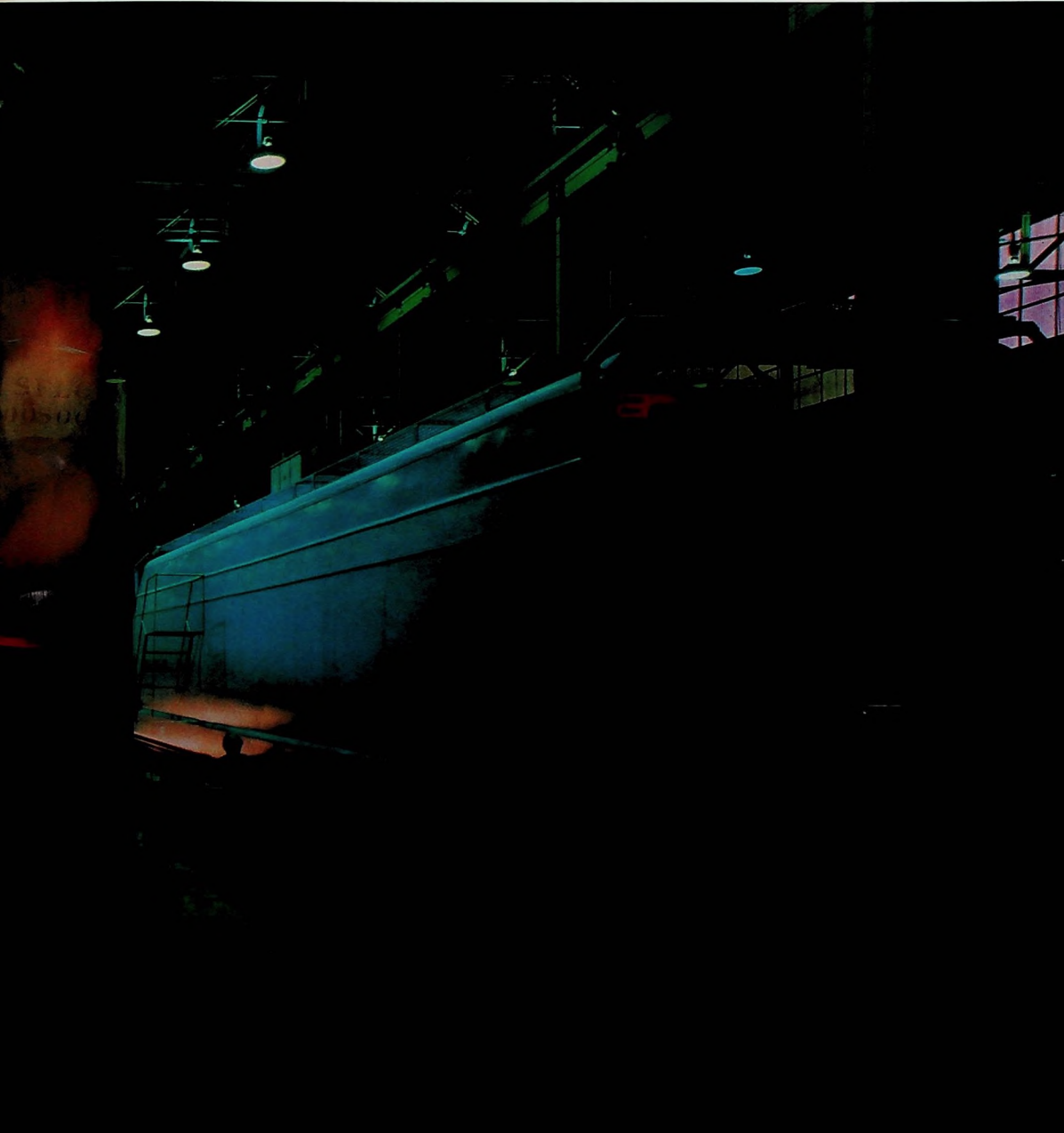
American has developed several programs under which outside investors provide the required capital while North American provides the management for railcars leased to industrial customers.



North American recently introduced a new concept in freight transportation called the RoadRailer, a bimodal vehicle that operates as a truck trailer on highways and a railcar on tracks. It offers

reduced capital requirements and fuel economies over the conventional piggyback configuration, and has been extensively tested on rail tracks in the U.S. and Canada.

North American Car's Chicago Ridge Shop is one of its 20 full-service railcar repair and maintenance facilities strategically located across the country. Skilled repairmen can rebuild, reline and repair cars, recondition wrecks, and perform maintenance on all types of freight cars.



TRUCKING

8 Tiger International entered trucking in January 1980 with its acquisition of Hall's Motor Transit, a less-than-truckload general commodities carrier. To expand its service capabilities, Hall's acquired Dohrn

Transfer, also a less-than-truckload carrier, in January 1981 and merged it into its operation. Hall's now ranks among the top 10 general commodities trucking companies in the United States. Through its network of 80 terminals, Hall's serves custo-

mers in 23 states across the industrial heartland of the U.S., stretching from New England and the mid-Atlantic states west beyond the Mississippi River and south to Texas.

In November 1980 Tiger International entered into an agreement, in principle, to acquire Warren Transport Company, a nationwide truckload carrier of heavy duty equipment. Warren will be operated as a separate entity.



Both Hall's and Warren are expected to benefit from the recent changes in trucking regulation. Hall's is a highly efficient carrier specializing in the very complex less-than-truckload business while Warren is an efficient and rapidly growing carrier spe-

cializing in farm and industrial machinery transportation. These services are in great demand and require special operating skills which are not easily duplicated.

At Hall's headquarters' terminal in Mechanicsburg, Penn., employees put dock equipment into action loading trailers with freight for immediate delivery to customers. The efficient design of Hall's terminals promotes fast movement of goods and a high level of productivity among Hall's employees.



AVIATION SERVICES

10 TigerAir is a leading international service, supply and support company serving the total aviation community from general aviation to commer-

cial airlines. Through its expanding network of fixed base operations, the company primarily supports business aircraft operators, providing fuel, maintenance and ground services. Through its

subsidiary, AviQUIPO, the world's largest international distributor of aviation parts, the company serves as an exclusive marketing representative for aircraft equip-

ment manufacturers throughout the world.

As part of a change in strategy, TigerAir is expanding its fixed base operations, placing less emphasis on the sale and leasing of large commercial and corporate



aircraft and reducing its capital intensity.

Along with TigerAir's strategy to expand its fixed base activity, it is emphasizing the sale and distribution of aviation parts. Each of these busi-

nesses has demonstrated its profitability and will form the nucleus for a rapidly growing business in the coming years.

TigerAir's Burbank, Calif. fixed base operation provides business aircraft operators with fuel, maintenance and ground support services. TigerAir's Burbank and Westchester, N.Y. facilities have captured a significant share of this heavily travelled coast-to-coast business.

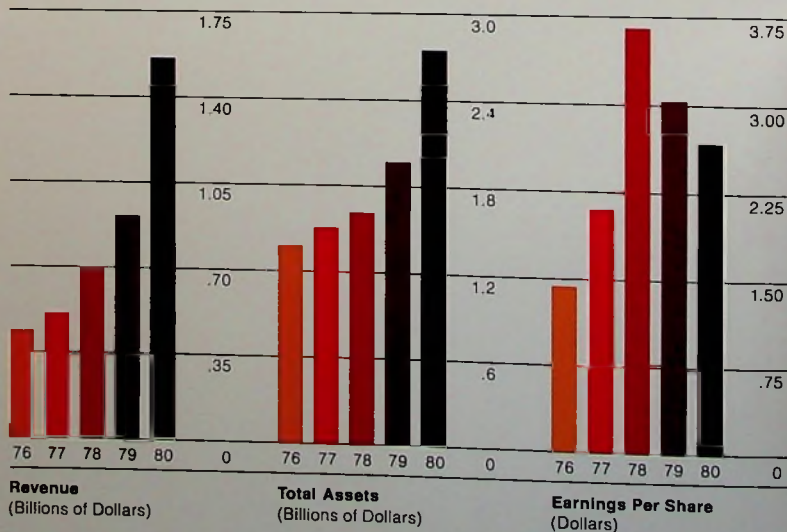


TEN YEAR SUMMARY

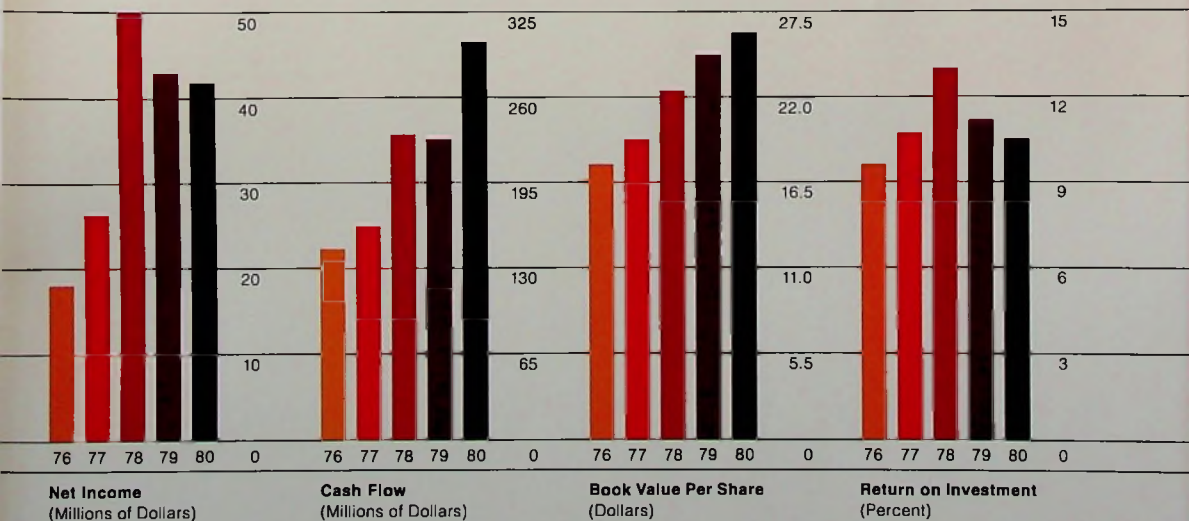
Tiger International, Inc. and Subsidiaries

(Amounts in thousands except per share data)

	1980	1979	1978
Revenues			
Operating revenues	\$ 1,527,968	\$ 895,907	\$ 680,680
Other	20,230	3,485	1,451
Pretax income of unconsolidated insurance subsidiary	14,072	13,928	10,375
	1,562,270	913,320	692,506
Costs and Expenses			
Cost of operations	1,104,672	568,534	369,281
Selling, general and administrative	139,462	99,896	82,181
Depreciation and amortization	118,332	81,649	74,019
Interest	153,094	106,411	90,562
Interest capitalized	(12,165)	(7,293)	(253)
	1,503,395	849,197	615,790
Income before income tax provision	58,875	64,123	76,716
Income tax provision	16,500	20,496	26,697
Net Income	\$ 42,375	\$ 43,627	\$ 50,019
Earnings per share	\$ 2.68	\$ 3.03	\$ 3.68
Shares used for computation of earnings per share	15,810,000	14,405,000	13,598,000
Stockholders' equity	\$ 446,279	\$ 357,846	\$ 325,301
Book value per common share	\$ 26.45	\$ 25.12	\$ 22.86
Assets	\$ 2,758,425	\$ 1,940,601	\$ 1,616,655
Number of employees	14,769	8,684	7,162
Cash dividends per common share	\$.80	\$.80	\$.60



