

Tiger International, Flying Tigers Report Third Quarter Results

Tiger International, Inc. achieved record third quarter 1988 net income of \$23,796,000 compared to net income of \$23,128,000 in the comparable 1987 period. Earnings per share for the third quarter were \$.60 based on 37,153,000 shares outstanding, compared to \$.62 on 33,803,000 shares in last year's third quarter. Revenues rose nine percent to \$346,968,000 in the third quarter of 1988, from \$317,344,000 for the same period last year.

Flying Tigers reported a pretax profit of \$30,196,000 in the third quarter of 1988, compared to \$32,215,000 in the same period last year. Revenues increased nine percent to a third quarter record of \$334,070,000 from \$307,479,000 a year earlier.

"Flying Tigers' scheduled service third quarter revenues increased 14 percent and were led by a 31 percent increase in U.S. export traffic while import revenues remained flat compared to last year," James A. Cronin, president and chief executive officer of Tiger International and Flying Tigers, said. "Reflecting our strategy of expanding our global system, revenues from traffic not moving to or from the U.S. more than doubled. This strong growth was moderated by a 17 percent decrease in our Military Airlift Command revenues.

"Operating expenses increased during the quarter due to additional sales commissions which were incurred to maintain our market share in the flat Asia-to-

U.S. market; and costs associated with the launching of our new premium-priced International Distribution Service product from Asia to the United States," Mr. Cronin said.

Tiger International also reported net income for the first nine months of 1988 of \$56,634,000, or \$1.52 per share, compared to net income of \$45,215,000, or \$1.22 per share, in the first nine months of 1987, a 25 percent increase. Revenues for the first nine months were \$986,776,000 in 1988, compared to \$878,739,000 last year.

Flying Tigers' pretax profit was \$78,372,000 in the first nine months of 1988 on revenues of \$951,530,000, compared to pretax income of \$71,076,000 on revenues of \$849,164,000 last year.

Service Enhancements

Recent service enhancements implemented by the Company include: deployment of Flying Tigers' new B-747 jetfreighter, which entered service in October 1988 on transpacific and transpolar routes. This aircraft augments the Company's capabilities to meet anticipated, higher market demand for long-range, wide-body airfreight capacity in the U.S. export market in the fourth quarter of 1988. The aircraft is the Company's 20th B-747 jetfreighter.

Flight frequencies were expanded in some key markets, in-

Season's Greetings

1988 has been a banner year for Flying Tigers, highlighted by improved financial results, fleet expansion, increased employment opportunities, the launching of our exciting new IDS product and the expansion of CAT to more of our major customers. Thank you for your ongoing hard work and efforts in the continued rebuilding of our Company. With the people and programs we have in place and our commitment to servicing our customers, I am confident we will continue to make progress in 1989. At the close of a most eventful year, I wish you and yours a happy, enjoyable and rewarding Holiday Season.

James A. Cronin

cluding the addition of a fourth weekly scheduled B-747 flight between the United States and Australia and a second weekly flight into New Zealand. These schedules reflect growing global demand for wide-body lift capacity into those regions.

The Company also inaugurated new service from Shannon, Ireland to the United States, which originates in Frankfurt, West Germany and continues from New York to Los Angeles, with connections to the airline's westbound Pacific and southbound Latin America service.

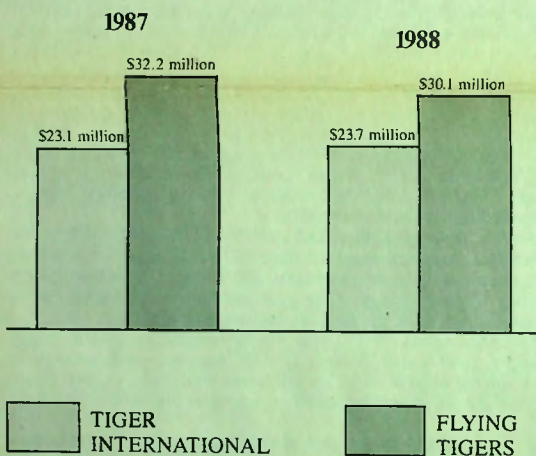
Beginning in October 1988, Flying Tigers and United Airlines began joint operations with United Parcel Service (UPS) and Tower

Air to provide passenger and airfreight services to the U.S. Military Airlift Command (MAC). Under the new joint venture, United Airlines is allocating six passenger aircraft to the Civil Reserve Air Fleet (CRAF) program, which will enable the carrier group to provide scheduled passenger service to Department of Defense (DOD) employees, as well as charter passenger and freight services.