	1977	1976	1975	1974	1973	1972	1971
\$	488,682	\$ 429,945	\$ 384,397	\$ 333,916	\$ 289,782	\$ 256,283	\$ 206,728
	8,098	5,889	7,498	1,513	1,354	832	2,832
	7,454	—	—	—	—	—	—
	504,234	435,834	391,895	335,429	291,136	257,115	209,560
	250,714	211,339	181,040	160,084	116,327	103,908	93,796
	62,095	58,266	54,738	47,977	37,372	31,507	21,660
	63,882	59,239	53,763	45,424	39,096	38,215	31,513
	86,474	78,522	77,546	64,278	42,847	34,801	30,167
	(870)	(1,040)	(794)	(2,204)	(557)	(117)	—
	462,295	406,326	366,293	315,559	235,085	208,314	177,136
	41,939	29,508	25,602	19,870	56,051	48,801	32,424
	15,595	11,225	9,602	7,842	23,043	20,216	12,993
\$	26,344	\$ 18,283	\$ 16,000	\$ 12,028	\$ 33,008	\$ 28,585	\$ 19,431
\$	2.08	\$ 1.44	\$ 1.27	\$.96	\$ 2.60	\$ 2.18	\$ 1.55
	12,695,000	12,702,000	12,636,000	12,518,000	12,896,000	13,086,000	12,576,000
\$	246,413	\$ 226,767	\$ 210,654	\$ 199,588	\$ 192,459	\$ 161,600	\$ 131,169
\$	19.42	\$ 17.89	\$ 16.94	\$ 16.06	\$ 15.49	\$ 15.36	\$ 13.20
\$	1,504,982	\$ 1,371,986	\$ 1,308,728	\$ 1,219,512	\$ 980,374	\$ 808,268	\$ 748,716
	4,938	4,493	4,414	4,723	4,672	4,082	3,845
\$.50	\$.40	\$.40	\$.40	\$.20	\$ —	\$ —



TIGER INTERNATIONAL DIRECTORS

14

Charles Luckman
*Founder, The Luckman
Partnership, Inc.
Los Angeles, California*

Laurence C. Craigie
*Consultant, Lockheed
Aircraft Corporation
Burbank, California*

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

B. Houston Rehrig
*President, Rehrig
International
Los Angeles, California*

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



TIGER INTERNATIONAL EXECUTIVES

David L.
Auchterlonie
*Vice President—
Controller, Tiger
International*

Roll Bodenburg
*Vice President—
Taxes, Tiger
International*

Jack Reiter
*Vice President—
Government
Relations, Tiger
International*

Robert J. Harter, Jr.
*Vice President—
Law and Corporate
Secretary, Tiger
International*

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

Paul M. O'Hara
*Vice President—
Treasurer, Tiger
International*



Thomas F. Grojean
President
Tiger International

Charles T. Manatt
Manatt, Phelps,
Rothenberg & Tunney
Los Angeles, California

J. Howard Edgerton
Chairman of the
Board, Emeritus
California Federal
Savings & Loan Assn.
Los Angeles, California

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

William E. McKenna
Chairman of the Board
Sambo's Restaurants
Santa Barbara,
California



Thomas B. Liesy
Vice President -
Corporate Planning
Tiger International

Walter H.
Bernhardson
Vice President -
Human Resources
Tiger International

Martin A. Lynch
Senior Vice
President - Finance
Tiger International

James H. Ozanne
President, North
American Car

Gerald N. Hall
President, Hall's
Motor Transit

George M. Gross
President, Tiger Air

Thomas F. Grojean
President, Flying
Tigers



Tiger International Directors

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

Laurence C. Craigie
Consultant
Lockheed Aircraft Corporation
Burbank, California

J. Howard Edgerton
Chairman of the Board—Emeritus
California Federal Savings & Loan Association
Los Angeles, California

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

Thomas F. Grojean
President
Tiger International

Charles Luckman
Founder
The Luckman Partnership, Inc. (Architects)
Los Angeles, California

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

William E. McKenna
Chairman of the Board
Sambo's Restaurants
Santa Barbara, California

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

B. Houston Rehrig
President
Rehrig International
(Plastic Molders)
Los Angeles, California

Tiger International

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

Thomas F. Grojean
President

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

Thomas B. Liesy
Vice President—Corporate Planning

Paul M. O'Hara
Vice President—Treasurer

Jack Reiter
Vice President—Government Relations

Flying Tigers
Thomas F. Grojean
President

L. Russell Emerson
Senior Vice President—Scheduled Services

John E. Flynn
Senior Vice President—Administration

Lewis H. Jordan
Senior Vice President—Operations

Richard E. Battle
Vice President—Personnel Relations

Nissen Davis
Vice President—Public Relations and Advertising

Jere T. Farrah
Vice President—Maintenance and Engineering

Michael B. Gurley
Vice President—Western Region

Richard L. Haberly
Vice President—Eastern Region

Albert O. Hicks
Vice President—Europe

Peter E. Hubbard
Vice President—North America

Jack T. Kane
Vice President—Sales

Richard M. Keefer
Vice President—Flying

John H. Mahoney
Vice President and Advisor

Lawrence M. Nagin
Vice President—Law

Hermann A. Spiegel
Vice President—Midwest Region

Paul A. Stokes
Vice President—Asia

Worth L. Thornton
Vice President—Passenger Marketing and Sales

James J. Tufts
Vice President—Southern Region

George A. Zettler
Vice President—Latin America

North American Car
James H. Ozanne
President

Robert N. Tidball
Vice President—General Manager
Railcar Leasing Division

Gerald D. Birmingham
Vice President—Fleet Operations

Robert A. Boerke
Vice President—Engineering
Railcar Leasing Division

Howard R. Bolduc
Vice President—Marketing
Railcar Leasing Division

James F. Compton
Vice President—General Manager, Remarketing Services Division

Richard R. Forrest
Vice President—Eastern Region

Robert A. Greenbury
Vice President—International Operations

John A. Harrison
Vice President—Finance

Harold C. Herrmann
Vice President—General Manager, Terminal Division

C. Taylor Kew
General Manager
Car Repair Division

Francis W. Kreidler
Vice President—Special Projects

Roger A. Noback
Vice President—Law

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

Judith Becker Thomas
Vice President—Personnel Relations

Richard C. Underwood
Vice President—Sales

Bi-Modal Corporation
Robert S. Reebie
President

National Equipment Rental, Ltd.

Harry M. Weisberg
President

Tiger Computer (Computer Division U.S.)

Thomas J. McArdle
President

Tiger Financial Services, Inc.

Robert K. Parsons
Vice President—General Manager

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

Hall's Motor Transit

John N. Hall
Chairman

Gerald N. Hall
President and Chief Executive Officer

Raymond Buch
Executive Vice President and Chief Operating Officer

Buddy G. Cummings
Vice President—General Transportation

D. Richard Hassinger
Vice President—Operations

Edward W. Kelliher
Vice President—Traffic

John E. Kilkenny
Vice President—Sales and Marketing

William E. Long
Vice President—Maintenance

Donald G. McDougall
Vice President—Properties and Purchasing

David G. Quidort
Vice President—Human Resources

Albert G. Radasky
Vice President—Finance and Administration

TigerAir

George M. Gross
President

L. Craig Woodhouse
Group Vice President

William D. Evans
Vice President—General Manager
Spare Parts Support

Ronald J. Barowski
Vice President—Controller

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1980
Commission file number 1-6457

TIGER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

95-2623176

(I R S Employer Identification No.)

1888 Century Park East, Los Angeles, California 90067
(Address of principal executive offices) (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*

8 $\frac{3}{4}$ % Convertible Subordinated Debentures Due 2005

11 $\frac{1}{2}$ % Sinking Fund Debentures Due 1995

*Also listed on the Midwest and Pacific Stock Exchanges

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:
\$314,280,991 as of March 2, 1981 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, 1981: 16,991,754 Shares of Common Stock, \$1 Par Value

DOCUMENTS INCORPORATED BY REFERENCE

Information called for by Part III (Items 9 and 10) is incorporated by reference from the
registrant's definitive proxy statement to be filed with the Securities and Exchange Commission
prior to April 30, 1981, pursuant to Regulation 14A, which will involve the election of directors.

Tiger International, Inc.

ANNUAL REPORT ON FORM 10-K

December 31, 1980

PART I

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PART III

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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 revenue cargo ton miles carried in 1980. 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, 1981, Flying Tigers provided scheduled air service for both cargo and mail directly to the following U.S. cities: Honolulu, Los Angeles, San Francisco-Oakland, Seattle-Tacoma, Anchorage, Dallas-Fort Worth, Houston, Chicago, Detroit, Cincinnati, Cleveland, Atlanta, Charlotte, Philadelphia, New York, Miami and Boston, and San Juan, Puerto Rico. 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, 1981, Flying Tigers provided international scheduled air service for both cargo and mail between points served in the United States and points in Japan, the Republic of Korea, Hong Kong, Taiwan, the Philippines, Malaysia, Singapore, France, the Federal Republic of Germany, Switzerland, Italy and the United Kingdom. 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 1980, Flying Tigers operated cargo charter flights which generated \$80,164,000 of operating revenues compared to \$38,808,000 in 1979 and \$21,881,000 in 1978. Two of the three Boeing 747-200 passenger aircraft leased from its affiliate, TigerAir, Inc. ("TigerAir"), will be used in passenger charter operations in 1981.

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, 1980, were \$86,035,000 compared to \$45,485,000 in 1979 and \$35,112,000 in 1978. Flying Tigers was awarded a new MAC contract for the twelve months from October 1, 1980 to September 30, 1981, the fixed portion of which is in the amount of \$71,260,000. 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 leased from TigerAir will be used in MAC charter operations in 1981.

Aircraft Operating Fleet

As of March 1, 1981, Flying Tigers' operating fleet consisted of twenty-one DC-8-63 aircraft, seven DC-8-61 aircraft, six Boeing 747-100F aircraft, ten Boeing 747-200F aircraft and three Boeing 747-200 passenger aircraft on short term lease from TigerAir. As of March 6, 1981, Flying Tigers agreed to sell its interests in three Boeing 747-100 freighters and related equipment for an aggregate consideration in excess of \$90,000,000. Delivery of such aircraft and related equipment will be made in the first and second quarters of 1981.

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 scheduled commitments. During 1979 and 1980 fuel prices increased at a substantially higher rate than in recent years. The average price per gallon of fuel paid by Flying Tigers increased from \$.74 in December, 1979 to \$1.02 in December, 1980.

Revenues and Revenue Ton Miles

The following table presents a percentage breakdown of Flying Tigers' sources of revenue for each of the three years ended December 31, 1980. Flying Tigers' revenues are seasonal with more cargo carried in the third and fourth quarters of each year.

	Year Ended December 31		
	1980	1979	1978
Sources of Revenue (percent)			
Scheduled cargo operations	73.1%	80.1%	84.2%
Military Airlift Command	12.1	9.9	8.6
Charter	11.3	8.5	5.4
Other	3.5	1.5	1.8
	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 three years ended December 31, 1980. 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		
	1980	1979	1978
Scheduled Cargo			
Revenue ton miles (thousands)			
Freight	1,405,117	1,164,382	1,156,056
Mail & Other	66,291	57,827	81,284
Load Factor (percent)	70.3	68.4	67.4
Revenue per ton mile (cents)	35.2	30.0	27.8
Nonscheduled Cargo			
Revenue ton miles (thousands)			
Military Airlift Command	189,724	132,720	112,572
Charter	217,419	127,157	89,734

Customers

Approximately 14% of Flying Tigers' business in 1978 and 1979 and approximately 15% in 1980 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 cargo customers are freight forwarders and direct shippers, with freight forwarders generating the majority of the weight; much of its international business is produced through cargo agents and freight forwarders. Approximately 7% of Flying Tiger's business in 1980 was performed for one customer, compared to approximately 6% in both 1979 and 1978. Flying Tigers does not have long-term contracts with any of its commercial customers.

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, as part of the Department of Transportation, 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 was renewed for seven years in July, 1977 and its Transatlantic routes pursuant to a permanent Certificate of Public Convenience and Necessity which was issued on September 15, 1980. Flying Tigers' authorization to operate its international rights 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 tentatively approved the IATA Traffic Conference system until April 16, 1982, subject to the condition that U.S. carriers may not participate in the Traffic Conferences which set rates over the North Atlantic.

Flying Tigers was able to effect rate increases in all markets, except the North Atlantic market, in 1980. 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 has decided to comply with a rule 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 new aircraft. The re-engining cost will be approximately \$12,000,000 per aircraft, exclusive of spares and other components. The new engines will not be available until 1982 and, as a result, Flying Tigers has received approval of its compliance program under which its DC-8 fleet will be modified on a schedule different from that

required in the FAA Noise Rule. The re-engining modification will comply with the FAA Noise Rule and will also decrease fuel consumption by more than 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. While air freight forwarders are customers of Flying Tigers, they are also competitors in developing a direct relationship with the original shipper and by 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. Competition in air cargo markets is based on both price and service; however, 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 related services primarily 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 under which North American provides and maintains railcars, collects mileage compensation from railroads, pays certain property and related taxes, and performs various other administrative functions. New railcars are acquired and financed by North American for such full-service leases. North American also markets the various elements of its full-service lease separately. In addition, North American sells new and used railcars directly to its customers and provides maintenance and other services for them, on both project and, under North American's administrative services contracts, long-term contract bases.