By expanding Flying Tigers' MAC relationship to include scheduled passenger service, Tigers is able to gain higher utilization and greater flexibility in employing its aircraft to support MAC and in meeting national

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THIRD QUARTER PROFITS



International Distribution Service Showing Strong Growth

After seven months of operation, Flying Tigers' International Distribution Service (IDS) product continues to show solid growth, characterized by a steady increase in volumes and number of shipments.

Shipments weighing up to 33,000 pounds (the largest, to date) have been moving under the program from the product's origin points in Tokyo, Osaka, Seoul, Taipei and Hong Kong to the 55 U.S. cities served under IDS. Two levels of service are available—IDS-1 offers next business day service while IDS-2 offers second business day service with Customs clearance provided by Flying Tigers.

On November 1, Flying Tigers expanded IDS by adding an airport-to-door option, giving customers the ability to have their shipment delivered directly to the consignee's door in every IDS market in the United States. Under this service option, IDS-1 shipments will be delivered within 24 hours of receipt of the Customs Release notification

from the broker. IDS-2 shipments arrive at destination already cleared and will be delivered on the same day of arrival via Flying Tigers' regularly scheduled delivery trucks.

The product's success can be attributed to a number of factors. No other carrier can take an international shipment of virtually any size from the origin airport in Asia all the way through U.S. Customs clearance and to the consignee's door in the interior markets in the U.S.—all in two business days. Other carriers typically take four to seven days to provide service comparable to IDS' one or two-day service. Also, with IDS, the shipping process is streamlined, eliminating the need for excess handling of freight, time delays in re-forwarding and unnecessary costs associated with the traditional gateway consolidation shipping process.

As part of the Company's commitment to the development of IDS,

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A photographer for The Anchorage Times took this shot recently at Flying Tigers' terminal at Anchorage International Airport. The photo, which was featured on the front page of the local newspaper under the headline "Tigers Be the Line," had an accompanying caption describing the airline's major presence in Anchorage. Flying Tigers, which has utilized Anchorage as a service and transloading point for its scheduled operations for over 20 years, currently operates the most takeoffs and landings at the city's Airport.

Board Action

James A. Cronin Elected Chief Executive Officer of Tiger International and Flying Tigers

James A. Cronin, president of Tiger International, Inc. and Flying Tigers, was elected chief executive officer of both companies by the Tiger International board of directors at their regular monthly meeting in September.

"This action reflects the board of directors' confidence in Jim Cronin's leadership and his ability to continue the successful implementation of the Company's strategic marketing plan," Saul P. Steinberg, chairman of Reliance Group Holdings, Inc. and a member of the Tiger International board, said.

Jim Cronin has served during the past year as president of Tiger International and president and chief operating officer of Flying Tigers. Prior to that, he was senior vice president—marketing and previously, senior vice president—U.S. Division.

Mr. Cronin joined Tiger International in 1980 as a senior planning



James Cronin

analyst, and held a succession of posts in the planning and marketing areas.

Twenty-Fourth Annual Program

Prescott Scholarship Applications Due March 1

March 1 is the deadline to submit applications for the twenty-fourth annual Robert W. Prescott Scholarship Awards Program for undergraduate students.

Eligible are graduating high school senior children—including adopted and step-children—of any Flying Tigers' employee who has been with the company continuously, full-time, for two years prior to the March 1, 1989 application deadline. Applicants must be under 21 years of age at the time of application deadline and must be planning a college or university education.

For additional information and application forms, please write to:

Ginny Price, Scholarship Coordinator, Robert W. Prescott Scholarship Awards Program, mail code HDQ 1004.