Under its investor management contracts, North American sells railcars to corporate and other investors subject to management agreements. Under these agreements, North American manages, markets and maintains 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.

Car Fleet

North American operates the third largest fleet of privately owned and managed railcars in the world. At December 31, 1980, this fleet consisted of approximately 59,200 railcars with an average age of

approximately 9.5 years. Each type of car in the fleet is generally capable of transporting a variety of bulk commodities.

The composition of the North American fleet (which includes both cars owned by North American and cars owned by others but managed by North American) is set forth below:

	December 31		
	1980	1975	1970
Railcars under operating lease and investor management contracts			
U.S. and Canada			
Tank cars	16,347	15,086	10,090
Covered hopper cars	23,913	17,185	6,744
Box, flat and other cars	5,319	7,328	6,713
	45,579	39,599	23,547
Western Europe and Mexico	4,862	1,449	—
Total	50,441	41,048	23,547
Other (including railcars under finance leases and administrative service contracts)	8,739	3,269	—
Total Railcar Fleet	59,180	44,317	23,547

Substantially all of North American's railcars are encumbered under equipment trust, capitalized lease or similar obligations.

Leases

Leases for new railcars are generally at fixed rentals not subject to escalation during the term of the lease, except for increases in railcar costs or governmentally reported indices between the date of lease and delivery of the railcars. Typically, these leases are written for an initial term of five years or, to a lesser degree, longer terms of up to twelve years. Generally, railcars subject to leases which have expired or been terminated in the past have been re-leased at higher rental rates and a majority of such railcars have been re-leased by the existing customer. During 1980, approximately 9.2% of the owned railcars in the fleet came off lease and were available for re-lease, compared to approximately 15% in 1979 and approximately 12.5% in 1978. During 1980, an average of approximately 98.8% of North American's owned fleet was on lease, compared to an average of approximately 99.5% in 1979 and 99% in 1978.

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. Most of the railcars ordered since 1978 were for delivery as completed units. In January, 1981, North American purchased the manufacturing business of its exclusive supplier of pressure differential (Pd) railcars for transporting dry bulk commodities.

In order to acquire railcars for its various programs, North American from time to time places purchase orders for standard types of railcars before the commitments for the lease or sale of such railcars are entered into. This practice is designed to take advantage of production economies and to maintain an available supply of railcars for lease and sale. In most cases, leases with respect to such railcars are entered into prior to their delivery to North American. However, this practice may, from time to time, cause North American to acquire new railcars for which there are no current lease or sale commitments.

North American acquires 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 1981 are to be assembled by four companies in the United States and Canada.

Maintenance

North American's railcars on full-service lease are repaired and maintained at 20 of its own shops, 11 of its own mobile repair units and at various facilities owned by railroads and others. Running repairs, which account for approximately one-half of its 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's total repair and maintenance expense was \$36,031,000 in 1980, \$35,741,000 in 1979 and \$29,213,000 in 1978. Substantially all railcar repairs, other than running repairs, are made by North American at its own facilities. North American believes that its fleet of railcars is well maintained and in good mechanical condition.

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 owning, leasing and servicing railcars, including two concerns with larger fleets than 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 provides a service and, accordingly, might be considered to be competing with, or facing potential competition from, customers who could provide such services for themselves.

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 various AAR and Department of Transportation regulations concerning construction, condition and operation of its fleet of railcars. Changes in these regulations and operating rules have required North American to make modifications to its railcars from time to time.

North American does not anticipate any material effects on its capital expenditures, earnings or competitive position as a result of Federal, state and local laws or regulations regarding the discharge of materials into the environment or otherwise relating to the protection of the environment.

International Activities

At December 31, 1980, North American leased railcars valued in its financial statements at approximately \$178,000,000 to customers in Canada, \$21,000,000 to customers in Mexico, and \$35,000,000 to customers in other countries, principally in Western Europe. Of the total 1980 operating revenues of North American, approximately 13% is accounted for by operations in Canada and 4% by operations in Western Europe and Mexico.

Related Services

Tiger Financial Services, Inc., a subsidiary of North American, is involved in the brokerage of leveraged lease transactions of railroad and, to a lesser degree, other types of capital equipment. Such transactions involved the placement of equipment with approximate costs of \$220,000,000 in 1980, \$200,000,000 in 1979 and \$79,000,000 in 1978.

AVIATION SERVICES

TigerAir buys fixed and rotary wing aircraft and aircraft spare parts for lease and sale and provides jet and prop jet transport aircraft on an operating or finance lease basis. In addition, TigerAir's subsidiaries operate an international distributorship of aircraft spare parts and ground support equipment, four fixed base facilities (of which two were purchased in 1980 and one in February,

1981) which provide hangering, fuel, maintenance and repair services, a facility for the assembly and installation of aircraft supplemental fuel systems and a full line Cessna dealership.

TigerAir in the course of its operations realizes income from the sale or other disposition of aircraft. During the three years ended December 31, 1980, TigerAir sold 34 commercial and corporate jet aircraft and in 1978 and 1979 the profit from such sales represented a significant portion of the income before income taxes. During 1980, the depressed market for aircraft sales had an adverse effect on TigerAir's operations (see discussion — page 17). During this three year period, TigerAir purchased 27 commercial and corporate aircraft for lease or sale.

At December 31, 1980, TigerAir owned, or held under long term leases, 17 commercial aircraft. Ten aircraft were under operating leases, 2 were under finance leases or subject to conditional sale contracts and 3 were held for lease. Of the remaining 2 aircraft, 1 is being modified and 1 is being operated as a demonstrator. TigerAir also owned 2 fixed and rotary wing corporate aircraft, which were held for sale or lease.

Aircraft under lease are maintained at the expense of the lessee and the lessee is responsible for complying with FAA and applicable foreign governmental regulations. Aircraft offered for lease by TigerAir must comply with the requirements of the FAA or of a similar foreign governmental agency if the aircraft is registered in a foreign country.

The 3 used Boeing 747-200 passenger aircraft purchased by TigerAir from Singapore Airlines were delivered in September, 1979, and in July and September, 1980. All of these aircraft are on cancellable, short-term leases with Flying Tigers and are held primarily for sale.

In 1980, TigerAir purchased 1 used DC-10-30CF aircraft from Flying Tigers. The DC-10-30CF aircraft had been acquired by Flying Tigers in its merger with Seaboard and is being leased to a domestic carrier on a short-term lease.

TRUCKING

Hall's Motor Transit Company ("Hall's") was acquired by Tiger on January 24, 1980. Hall's results of operations are not included in Tiger's consolidated financial statements prior to that date. On the basis of operating revenues for 1980, Hall's ranked as the sixteenth largest motor carrier in the United States.

Hall's is a common carrier of general commodities by motor vehicle, operating in interstate commerce in 18 states and the District of Columbia under authority granted by the ICC, in foreign commerce to and from the Province of Quebec under authority granted by the ICC and the Transport Commission of Quebec, and in intrastate commerce in Pennsylvania, New York and Maryland, under authority granted by the applicable state commissions.

Hall's is authorized to transport general commodities, with exceptions, over a network of regular routes in the states of Minnesota, Wisconsin, Illinois, Indiana, Ohio, Kentucky, West Virginia, Virginia, Pennsylvania, Maryland, Delaware, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Michigan and New Hampshire; and the District of Columbia. 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 11 states and the District of Columbia and irregular route specific commodity authority from and to specified points or areas in 31 states and the District of Columbia.

Hall's has 70 agencies in 64 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 1980 by Hall's, 85% both originated and terminated within the Hall's system; the remaining 15% either originated or terminated with Hall's. During the fiscal years ended December 27, 1980 and December 29, 1979, 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.

The following table shows, for each of the last three fiscal years, certain statistics relating to Hall's operations.

	Fiscal Year Ended(1)		
	Dec. 27, 1980	Dec. 29, 1979	Dec. 30, 1978
OPERATING REVENUES (in thousands)	\$ 197,130	\$ 199,323	\$ 179,691
SHIPMENTS			
Number of Shipments (in thousands)	1,788	1,825	1,907
Average Weight per Shipment (pounds)	2,687	3,287	3,294
Average Revenue per Shipment (\$)	110.25	109.22	94.24
TONS CARRIED			
Number of Tons Carried (in thousands)	2,402	2,999	3,140
Revenue per Ton Carried (\$)	82.07	66.46	57.22
INTERCITY MILES			
Number of Intercity Miles Operated (in thousands)	75,161	84,077	80,215
Revenue per Intercity Mile (\$)	2.62	2.37	2.24
TON-MILES (in thousands)	1,021,374	1,199,031	1,189,529
AVERAGE LENGTH OF HAUL (Miles)	425.2	399.8	378.8
OPERATING RATIO (%) (2)	96.9	95.7	94.4

(1) All years shown are composed of 52 weeks.

(2) Represents the relationship of operating expenses compared to operating revenues.

Equipment

As of December 27, 1980, Hall's owned 1,519 truck tractors, 3,173 van semitrailers, 20 rack and flatbed semitrailers, 180 open-top semitrailers, 101 van straight trucks and 150 lift trucks used in its terminal operations. 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.

Competition

The motor carrier industry is highly competitive. Hall's competes with other motor common carriers, motor contract carriers, private carriers and railroads. The operating authorities granted to Hall's do not give it exclusive rights in any of the areas in which it does business. A substantial number of motor carriers operate within the same areas served by Hall's, and the ICC, the various state regulatory agencies, and the Province of Quebec may authorize operations by additional carriers in the same areas of interstate, intrastate and foreign commerce now served by Hall'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.

Hall's believes that the competitive position of a trucking company presently depends upon prices, consistency and dependability of service.

Rates and Regulations

The rates and charges assessed by Hall's for interstate transportation are on file with the ICC. Normally, regional tariff bureaus, on behalf of their members, including Hall's, publish revisions of rates and charges subject to the approval of the ICC. Although under certain limited circumstances Hall's publishes its own individual tariffs, it more often participates in the regional tariff bureau publications.

While rate increases have generally been granted to cover increased costs incurred by members of regional tariff bureaus because of union settlements and other expenses, there can be no assurance

that future rate increases will be sufficient to offset future increases in wages and expenses, or that rate increases will follow these increases promptly.

The United States Department of Transportation has jurisdiction over the qualification and the maximum hours of service of Hall's drivers, and the general safety of Hall's operations and equipment.

Hall's is subject to economic regulation by regulatory agencies of the three states in which it is authorized to transport intrastate traffic and by the Transport Commission of Quebec. Hall's operations are subject to administrative regulation by all the jurisdictions in which it operates.

Cost and Availability of Fuel

Hall's contracts with diesel fuel suppliers for the purchase of 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.

Acquisitions

On January 30, 1981, a Tiger subsidiary acquired all the stock of Dohrn Transfer Company ("Dohrn"). Dohrn is a common carrier engaged in motor freight transportation primarily in the North Central and Great Lakes regions. Dohrn was operated by Hall's pursuant to temporary authority from the ICC from November, 1980 to January, 1981, at which time permanent authority was granted.

On December 31, 1980, Tiger agreed to acquire Warren Transport, Inc., a specialized truckload hauler of heavy machinery and other commodities that require special equipment. The acquisition will be completed as soon as possible after the receipt of necessary ICC approvals and the satisfaction of certain other conditions.

OTHER ACTIVITIES

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, 1980, computers on operating and finance leases had firm and insured rentals of \$44,700,000, or 75% 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, 1980, was \$10,400,000 or 7% of original cost. System 370 and 3000 models are being depreciated on straight line and accelerated methods to zero salvage value over a maximum of 8 years.

Private Mortgage Insurance

Tiger Investors Mortgage Insurance Company ("Tiger Insurance"), directly and through its subsidiaries, engaged primarily in the business of insuring approved lending institutions against losses resulting from defaults by borrowers in payments on conventional loans secured by mortgages on one- to four-family residential properties. As a consequence of Tiger's decision to concentrate its future activities in transportation related businesses, Tiger sold Tiger Insurance and its subsidiaries for a purchase price of approximately \$83,000,000 in cash on February 26, 1981.

TIGER EMPLOYEES

As of December 31, 1980, Tiger and its subsidiaries had approximately 14,800 employees.

ITEM 2. PROPERTIES.

Tiger's executive offices are located in leased space in a modern office building in Los Angeles, California. These offices cover approximately 48,500 square feet under two leases expiring in 1996. Effective December 31, 1980, Tiger disposed of its investment in a real estate partnership which owned the building in which Tiger's executive offices are located.

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 the cities it serves. Flying Tigers' operating fleet is described under the caption "Item 1. Business."

In addition to the railcars described under the caption "Item 1. Business.", North American operates 20 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 Los Angeles, California and its subsidiaries lease office space and hanger 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 68 terminal facilities in 61 cities in 14 states and the Province of Quebec. Hall's operates 58 of the 68 terminals, of which it owns 43 and leases 15 under leases due to expire between 1981 and 2001. Of the 10 terminals not used by Hall's, 9 are leased to unrelated parties and 1 is vacant. Hall'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 or results of operations.

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 March 1, 1981:

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 10022	2,246,000(1)	13.22%
Mathers and Company, Inc. 125 S. Wacker Drive Chicago, Illinois 60606	1,066,610(2)	6.28%
J. P. Morgan & Co. Incorporated 23 Wall Street New York, New York 10015	909,787(3)	5.35%

- (1) This information is derived from Amendment No. 3 to Schedule 13D, dated January 22, 1981, filed 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 its filings with the Securities and Exchange Commission, 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 it may acquire the additional shares necessary to account for its holdings on an equity basis. 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 Schedule 13G, dated February 13, 1981, 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 1,066,610 shares of Tiger Common Stock; and (iii) it had no shared voting or investment power with respect to any shares of Tiger Common Stock.
- (3) This information is derived from Schedule 13G, dated December 31, 1980, filed by J. P. Morgan & Co. Incorporated. In such filing, Morgan reported that (i) it had sole voting power with respect to 321,587 shares of Tiger Common Stock; (ii) it had sole investment power with respect to 909,787 shares of Tiger Common Stock; (iii) it had no shared voting or investment power with respect to any shares of Tiger Common Stock; and (iv) it had the right to acquire 48,387 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 registrant as a group, as of March 1, 1981 (none of whom own any other equity security of Tiger):

Name	Title of Class	Amount of Beneficial Ownership	Percent of Class
Wayne M. Hoffman	Common Stock	328,076	1.93%
B. Houston Rehrig	Common Stock	456	(A)
Charles Luckman	Common Stock	3,912	(A)
Laurence C. Craigie	Common Stock	10,279	(A)
J. Howard Edgerton	Common Stock	5,596	(A)
William E. McKenna	Common Stock	910	(A)
Thomas F. Grojean	Common Stock	179,709	1.06%
Gordan M. Metcalf	Common Stock	1,100	(A)
Charles T. Manatt	Common Stock	0	(A)
Gerald R. Ford	Common Stock	100	(A)
All directors and officers as a group (18 persons)	Common Stock	558,761	3.29%

(A) 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. 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 thereof, a specified number of shares of Tiger Common Stock at the market price on the date of the agreements. All these agreements have been approved by Tiger's stockholders. The amounts shown include 200,000 shares, in the case of Mr. Hoffman, and 150,000 shares, in the case of Mr. Grojean, as to which they are obligated to purchase pursuant to these agreements.

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.

Name	Title	Age
Wayne M. Hoffman	Chairman of the Board, Chief Executive Officer and Director	58
Thomas F. Grojean	President and Director	42
Martin A. Lynch	Senior Vice President—Finance	43
David L. Auchterlonie	Vice President—Controllor	34
Walter H. Bernhardson	Vice President—Human Resources	49
Rolf Bodenbug	Vice President—Taxes	52
Robert J. Harter, Jr.	Vice President—Law and Corporate Secretary	36
Thomas B. Liesy	Vice President—Corporate Planning	37
Paul M. O'Hara	Vice President—Treasurer	35
Jack Reiter	Vice President—Government Relations	61

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—Controllor in September, 1980, Mr. Auchterlonie had been Senior Audit Manager of the Los Angeles office of Price Waterhouse & Co. since July, 1978. Mr. Auchterlonie had been with Price Waterhouse & Co. 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, and Treasurer from June, 1973 to 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.

Thomas B. Liesy	Before becoming Vice President—Corporate Planning in November, 1980, Mr. Liesy had been Director of Corporate Planning from February, 1978 to October, 1980. From May, 1976, to February, 1978 Mr. Liesy was Manager—Financial Planning and Analysis at Occidental Petroleum Corporation and from March, 1973 to May, 1976, Mr. Liesy was Controller of Arcata Data Management Corporation.
Paul M. O'Hara	Before becoming Vice President—Treasurer in November, 1980, Mr. O'Hara had been Treasurer of Tiger since July, 1979. Mr. O'Hara was Assistant Treasurer of Tiger from August, 1977 to June, 1979. From 1975 to 1977 Mr. O'Hara was Director of International Finance with Kimberly-Clark Corporation.
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, 1981, there were approximately 24,000 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, 1980 are as follows:

	Quarter Ended			
	March 31	June 30	September 30	December 31
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 declared per common share	.20	.20	.20	.20
1979				
High	\$27.63	\$27.00	\$27.75	\$23.75
Low	19.13	22.25	21.13	16.50
Close	24.63	22.50	23.00	19.00
Cash dividends declared per common share	.20	.20	.20	.20

Certain long-term debt and bank line of credit agreements provide for restrictions on the payment of cash dividends. At December 31, 1980, under the most restrictive of the agreements, approximately \$22.1 million of retained earnings were available for the payment of cash dividends; approximately \$13.2 million of cash dividends were declared in 1980.

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected consolidated financial data for Tiger and its subsidiaries for each of the five years ended December 31, 1980 (in thousands, except per share and ratio data):

	1980	1979	1978	1977	1976
Results of operations					
Revenues	\$ 1,562,270	\$ 913,320	\$ 692,506	\$ 504,234	\$ 435,834
Net income	\$ 42,375	\$ 43,627	\$ 50,019	\$ 26,344	\$ 18,283
Earnings per common share	\$ 2.68	\$ 3.03	\$ 3.68	\$ 2.08	\$ 1.44
Cash dividends per common share	\$.80	\$.80	\$.60	\$.50	\$.40
Funds provided by operations*	\$ 301,196	\$ 225,136	\$ 225,997	\$ 158,771	\$ 146,748
Ratio of earnings to fixed charges	1.36	1.57	1.81	1.47	1.37
Financial position					
Total assets	\$2,758,425	\$1,940,601	\$1,616,655	\$1,504,982	\$1,371,986
Long-term obligations and minority preferred stock subject to mandatory redemption	\$1,655,575	\$1,151,851	\$ 952,845	\$ 961,396	\$ 911,044
Stockholders' equity	\$ 446,279	\$ 357,846	\$ 325,301	\$ 246,413	\$ 226,767
Debt to equity ratio	3.70	3.20	2.91	3.87	3.99
Book value per common share	\$ 26.45	\$ 25.12	\$ 22.86	\$ 19.42	\$ 17.89

* Includes working capital provided by operations, collection of finance lease, long-term and other receivables and sale or retirement of property, plant and equipment. See Consolidated Statement of Changes in Financial Position on page 25 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

Revenues and assets have increased significantly since 1978 as a result of internal growth and acquisitions. This growth represents the development of a strong market presence and a strategic position in each of our businesses (air cargo, railcar services, aviation services, and trucking). Tiger is now established as an international transportation and related services company that is uniquely positioned to serve its customers and benefit from the deregulation of the transportation business.

Establishing this position has required substantial investment. Tiger entered the trucking business in 1980 with the acquisition of Hall's and expanded its air cargo operations by acquiring Seaboard. During the past three years \$1.3 billion has been spent for acquisitions and equipment additions. Although Tiger's debt to equity ratio has increased from 2.91 to 3.70 to 1 in 1978 to 3.70 to 1 in 1980, it remains below 1976 and 1977 levels. Reduced capital requirements for 1981 and 1982 coupled with Tiger's anticipated substantial cash flow should serve to reduce financial leverage.

Liquidity and Capital Resources

Tiger's sources of funds also include public and private issuances of equipment trust certificates, tax-exempt revenue bonds, common stock and debentures. Additional liquidity is also provided by available bank facilities. At December 31, 1980 Tiger had approximately \$295 million of unused bank commitments.

Acquisitions completed during 1980 cost Tiger approximately \$352 million including the assumption of debt and liabilities of \$198 million. When these acquisitions are combined with 1980 equipment expenditures of \$549.5 million, total expenditures exceed \$900 million. This represents a sharp increase over \$367.5 million spent in 1979 and \$229.7 million in 1978. Most 1980 equipment expenditures were for aircraft for Flying Tigers and TigerAir. Commitments for estimated capital expenditures are described in the note on page 34. Substantially all capital expenditures will be funded through issuance of long-term debt facilities, leaving funds provided from operations to reduce outstanding debt.

During 1980 Tiger issued \$60 million of convertible debentures. Additional funds of approximately \$17 million were provided by the sale of Tiger's interest in a real estate partnership. The sale of the mortgage insurance subsidiary during the first quarter 1981 provided approximately \$83 million in cash. In addition, during March 1981 Flying Tigers agreed to sell its interest in three Boeing 747s for approximately \$90 million. All of these transactions have contributed to Tiger's capital base.

Results of Operations — Overview

1980 revenues exceeded 1979 revenues by 71% or \$648.9 million. 1979 revenues exceeded 1978 revenues by 32% or \$220.8 million. Net income in 1980 declined by 3% reflecting the combined effect of the economic recession and higher costs. Earnings in 1980 were aided by a \$10 million after tax gain on the sale of a real estate partnership interest. Net income in 1979 was 13% less than in 1978 primarily as a result of higher fuel and interest costs and an 18-day strike at Flying Tigers.

Air Cargo

Flying Tigers contributed revenues of \$713.1 million in 1980, an increase of 53% from the \$465.2 million in revenues recorded in 1979. Revenues increased 13% from 1978 to 1979. Flying Tigers sustained a pretax loss of \$9.6 million in 1980 compared to pretax income of \$1.2 million in 1979 and \$38.6 million in 1978.

Flying Tigers' scheduled services revenues have increased dramatically over the past three years reflecting a combination of higher yields, increased pounds shipped and the fourth quarter 1980 acquisition of Seaboard. Domestic revenues received per pound (yield), averaged \$.38 per pound in 1980 compared to \$.31 in 1979 and \$.27 in 1978. Several rate increases in 1980 more than offset yield deterioration caused by reduced volume of higher yielding automotive freight shipped. Total domestic pounds shipped by Flying Tigers rose nominally, increasing by 3% in 1980, although total industry pounds shipped decreased in 1980. Flying Tigers experienced a 12% increase in domestic pounds shipped from 1978 to 1979. Transpacific yields increased to \$1.16 per pound from \$.95 in 1979 and \$.92 in 1978. The small yield increase from 1978 to 1979 reflects the difficulty in obtaining extensive regulatory approvals for international rate increases. Some relief was finally granted in the second half of 1979 and during 1980 to partially offset escalating fuel prices. Transpacific pounds shipped increased 15% in 1980, but increased competition in 1979 caused pounds to decrease 8% from 1978. 1979 results were also adversely affected by an 18-day strike. Transatlantic scheduled service revenues of \$30.3 million in 1980 reflects the acquisition of Seaboard in October 1980.

Scheduled services profitability was adversely affected by higher fuel costs in both 1980 and 1979. The average price per gallon was \$.99 in 1980, \$.58 in 1979, \$.41 in 1978 and \$.39 in 1977.

Earnings in 1980 were also negatively affected by the acquisition of Seaboard in the fourth quarter. Severely depressed rates in the North Atlantic, Seaboard's primary cargo market,

generated losses. (See discussion of certain unaudited pro forma effects of this acquisition on page 27.)

Expanded flight schedules and charters caused the number of miles flown and fuel expenses to increase. In addition, B-747 miles as a percent of total miles flown increased during the past three years, which also caused fuel expense to rise because larger aircraft consume more total fuel even though they are more fuel efficient. B-747 miles flown as a percentage of total miles were 43% in 1980, 28% in 1979, and 26% in 1978.

Other expenses which have shown above average increases during the past three years are aircraft expenses (primarily depreciation, engine overhaul and interest) and terminal expenses. The addition of eight B-747s resulted in an increase in aircraft interest and depreciation expenses during 1980.

Commercial charter revenues were \$80.2 million in 1980, a 107% increase over 1979. 1979 charter revenues were 78% higher than in 1978. Charter revenues increased in 1980 because Flying Tigers was able to utilize its increased passenger capacity provided by passenger B-747s leased from TigerAir.

MAC revenues during 1980 were \$86 million, an 89% increase over 1979. 1979 revenues were 29% higher than in 1978. MAC allocates its business among carriers based on the size of the carriers' MAC dedicated fleet. Rapid fleet growth during the past eighteen months explains much of the revenue growth in 1980.

Railcar Services

North American has experienced substantial growth in both revenues and earnings over the past two years. Revenues of \$498.1 million in 1980 increased by 54% over 1979 while operating profit increased 38%. New railcar sales and remarketing services were major contributors to the higher revenues and earnings in 1980, while railcar leasing, the corporate investor program, railcar repair and international operations also reported significant revenues and earnings increases. Such factors also had the effect of increasing 1979 revenues 62% over 1978.

Remarketing of railcars, begun late in 1978, produced significantly higher revenues in 1980 compared to 1979. This improvement resulted primarily from an agreement entered into by North American with the trustee of the property of a bankrupt railroad whereby North American serves as exclusive remarketing agent for the railcar fleet of the bankrupt railroad in liquidation proceedings. Another component of the increase was a gain that occurred when North American recovered cars leased to the bankrupt railroad and leased them to another railroad.

Railcar leasing operations reported revenue increases during 1980 due primarily to higher lease rates for both new and used railcars. Railcar leasing revenues in 1980 exceeded 1979 revenues by 15%, compared to a 13% increase from 1978 to 1979. 1979 revenues were higher than in 1978 reflecting higher lease rates as well as higher fleet productivity. The total owned/managed fleet has increased 13% and 8% in 1980 and 1979, respectively.

In 1977, North American entered into a program to develop and promote the Roadrailer[®] vehicle, a specialized type of freight trailer which contains both steel wheels for operating on railroad tracks in specialized trains and rubber tires for conventional operations on streets and highways. In 1980, North American assumed a majority stockholder position in a company which is developing the Roadrailer[®] vehicle. Production of the Roadrailer[®] vehicle commenced in 1980 and the first production units have been placed in service.

Aviation Services

TigerAir's aviation services operation reported record revenues of \$118.5 million in 1980 exceeding 1979 revenues by 33%. 1979 revenues exceeded 1978 revenues by 68%. Revenues from TigerAir's fixed base operations (primarily fueling and light maintenance) provided most of 1980's revenue increase, while an increase in spare parts sales explains the major portion of the increase in 1979.

TigerAir sustained a pretax loss of \$8 million in 1980 compared to pretax income of \$13 million in 1979 and \$11 million in 1978. The largest negative impact on TigerAir's operations in 1980 was its inability to sell aircraft due to depressed market conditions. Gains on sales of aircraft in 1980 were \$5.0 million compared to gains of \$14.2 million in 1979 and \$10.7 million in 1978. Also the high carrying costs associated with the acquisition of three passenger B-747s from Singapore Airlines further depressed 1980 operating results.

Trucking

Hall's made a significant contribution to Tiger's revenues and pretax earnings in 1980. Full year 1980 revenues equaled 1979 revenues despite a 30% decline in industry freight tonnage resulting from the recession. Pretax earnings of \$5.7 million (Hall's results are consolidated as of January 24, 1980), were off slightly from 1979. Hall's management was successful in controlling its costs and maintained a 1980 operating ratio of 96.9%, considerably better than the industry average for 1980.

The Motor Carrier Act of 1980 (the "Act") has significantly relaxed trucking regulation. Increased pricing freedom and freedom to enter new markets are the most significant effects of the Act. Price competition and competition for freight from new entrants caused several less efficient operators to cease operations during 1980.

To meet a heightened level of competition, Hall's seeks to increase the percentage of less-than-truckload ("LTL") shipments (10,000 pounds or less) it handles. LTL shipments require a complex freight handling network that is difficult for new entrants to duplicate.

Early in 1981 Tiger acquired Dohrn Transfer Company which will be merged into Hall's. In addition, an agreement has been reached to acquire Warren Transport, a specialized truckload hauler of heavy machinery and other specialized equipment. Tiger's application for authority to acquire Warren is currently being reviewed by the ICC.

Insurance

Consistent with Tiger's plan to concentrate in transportation-related businesses, Tiger sold its insurance operations for approximately \$83 million in cash on February 26, 1981. The cash proceeds received from the sale have been used to reduce variable interest rate debt. It is expected that this will reduce interest expense and which should more than replace the insurance company's contribution to earnings. As a consequence of this sale Tiger recognized a pretax gain of approximately \$6 million during the first quarter of 1981.

Tiger Insurance revenues for 1980 increased 7% over 1979 from \$26.3 million to \$28.2 million. 1979 revenues for the insurance operations increased 20% over 1978 levels. The increases in revenues in these periods were the result of an increase in renewal premiums written and higher investment income. Pretax income for 1980 was \$14.1 million, an increase of 1% over 1979.

Impact of Inflation

Worldwide inflation has an impact on 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 39 to 42.

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

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Tiger International, Inc. and Subsidiaries

Consolidated Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries except for the Company's insurance subsidiary which is accounted for by the equity method as described in the note on insurance operations. All significant intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to conform prior period information with the 1980 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.

Inventories

Inventories consist of maintenance and assembly parts for aircraft 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 equipment includes interest incurred prior to the time such assets are placed in service.

The Company has included as assets the cost 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 included in debt.

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 aircraft and computers leased or held for lease.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Current Portion of Long-Term Obligations

The current portion of long-term obligations excludes the current portion of long-term debt 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

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 and trucking operations and on equipment for lease under operating leases are accounted for as a reduction of the provisions for income taxes in the year in which the credits arise or in the year in which they are so utilizable without exceeding the deduction limits. 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.

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, 1980, 1979 and 1978.

Tiger International, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

	For the Years Ended December 31		
	1980	1979	1978
	(In thousands, except per share data)		
Revenues			
Operating revenues	\$1,527,968	\$895,907	\$680,680
Other	20,230	3,485	1,451
Pretax income of unconsolidated insurance subsidiary	14,072	13,928	10,375
	1,562,270	913,320	692,506
Costs and Expenses			
Costs of operations	1,104,672	568,534	369,281
Selling, general and administrative	139,462	99,896	82,181
Depreciation and amortization	118,332	81,649	74,019
Interest	153,094	106,411	90,562
Interest capitalized	(12,165)	(7,293)	(253)
	1,503,395	849,197	615,790
Income Before Income Tax Provision	58,875	64,123	76,716
Income tax provision	16,500	20,496	26,697
Net Income	\$ 42,375	\$ 43,627	\$ 50,019
Shares used in computation of earnings per share	15,810	14,405	13,598
Earnings Per Share	\$ 2.68	\$ 3.03	\$ 3.68

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

Tiger International, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEET

	December 31	
Assets	1980	1979
	(In thousands)	
Current Assets		
Cash	\$ 42,033	\$ 41,188
Receivables, net	246,389	157,304
Inventories	105,613	74,966
Prepaid expenses and other	17,672	8,847
Total Current Assets	411,707	282,305
Investment in Finance Leases	116,228	118,036
Property, Plant and Equipment		
Equipment used in operations	2,437,635	1,808,642
Buildings and leasehold improvements	109,487	52,319
Shop and terminal facilities and other	101,542	71,198
	2,648,664	1,932,159
Less accumulated depreciation and amortization	645,470	571,419
	2,003,194	1,360,740
Other Assets		
Investment in unconsolidated insurance subsidiary	76,421	67,565
Investments, other receivables and deposits	81,541	88,251
Cost in excess of fair value of acquired businesses, net	69,334	23,704
	227,296	179,520
Total Assets	\$2,758,425	\$1,940,601

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

	December 31	
Liabilities and Stockholders' Equity	1980	1979
	(In thousands)	
Current Liabilities		
Short-term borrowings	\$ 53,565	\$ 39,337
Current portion of long-term obligations	51,247	17,677
Accounts payable and accrued liabilities	299,844	166,067
Total Current Liabilities	404,656	223,081
Long-term Obligations		
Notes payable and equipment obligations	1,113,312	929,462
Subordinated debt	81,730	14,020
Capital lease obligations	454,200	201,817
	1,649,242	1,145,299
Deferred Credits		
Deferred income taxes and tax credits	171,267	160,785
Other	80,648	47,038
	251,915	207,823
Commitments		
Minority Preferred Stock Subject to Mandatory Redemption	6,333	6,552
Stockholders' Equity		
Common stock, \$1 par value		
Authorized - 35,000,000 shares; outstanding - 16,888,811 and 14,266,983 shares	16,889	14,267
Additional paid-in capital	216,905	160,767
Retained earnings	212,833	183,160
	446,627	358,194
Less treasury stock, at cost (18,600 shares)	348	348
Total Stockholders' Equity	446,279	357,846
Total Liabilities and Stockholders' Equity	\$2,758,425	\$1,940,601

Tiger International, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the three years ended December 31, 1980	\$1 Par Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
	(In thousands)				
Balance at December 31, 1977	\$12,690	\$124,243	\$109,480	\$ —	\$246,413
Net income	—	—	50,019	—	50,019
Proceeds from issuance of common stock	1,500	34,920	—	—	36,420
Treasury stock purchase of 99,605 shares	—	—	—	(2,550)	(2,550)
Reissuance of 99,605 shares of treasury stock in connection with acquisition	—	—	—	2,550	2,550
Issuance of shares pursuant to the Executive Incentive Plan	23	345	—	—	368
Shares issued upon exercise of stock options	18	372	—	—	390
Unrealized appreciation of equity investments by insurance subsidiary	—	—	5	—	5
Cash dividends declared on common stock (\$.60 per share)	—	—	(8,314)	—	(8,314)
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

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

Tiger International, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	For the Years Ended December 31		
	1980	1979	1978
	(In thousands)		
Source of Funds			
Net Income	\$ 42,375	\$ 43,627	\$ 50,019
Items not involving working capital			
Depreciation and amortization	118,332	81,649	74,019
Deferred income tax provision	12,175	17,208	22,173
Other-net	(1,276)	5,164	12,930
Working capital provided by operations	171,606	147,648	159,141
Collection of finance lease, long-term and other receivables	59,960	24,973	32,894
Retirement of property, plant and equipment	69,630	52,515	33,962
	301,196	225,136	225,997
Proceeds from debt financing and additions to capital lease obligations	576,257	399,121	208,002
Proceeds from issuance of common stock	58,019	31	36,810
Working capital of acquired businesses	(31,681)	142	4,829
Total Source of Funds	903,791	624,430	475,638
Application of Funds			
Acquisition of businesses	154,000	4,100	12,166
Additions to property, plant and equipment	549,508	363,395	217,535
Investments, deposits and other	(23,956)	36,924	16,298
Payments of long-term obligations	149,239	164,148	167,664
Refinancing of long-term obligations	114,000	39,539	54,404
Cash dividends on common stock	13,173	11,410	8,314
Total Application of Funds	955,964	619,516	476,381
Increase (Decrease) in Working Capital	\$ (52,173)	\$ 4,914	\$ (743)
Changes in Components of Working Capital			
Cash	\$ 845	\$ (24,187)	\$ (8,439)
Receivables	89,085	50,143	14,318
Inventories	30,647	32,525	16,662
Prepaid expenses and other	8,825	2,569	(660)
Increase in Current Assets	129,402	61,050	21,881
Short-term borrowings	14,228	30,496	8,841
Current portion of long-term obligations	33,570	(4,364)	711
Accounts payable and accrued liabilities	133,777	30,004	13,072
Increase in Current Liabilities	181,575	56,136	22,624
Increase (Decrease) in Working Capital	\$ (52,173)	\$ 4,914	\$ (743)

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

Notes to Consolidated Financial Statements

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

	December 31	
	1980	1979
	(In thousands)	
Receivables		
Trade	\$240,221	\$164,165
Other	28,963	5,391
Less allowance for doubtful accounts	(22,795)	(12,252)
<i>Receivables, net</i>	\$246,389	\$157,304
Inventories		
Maintenance parts	\$ 23,026	\$ 10,297
Railcar repair and assembly parts	55,977	48,771
Aircraft parts and other equipment held for sale	26,610	15,898
<i>Inventories</i>	\$105,613	\$ 74,966
Accounts Payable and Accrued Liabilities		
Accounts payable	\$152,552	\$ 75,361
Accrued liabilities		
Payroll	10,325	7,134
Vacations	17,270	9,268
Interest	35,676	23,314
Dividends	3,537	2,850
Income taxes	3,149	1,540
Taxes other than payroll and income taxes	8,647	4,710
Pensions	12,574	10,511
Other	56,114	31,379
<i>Accounts Payable and Accrued Liabilities</i>	\$299,844	\$166,067

Supplemental Income Statement Information

	For the Years Ended December 31		
	1980	1979	1978
	(In thousands)		
Maintenance and repairs	\$125,374	\$ 92,221	\$ 76,265
Taxes other than payroll and income taxes	\$ 11,365	\$ 7,528	\$ 8,893
Amortization of cost in excess of fair value of acquired businesses	\$ 800	\$ 493	\$ 108

ACQUISITIONS AND DISPOSITIONS

During 1980 the Company acquired Hall's Motor Transit Company, Seaboard World Airlines, Inc. and two other businesses for cash, debentures and common stock aggregating \$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. Included in the net assets acquired are property, plant and equipment of \$327,000,000; other assets of \$11,000,000; and long-term debt and other liabilities of \$198,000,000. The excess of purchase prices over the net assets acquired (goodwill) is approximately \$46,000,000 which is being amortized over periods of 20 to 40 years.

On January 24, 1980, the Company completed its acquisition of the outstanding stock of Hall's which is a Pennsylvania based motor freight common carrier. The total purchase price was approximately \$45,000,000 (\$17,000,000 in cash and 1,185,000 shares of the Company's common stock), which was equal to the fair value of the net assets acquired.

Effective October 1, 1980, the Company completed its acquisition of the outstanding common stock of Seaboard, which is principally engaged in the delivery of cargo and mail between cities in the United States, Europe, and the Middle East. The total purchase price of the acquisition was approximately \$98,000,000, which included \$52,500,000 aggregate principal amount of 11½% debentures and 1,316,000 shares of the Company's common stock. In connection with the Seaboard acquisition, the tax effect of book net operating loss carryforwards of approximately \$13,000,000 and investment tax credit carryforwards of approximately \$14,000,000 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 of approximately \$40,000,000 will be reduced to reflect realization of the tax benefits acquired.

If the above acquisitions had occurred on January 1, 1979, the Company's unaudited pro forma results of operations would be as follows: revenues of \$1,746,000,000 in 1980 and \$1,354,000,000 in 1979; with net income of \$23,615,000 in 1980 and \$42,193,000 in 1979, and earnings per share of \$1.41 in 1980 and \$2.50 in 1979. 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.

In early 1981, the Company completed its acquisition of a trucking company and two other businesses. The total purchase price of these acquisitions was approximately \$13,000,000, which was comprised of cash and shares of the Company's common stock. In addition, the Company reached an agreement to acquire another trucking concern for common stock.

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

In the first quarter of 1981, the Company's air cargo subsidiary agreed to sell its interest in three Boeing 747-100 freighters and related equipment for an aggregate consideration in excess of \$90,000,000. Delivery of such aircraft and equipment will be made in the first and second quarters of 1981.

Notes to Consolidated Financial Statements (Continued)

INSURANCE OPERATIONS

In December 1980, the Company reached an agreement to sell the capital stock of its private mortgage insurance operations for approximately \$83,000,000 in cash. The sale was consummated in February 1981 resulting in a pretax gain of approximately \$6,000,000. This includes a minor amount of unrealized depreciation on equity security investments of the insurance operations included in retained earnings at December 31, 1980.

The cash proceeds received from the sale were used to reduce the Company's variable rate debt. The effect of such reductions is expected to have the effect at current interest rate levels 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 are presented in the 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 income. Prior period financial statements have been reclassified for comparative purposes.

Condensed financial information for the Company's insurance operations for the years ended December 31 is as follows:

	1980	1979	1978
	(In thousands)		
Assets	\$106,625	\$98,053	\$80,256
Liabilities	\$ 30,204	\$30,488	\$20,717
Stockholder's Equity	76,421	67,565	59,539
	\$106,625	\$98,053	\$80,256
Revenues	\$ 28,243	\$26,293	\$21,879
Expenses	14,171	12,365	11,504
Income before income tax provision	14,072	13,928	10,375
Income tax provision	5,579	5,547	4,307
Net income	\$ 8,493	\$ 8,381	\$ 6,068

BUSINESS SEGMENT AND GEOGRAPHIC DATA

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

Segment Data (In thousands)

	Revenues	Operating Profit, Before Interest Expense	Interest Expense, Net	Identifiable Assets	Capital Expenditures	Depreciation and Amortization Expense
1980						
Air Cargo	\$ 713,123	\$ 23,137	\$ 32,742	\$1,073,683	\$276,515	\$ 45,304
Railcar Services	498,050	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
	\$1,562,270	\$ 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	322,642	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
	\$ 913,320	\$ 163,241	\$ 99,118	\$1,940,601	\$363,395	\$ 81,649
1978						
Air Cargo	\$ 413,187	\$ 56,731	\$ 18,093	\$ 424,540	\$ 59,983	\$ 27,456
Railcar Services	199,621	93,621	55,741	863,610	108,803	30,487
Aviation Services	53,011	18,637	7,517	95,402	15,862	4,345
Other	26,687	(1,964)	8,958	233,103	32,887	11,731
	\$ 692,506	\$ 167,025	\$ 90,309	\$1,616,655	\$217,535	\$ 74,019

Notes to Consolidated Financial Statements (Continued)

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

	Revenues	Pretax Income	Identifiable Assets
1980			
United States	\$1,436,562	\$38,311	\$2,445,254
Canada	72,028	15,555	191,665
Other Foreign	53,680	5,009	121,506
	\$1,562,270	\$58,875	\$2,758,425
1979			
United States	\$ 835,478	\$50,486	\$1,685,227
Canada	39,407	9,160	138,395
Other Foreign	38,435	4,477	116,979
	\$ 913,320	\$64,123	\$1,940,601
1978			
United States	\$ 632,152	\$67,678	\$1,383,420
Canada	33,081	6,263	154,030
Other Foreign	27,273	2,775	79,205
	\$ 692,506	\$76,716	\$1,616,655

Air cargo revenues and operating profit (before interest expense) includes interest income of \$3,942,000 in 1980, \$3,073,000 in 1979, and \$1,360,000 in 1978 earned on loans and advances to other industry segments. Other includes parent company and corporate intercompany elimination items, the investment in the unconsolidated insurance subsidiary and the Company's computer and other leasing activities.

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 \$2,312,000 in 1980 compared to translation losses of \$1,376,000 in 1979 and \$2,288,000 in 1978.

Provision for federal income taxes has not been made on undistributed earnings aggregating \$46,146,000, \$29,387,000 and \$23,876,000 at December 31, 1980, 1979 and 1978, relating to the Company's foreign subsidiaries because these earnings are considered permanently 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 includes equipment held for lease at December 31 as follows (in thousands):

	1980	1979
Equipment for lease or under lease:		
Railcars	\$1,053,954	\$ 996,500
Aircraft	214,975	103,471
Computers	134,147	136,842
Other	21,894	17,734
	1,424,970	1,254,547
Less accumulated depreciation and amortization	(381,226)	(352,410)
	\$1,043,744	\$ 902,137

Finance Leases

The components of the net investment in finance and other leases at December 31 are as follows (in thousands):

	1980	1979
Minimum lease payments receivable (includes \$28,670 in 1980 and \$36,471 in 1979 due within one year)	\$155,322	\$135,575
Estimated unguaranteed residual value of leased equipment	15,155	15,511
Less — unearned income	(52,288)	(36,408)
allowance for uncollectible amounts	(5,687)	(5,297)
Net investment in finance leases	112,502	109,381
Other leases	3,726	8,655
	\$116,228	\$118,036

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, 1980, minimum future lease receivables from non-cancellable operating leases and finance leases are as follows (in thousands):

	Operating Leases	Finance Leases
1981	\$ 179,165	\$ 28,670
1982	144,258	21,463
1983	110,693	16,444
1984	80,345	13,624
1985	48,922	10,537
Later Years	85,394	64,584
Total minimum future lease receivables	\$ 648,777	\$ 155,322

Notes to Consolidated Financial Statements (Continued)

SHORT-TERM DEBT

The Company borrows short-term funds periodically through annually renewed arrangements with a number of banks. The short-term lines available at December 31, 1980 amounted to \$118.8 million of which \$53.6 million was borrowed. The average month-end balances of the unsecured borrowings were \$60,188,000 in 1980 and \$17,845,000 in 1979 at weighted average interest rates of 14.1% and 13.8%. Maximum month-end borrowings in 1980 and 1979 were \$97,338,000 and \$45,567,000. The weighted average interest rates of short-term debt outstanding at December 31, 1980 and 1979 were 19.9% and 18.3%.

LONG-TERM DEBT

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

	1980	1979
Notes Payable and Equipment Obligations		
Tiger International, Inc.		
Variable rate (subject to a 10% maximum rate) notes payable to banks, due in quarterly installments 1981 to 1984	\$ 17,537	\$ 21,295
11½% Debentures, due 1995, net of imputed interest	48,339	—
Subsidiaries		
5½% to 11¼% equipment obligations and trust certificates maturing serially 1981 to 1999 (average rate 9.5% in 1980)	652,319	598,648
5½% to 13% notes payable due 1981 to 2000 (average rate 11.5% in 1980)	201,595	177,271
Variable rate revolving credit agreements (average rate 15.8% in 1980)	93,506	105,527
Variable rate notes payable due 1981 to 1996 (average rate 16.4% in 1980)	132,364	34,856
	1,145,660	937,597
Less current portion (exclusive of \$92,684 in 1980 and \$71,092 in 1979 to be paid from finance and long-term operating leases)	32,348	8,135
	\$1,113,312	\$ 929,462
	1980	1979
Subordinated Debt		
Tiger International, Inc.		
8¾% Convertible Subordinated Debentures, due 2005	\$ 60,000	\$ —
Subsidiaries (net of imputed interest)		
5% Convertible Subordinated Debentures, due 1986	10,987	—
5¼% Subordinated Debentures, due to 1988	1,894	1,842
6¾% Senior Subordinated Notes	—	900
9¼% Subordinated Debentures, due to 1992	9,849	11,578
	82,730	14,320
Less current portion	1,000	300
	\$ 81,730	\$ 14,020

Tiger's subsidiaries have revolving lines of credit with various banks totaling \$282 million of which \$93.5 million was borrowed at December 31, 1980. A commitment fee is paid on the unused portions of these credit lines.

Tiger has a \$40 million unsecured credit agreement with a group of banks. There were no borrowings outstanding under this credit agreement at December 31, 1980. 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).

LONG-TERM DEBT (Continued)

In addition, the agreement requires the maintenance of compensating balances or a fee in lieu thereof.

In September 1980, the Company issued \$60 million of 8 $\frac{5}{8}$ % Convertible Subordinated Debentures, due in 2005. The proceeds received from the issuance of these debentures were used to reduce variable rate borrowings outstanding. The debentures 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.

On October 1, 1980 the Company issued \$52.5 million in aggregate principal amount of 11 $\frac{1}{2}$ % debentures which mature in 1995. The debentures, 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 redeem all the debentures by the maturity date.

The \$10.9 million of 5% Convertible Subordinated Debentures, due 1986, was assumed in connection with the acquisition of Seaboard and requires annual redemptions of a portion of the principal amount. Each \$1,000 principal amount of these debentures is convertible into \$500 principal amount of the Company's 11 $\frac{1}{2}$ % debentures and 12 shares of the Company's common stock.

Maturities of long-term debt for the five years subsequent to December 31, 1980 are: 1981: \$126 million; 1982: \$119 million; 1983: \$136 million; 1984: \$102 million; 1985: \$89 million.

Certain long-term debt and 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 a fee in lieu thereof. At December 31, 1980, under the most restrictive of the agreements, approximately \$22.1 million of retained earnings were unrestricted for payment of cash dividends. Assets having an aggregate net book value of approximately \$1.4 billion were encumbered by debt.

COMMITMENTS

Leases

At December 31, 1980, 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 to bear 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):

	1980	1979
Equipment used in operations:		
Equipment for lease or under lease	\$173,401	\$167,407
Equipment used in air cargo operations	383,991	118,541
Buildings and leasehold improvements	3,464	1,801
	560,856	287,749
Less accumulated amortization	(128,672)	(107,968)
	\$432,184	\$179,781

Notes to Consolidated Financial Statements (Continued)

COMMITMENTS (Continued)*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, 1980, 1979 and 1978 was \$30,620,000, \$19,610,000 and \$12,014,000.

Minimum Future Lease Payments

At December 31, 1980, 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
1981	\$ 54,260	\$ 23,513
1982	66,406	20,083
1983	65,213	16,885
1984	58,590	10,917
1985	51,204	8,178
Later years	630,528	103,963
Total minimum lease payments	926,201	<u>\$183,539</u>
Less amount representing interest	(454,102)	
Present value of net minimum future lease payments	472,099	
Less current portion (exclusive of \$6,401 to be paid from finance and long-term operating leases)	(17,899)	
Long-term capital lease obligations	<u>\$454,200</u>	

Capital Expenditures

At December 31, 1980, the Company had commitments to purchase approximately \$218,000,000 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 \$195,000,000 to be incurred from 1982 to 1984.

Guarantees

At December 31, 1980, the Company was contingently liable under outstanding guarantees for indebtedness and lease obligations of \$44,600,000 which will be fully amortized during the period 1981 to 2009. 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 \$7,500,000 at December 31, 1980. The Company has also guaranteed to lessors certain future lease payments amounting to \$10,000,000 at December 31, 1980.

CAPITAL STOCK

Common Stock

At December 31, 1980 the Company had reserved the following number of shares of common stock for possible future issuance:

Qualified Stock Option Plans	230,750
Qualified Employee Stock Purchase Plan	542,424
Officers' Stock Purchase Agreements	465,000
Conversion of convertible subordinated debentures	1,935,480
For acquisitions subsequent to December 31, 1980	1,100,000
	4,273,654

Stock Option, Stock Purchase and Executive Incentive Plans

Qualified stock option plans were established by the Company during 1969 and 1973, each for a period of ten years. The 1969 plan terminated in 1979. Under the 1973 plan, 230,750 shares are available for grant at December 31, 1980. There were no options outstanding at December 31, 1980 and 1979. During 1978, options for 17,500 shares were exercised at prices from \$14.63 to \$26.31 and options for 172,350 shares expired. During 1979, options for 1,750 shares were exercised at \$17.75 and options for 12,250 shares expired.

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, 1980, shares to be purchased 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, \$1,236,000 in 1979 and \$1,357,000 in 1978. 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, 1980, North American Car Corporation had authorized 200,000 shares of \$3 Cumulative Preferred Stock at a \$50 per share stated value. At December 31, 1980, 126,657 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.

Notes to Consolidated Financial Statements (Continued)

RETIREMENT PLANS

The Company maintains retirement plans for substantially all its employees not covered by union plans. The total employer cost for retirement plans was \$17,864,000 in 1980, \$13,868,000 in 1979 and \$11,336,000 in 1978. The total cost includes amortization of unfunded prior service costs over periods from 25 to 30 years. In addition, the Company contributed \$7,300,000 in 1980 to union sponsored plans relating to Hall's. The increase in aggregate pension expense for Company sponsored plans for 1980 relates principally to the acquisitions of Hall's and Seaboard. The Company's policy is to fund pension costs accrued. As of the date of the most recent valuations, accumulated plan benefit information and plan net assets for the Company's retirement plans and certain union sponsored plans were as follows (in thousands):

	As of January 1	
	1980	1979
Actuarial present value of accumulated plan benefit		
Vested	\$152,083	\$75,480
Non-vested	10,847	4,552
	\$162,930	\$80,032
Net plan assets including Company balance sheet accruals available for benefits	\$108,530	\$42,743

Accumulated plan benefit information is estimated by consulting actuaries using assumed rates of return of between 5.5% and 7.5%. There were no significant changes in actuarial assumptions between 1979 and 1980. The accumulated plan benefit information excludes the union sponsored plans for Hall's because the information from the union's plan administrators was not available.

INCOME TAXES

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

	1980	1979	1978
CURRENT			
United States	\$ —	\$ —	\$ 1,520
Foreign	2,982	2,927	2,640
State	1,343	361	364
	4,325	3,288	4,524
DEFERRED			
United States	1,259	7,491	15,960
Foreign	7,725	6,242	4,245
State	3,191	3,475	1,968
	12,175	17,208	22,173
INCOME TAX PROVISION	\$16,500	\$20,496	\$26,697

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

	1980	1979	1978
United States federal income tax rate	46.0%	46.0%	48.0%
Investment tax credits	(22.9)	(17.3)	(17.4)
Capital gains rate on sale of real estate investment	(3.2)	—	—
State income taxes, net of federal tax benefit, and other	8.1	3.3	4.2
Income tax provision effective rate	28.0%	32.0%	34.8%

INCOME TAXES (Continued)

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

	1980	1979	1978
Excess of tax over book depreciation	\$30,694	\$31,114	\$35,796
Differences in tax and book basis on disposal of assets	6,395	(2,537)	1,060
Differing tax treatment for leases	1,112	(1,262)	(4,243)
Differences in interest capitalized for tax and book purposes	744	3,221	125
Investment and foreign tax credits	(15,365)	(12,855)	(13,316)
Investment tax credits utilized	—	—	1,646
Tax net operating losses	(12,091)	(1,391)	—
Other, net	686	918	1,105
	\$12,175	\$17,208	\$22,173

The Company has approximately \$84,579,000 of investment tax credit carry forwards available to reduce future federal and foreign income taxes, of which \$53,501,000 has been applied as a reduction of the deferred income tax account. Foreign tax credits available to offset 1980, prior and future years' federal income taxes aggregate \$3,551,000, which if not utilized will be included in federal income tax provisions in future years.

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

Year of Expiration	Foreign Tax Credits	Investment Tax Credits
1980	\$ —	\$ 1,329
1981	—	3,255
1982	—	5,710
1983	—	3,132
1984	1,673	8,544
1985	1,878	21,552
1986	—	18,740
1987	—	22,317
	\$3,551	\$84,579

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, 1980 and 1979, and the related consolidated statements of income, stockholders' equity and changes in financial position for the years ended December 31, 1980, 1979 and 1978. 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, 1980 and 1979, and the results of their operations and the changes in their financial position for the years ended December 31, 1980, 1979 and 1978, in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

Los Angeles, California

February 27, 1981

Tiger International, Inc. and Subsidiaries

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 1980. 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 41 and 42 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 income 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 1980 costs when sold.

Depreciation expense and cost of sales are 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 and faster than the specific prices of the Company's various inventories during the year.

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

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.

A monetary asset represents 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.

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 income. Tiger believes that the adjustments for depreciation expense and cost of goods sold alone do not adequately portray the effects of inflation adjustments prescribed by the FASB, and is therefore presenting two inflation adjusted income 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 income statement includes a \$82.2 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 Income 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 Income Adjusted for General Inflation on the Constant Dollar basis.

Tiger International, Inc. and Subsidiaries

STATEMENT OF INCOME ADJUSTED FOR CHANGING PRICES

For the Year Ended December 31, 1980 (In thousands)

	Historical Financial Statements	Adjusted for Constant Dollar	Adjusted for Current Cost
Revenues	\$1,562,270	\$1,562,270	\$1,562,270
Cost and Expenses			
Cost of operations	1,104,672	1,109,324	1,108,673
Selling, general and administrative	139,462	139,462	139,462
Depreciation and amortization	118,332	171,096	151,924
Interest, net	140,929	140,929	140,929
Income tax provision	16,500	16,500	16,500
	1,519,895	1,577,311	1,557,488
Net income	42,375	(15,041)	4,782
Decrease in depreciation and interest expense, net of applicable income taxes, from decline in purchasing power of net monetary liabilities	—	82,195	82,195
Net income adjusted for decrease in depreciation and interest expense	\$ 42,375	\$ 67,154	\$ 86,977
Other Supplementary Information			
Increase in property, plant and equipment and inventories based on constant dollars			\$ 287,200
Increase in property, plant and equipment and inventories based on current costs			194,700
Excess in constant dollars over current costs			\$ 92,500
Current cost of net property, plant and equipment at December 31, 1980			\$2,682,000
Current cost of inventory December 31, 1980			\$ 107,000

**FIVE-YEAR COMPARISON OF SELECTED FINANCIAL DATA
ADJUSTED FOR EFFECTS OF CHANGING PRICES STATED IN 1980 DOLLARS**

(In thousands except per share data and index)

	For the Years Ended December 31				
	1980	1979	1978	1977	1976
Revenues	\$1,562,270	\$1,036,832	\$ 874,670	\$685,647	\$630,872
Constant dollar information					
As defined by Statement No. 33					
Net income	(15,041)	855			
Net income per common share	(.95)	.06			
As defined by Tiger					
Net income	67,154	62,614			
Net income per common share	4.25	4.35			
Net assets at year end	1,167,600	1,024,500			
Current cost information					
As defined by Statement No. 33					
Net income	4,782	6,257			
Net income per common share	30	43			
As defined by Tiger					
Net income	86,977	68,015			
Net income per common share	5.50	4.72			
Excess in constant dollars over current costs	92,500	1,200			
Net assets at year end	1,093,600	933,900			
Gain from decline in purchasing power of net amounts owed	146,000	114,400			
Cash dividends declared per common share	.80	91	.75	.67	.58
Market price per common share at year end	22.21	20.40	29.65	21.72	17.35
Average consumer price index (base year 1967=100)	246.8	217.4	195.4	181.5	170.5

Tiger International, Inc. and Subsidiaries

SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

	QUARTER ENDED			
	March 31	June 30	September 30	December 31
	(In thousands except per share data)			
1980				
Revenues	\$294,783	\$422,579	\$ 374,388	\$ 470,520
Net Income	\$ 10,435	\$ 3,227	\$ 11,230	\$ 17,483
Earnings Per Share	\$.70	\$.21	\$.72	\$ 1.03
1979				
Revenues	\$197,618	\$225,524	\$ 217,123	\$ 273,055
Net Income	\$ 11,450	\$ 15,800	\$ 1,949	\$ 14,428
Earnings Per Share	\$.80	\$ 1.10	\$.14	\$ 1.00
1978				
Revenues	\$136,224	\$166,177	\$ 189,362	\$ 200,743
Net Income	\$ 5,076	\$ 12,322	\$ 15,722	\$ 16,899
Earnings Per Share	\$.40	\$.95	\$ 1.09	\$ 1.18

The seasonal fluctuations in the business of Flying Tiger Line 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 Tiger Line and the fourth quarter of 1980 includes a \$15,000,000 pre-tax gain on the sale of a real estate partnership interest.

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, 1979 and 1978 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.

(a) Financial Statement Schedules and Exhibits Filed

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

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.

Exhibits

- (3.1) Certificate of Incorporation, as amended, of Tiger, filed as Exhibit 2(a) to Tiger's Form S-7 Registration Statement, Regis. No. 2-60019, filed with the SEC on October 6, 1977, is hereby incorporated by reference.
- (3.2) By-Laws, as amended, of Tiger, as filed as an exhibit to Form 10-Q Quarterly Report filed with the SEC on November 14, 1978, and covering the quarter ended September 30, 1978, are hereby incorporated by reference.
- (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.

Exhibits

- (10.2) Form of Stock Purchase Agreement entered into between Tiger and certain principal executive officers of Tiger.
- (10.3) Executive Incentive Plan.
- (22) List of Subsidiaries.

(b) Reports on Form 8-K

There was one report on Form 8-K filed with the SEC during the three months ended December 31, 1980, which was filed October 13, 1980, and reported on Item 2. "Acquisition or Disposition of Assets".

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

In connection with our examination of the consolidated financial statements included in the Tiger International, Inc. and subsidiaries' annual report to stockholders and filed with this Form 10-K, we have also examined the Financial Statement Schedules listed in the index to Item 11. In our opinion, these schedules present fairly, when read in conjunction with the related consolidated financial statements, the financial data required to be set forth therein, in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.
ARTHUR ANDERSEN & CO.

Los Angeles, California,
February 27, 1981

Tiger International, Inc.

Condensed Parent Company Financial Data

Condensed Income Statement and Statement of Changes in Financial Position

For the Years Ended December 31

1980 1979 1978

(In thousands)

CONDENSED INCOME STATEMENT

Revenues and dividend income (including equity in distributed earnings of consolidated subsidiaries and in 1980 a gain on the sale of a partnership interest)	\$ 36,370	\$ 4,449	\$ 11,240
Costs and expenses	40,563	25,912	17,552
Deferred income tax benefit, net	(4,197)	(2,940)	(12,110)
	36,366	22,972	5,442
Income (loss) before equity in undistributed earnings of subsidiaries	4	(18,523)	5,798
Equity in undistributed earnings of consolidated subsidiaries	33,878	53,769	38,153
Equity in undistributed earnings of unconsolidated subsidiary	8,493	8,381	6,068
Net income	\$ 42,375	\$ 43,627	\$ 50,019

CONDENSED STATEMENT OF CHANGES IN FINANCIAL POSITION

SOURCE OF FUNDS

Net income	\$ 42,375	\$ 43,627	\$ 50,019
Equity in undistributed earnings of subsidiaries	(42,371)	(62,150)	(44,221)
Other, net	4,344	6,370	(5,833)
Funds provided by (applied to) operations	4,348	(12,153)	(35)
Proceeds from issuance of stock and debt	166,298	52,272	51,631
Funds Provided	170,646	40,119	51,596

APPLICATION OF FUNDS

Payments of long-term debt and notes payable	7,011	42,233	37,687
Cash dividends declared on common stock	13,173	11,410	8,314
Acquisition of or contribution to subsidiaries' capital	97,619	14,000	16,971
Increase in investments, notes, advances and other	25,337	27,081	2,640
Funds Applied	143,140	94,724	65,612
Net increase (decrease) in working capital	\$ 27,506	\$ (54,605)	\$ (14,016)

Tiger International, Inc.

Condensed Parent Company Financial Data (Continued)

CONDENSED BALANCE SHEET

	December 31	
	1980	1979
	(In thousands)	
ASSETS		
Current assets	\$ 56,663	\$ 6,627
Investments in subsidiaries	610,552	443,342
Property, plant and equipment, net	2,278	1,433
Receivables from subsidiaries	6,200	19,114
Investment in unconsolidated insurance subsidiary	76,421	67,565
Investments and other	6,973	25,888
	\$759,087	\$563,969
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$105,352	\$ 82,822
Long-term obligations	120,865	17,537
Long-term payables to subsidiaries	78,724	51,006
Deferred income taxes, tax credits and other	7,867	54,758
Stockholders' equity	446,279	357,846
	\$759,087	\$563,969

Tiger International, Inc.

**Schedule III — Investments in, Equity in Earnings of,
and Dividends Received from Related Parties (a)
For the Three Years Ended December 31, 1980**

	The Flying Tiger Line Inc.	Tiger Leasing Group, Inc.(b)	Hall's Motor Transit Com- pany	Total
	(In thousands)			
Balance at December 31, 1977	\$146,068	\$175,529	\$ —	\$321,597
Equity in net income of subsidiaries	21,744	25,409	—	47,153
Dividends received	(9,000)	—	—	(9,000)
Transfer of Tiger Leasing Group Common Stock from the Flying Tiger Line to registrant	—	14,321	—	14,321
Acquisition of 53,000 shares of North American Car — Third Series Preferred Stock from Tiger Insurance Group by the Registrant	—	2,650	—	2,650
Other	(1)	(6)	—	(7)
Balance at December 31, 1978	158,811	217,903	—	376,714
Equity in net income of subsidiaries	11,479	42,290	—	53,769
Exchange of note receivable from Flying Tiger Line for Flying Tiger Line Preferred Stock	14,000	—	—	14,000
Redemption of North American Car First and Second Series Preferred Stock	—	(1,141)	—	(1,141)
Balance at December 31, 1979	184,290	259,052	—	443,342
Equity in net income of subsidiaries	8,157	36,953	2,968	48,078
Dividends received	—	(12,700)	(1,500)	(14,200)
Acquisitions of Seaboard World Airlines and Hall's Motor Transit	97,619	—	45,198	142,817
Redemption of North American Car First and Second Series Preferred Stock	—	(4,000)	—	(4,000)
Transfer of Texas Railway Car Common Stock to North American Car	—	(5,485)	—	(5,485)
Balance at December 31, 1980	\$290,066	\$273,820	\$ 46,666	\$610,552

(a) The common stock interest in all subsidiaries is 100% owned by the registrant.

(b) Includes the registrant's investment in the Preferred Stock of North American Car of \$10,299,000 in 1978, \$9,158,000 in 1979 and \$5,158,000 in 1980. In addition, Tiger Leasing Group, Inc. includes the investment in Texas Railway Car Corporation, \$4,707,000 in 1978 and \$5,485,000 in 1979, which was transferred from Tiger International, Inc. on January 1, 1980.

Tiger International, Inc. and Subsidiaries

**Schedule V — Property, Plant and Equipment
For the Three Years Ended December 31, 1980**

	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, 1978					
Equipment used in operations:					
Equipment for lease or under lease	\$1,045,020	\$142,524	\$ 45,917	\$ (3,395)	\$1,138,232
Equipment used in air cargo operations	367,328	50,123	2,092	—	415,359
	1,412,348	192,647	48,009	(3,395)	1,553,591
Buildings and leasehold improve- ments	38,730	4,358	266	1,342	44,164
Shop properties, terminal facilities and other	39,354	20,530	598	2,873	62,159
	\$1,490,432	\$217,535	\$ 48,873	\$ 820	\$1,659,914
Year Ended December 31, 1979					
Equipment used in operations:					
Equipment for lease or under lease	\$1,138,232	\$205,486	\$ 82,781	\$ (6,390)	\$1,254,547
Equipment used in air cargo operations	415,359	139,759	1,023	—	554,095
	1,553,591	345,245	83,804	(6,390)	1,808,642
Buildings and leasehold improve- ments	44,164	7,679	584	1,060	52,319
Shop properties, terminal facilities and other	62,159	10,471	1,715	283	71,198
	\$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	\$1,254,547	\$248,530	\$ 67,728	\$ (10,379)	\$1,424,970
Equipment used in air cargo operations	554,095	260,776	39,207	202,611	978,275
Equipment used in trucking operations	—	2,787	617	32,220	34,390
	1,808,642	512,093	107,552	224,452	2,437,635
Buildings and leasehold improve- ments	52,319	17,856	874	40,186	109,487
Shop properties, terminal facilities and other	71,198	19,559	714	11,499	101,542
	\$1,932,159	\$549,508	\$109,140	\$276,137	\$2,648,664

(1) In 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.

Tiger International, Inc. and Subsidiaries

**Schedule VI—Accumulated Depreciation and Amortization
of Property, Plant and Equipment
For the Three Years Ended December 31, 1980**

	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, 1978					
Equipment used in operations:					
Equipment for lease or under lease	\$298,859	\$ 44,911	\$12,578	\$ 4,237	\$335,429
Equipment used in air cargo operations	130,231	23,899	2,120	4,971	156,981
	429,090	68,810	14,698	9,208	492,410
Buildings and leasehold improve- ments	8,983	1,552	60	560	11,035
Shop properties, terminal facilities and other	16,539	3,549	153	166	20,101
	\$454,612	\$ 73,911	\$14,911	\$ 9,934	\$523,546
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 improve- ments	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 improve- ments	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

Tiger International, Inc. and Subsidiaries

**Schedule VIII—Valuation and Qualifying Accounts and Reserves
For the Three Years Ended December 31, 1980**

	Allowance for Doubtful Accounts		Inventories Allowance
	Trade Receivables	Finance Lease Receivables	
	(In thousands)		
Balance at December 31, 1977	\$10,488	\$6,037	\$1,272
Additions (deductions) —			
Provisions charged to costs and expenses	4,350	2,731	275
Amounts charged to reserve	(3,421)	(612)	(176)
Balance at December 31, 1978	11,417	8,156	1,371
Additions (deductions) —			
Provisions charged to costs and expenses	4,576	275	562
Amounts charged to reserve	(3,741)	(3,134)	(56)
Balance at December 31, 1979	12,252	5,297	1,877
Additions (deductions) —			
Provisions charged to costs and expenses	6,421	1,076	2,657
Reserves from acquired companies	9,525	50	1,518
Amounts charged to reserve	(5,403)	(736)	(603)
Balance at December 31, 1980	\$22,795	\$5,687	\$5,449

SIGNATURES

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

TIGER INTERNATIONAL, INC.
(Registrant)

By DAVID L. AUCHTERLONIE
David L. Auchterlonie
Vice President—Controller

Date: March 20, 1981

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

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u> WAYNE M. HOFFMAN </u> Wayne M. Hoffman	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	Mar. 20, 1981
<u> THOMAS F. GROJEAN </u> Thomas F. Grojean	President and Director	Mar. 20, 1981
<u> MARTIN A. LYNCH </u> Martin A. Lynch	Senior Vice President—Finance (Principal Financial Officer)	Mar. 20, 1981
<u> DAVID L. AUCHTERLONIE </u> David L. Auchterlonie	Vice President—Controller (Principal Accounting Officer)	Mar. 20, 1981
<u> Laurence C. Craigie </u>	• Director	Mar. 20, 1981
<u> J. Howard Edgerton </u>	• Director	Mar. 20, 1981
<u> William E. McKenna </u>	• Director	Mar. 20, 1981
<u> Gordon M. Metcalf </u>	• Director	Mar. 20, 1981
<u> B. Houston Rehrig </u>	• Director	Mar. 20, 1981

*By ROBERT J. HARTER, JR
Robert J. Harter, Jr.
Attorney-in-Fact and Agent

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, 1980, 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, 1981 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 Pricing and Domestic Aviation, Civil Aeronautics Board, Washington, D.C. 20428.

Tiger International, Inc.

1888 Century Park East
Los Angeles, California 90067
(213) 552-6300

The Flying Tiger Line Inc.

7401 World Way West
Los Angeles, California 90009
(213) 646-6161

North American Car Corporation

33 West Monroe St.
Chicago, Illinois 60603
(312) 853-5000

Hall's Motor Transit Company

6060 Carlisle Pike
Mechanicsburg, Pennsylvania 17055
(717) 790-8400

TigerAir, Inc.

1888 Century Park East
Los Angeles, California 90067
(213) 552-6311

Auditors

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

General Counsel

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

Stock Exchanges

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

Pacific Stock Exchange
301 Pine Street
San Francisco, California
94104

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

Transfer Agents

Manufacturers Hanover
Trust Company
4 New York Plaza
New York, New York 10015

Union Bank
3810 Wilshire Blvd.
Los Angeles, California
90010

Registrars

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

Union Bank
3810 Wilshire Blvd.
Los Angeles, California
90010

The Annual Meeting of
Stockholders will be held
on Friday, June 5, 1981 at
10:00 A.M. at the Beverly
Hilton Hotel, 9876 Wilshire
Boulevard, Beverly Hills,
California 90210.

TIGER INTERNATIONAL

FLYING TIGERS ■ NORTH AMERICAN CAR ■ HALL S MOTOR TRANSIT ■ TIGERAIR
GROWING TOGETHER FOR TOTAL TRANSPORTATION

1888 Century Park East
Los Angeles, California 90067