The Luckman Award

The application deadline for *The Luckman Award*, established in honor of retired Tiger International and Flying Tigers' board of directors' member Charles Luckman, is April 1. Applicant information will be announced in an upcoming issue of *Flying Tigers Review*. The Luckman Award is presented to the child of a Flying Tigers' employee who has graduated from college and intends to pursue a post-graduate education.

Third Quarter Results...

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mobilization requirements.

The airline also entered into an expanded agreement with United Parcel Service under which Flying Tigers is transporting UPS's traffic to and from the United States and Asia and to points within Asia.

The Company's service to UPS includes the transportation of west-bound traffic destined for Japan, Taiwan and Korea. In addition, Flying Tigers is carrying all of UPS's intra-Asia traffic between Taipei, Tokyo and Seoul via its scheduled flights. The airline has been carrying, since last year, all of UPS's traffic between the U.S. and Japan.

DOT Approves Complaint

The U.S. Department of Transportation approved Flying Tigers' complaint, filed in July 1988, charging the Japanese government with imposing "discriminatory and anticompetitive" restrictions on Flying Tigers' authority to operate new, scheduled all-freight service between Anchorage, Alaska and Tokyo, Japan, and Frankfurt, West

Germany. As a result, the U.S. Government has entered discussions with Japan which will hopefully lead to creating a fair, competitive environment in the growing Asia-Europe market.

Flying Tigers is currently prevented from offering services in this market which are competitive with those of the two principal Japanese freight carriers, Japan Air Lines and Nippon Cargo Airlines.

Warren Transport's Revenues Up 31 Percent

Warren Transport's revenues were a record \$12,898,000 in the third quarter, up 31 percent from revenues of \$9,865,000 for the year-earlier period. Pretax profits for the third quarter 1988 were \$947,000 compared to \$614,000 in the same period last year, a 54 percent increase. For the first nine months of 1988, Warren's pretax income was \$2,467,000 on revenues of \$35,246,000, compared to a pretax profit of \$1,821,000 on revenues of \$29,575,000 for the same period last year.

The Tiger Forum

by James A. Cronin

Shippers and Airfreight Industry Face Uncertainties With New U.S. Trade Bill

Impact of Legislation Will Depend Largely on New President

Trade is the lifeblood of Flying Tigers' business. Consequently, I want to devote this *Tiger Forum* to some of the trade issues raised by the new U.S. trade legislation.

Unless the U.S. Government decides to take actions against our trading partners for import barriers they initiate against U.S. products, the new U.S. trade bill, which was signed by President Reagan in mid-August, is unlikely to affect the import of foreign products, parts and technology into America from the world's other industrialized nations.

However, the bill raises questions and creates uncertainties regarding the extent to which foreign countries may retaliate against us for any aggressive steps our government may take to "force" open foreign markets for U.S. products.

From our shipping customers' standpoint, any actions which might be taken under the trade bill's provisions to restrict the import of foreign goods and commodities into the U.S. will affect all competitors more or less equally.

The newly-signed U.S. trade bill received virtually unanimous support from both sides of the Congressional aisle, most management and labor groups and nearly all American business leaders. It is cited as the most sweeping trade bill in 35 years.

Reactions from our major trading partners have been generally critical of the trade bill. For example, the Japanese have a legitimate concern that the U.S. Government may retaliate against countries with so-called "pervasive" unfair trade practices, by blocking exports from those countries. They complain that the bill allows Washington to act unilaterally—in a "protectionist" manner—in settling disputes, and they have hinted at their own retaliation under the GATT trade agreement.

Impact of Trade Bill on Foreign Trade is Uncertain

Whatever the outcome of the public policy issues raised by the trade bill, our concern deals with determining the impact of this largely-unfocused bill on our shipping customers' manufacturing and marketing activities in the United States and throughout the world. And to attempt to fix that point in time when the legislation could affect their revenues and bottom lines—which would, in turn, impact our business.

One method of gaining such insight is to look at the public trade positions and statements of each of the major political parties, to determine which might be more or less aggressive than the other in enforcing the trade bill's provisions.

This is an important matter because the new trade bill—in its core provisions involving unfair trade practices, if not in the 100 or more secondary issues it contains—leaves much discretion to the President and allows wide latitude to the Administration and Congress in shaping U.S. responses to perceived trade inequities throughout the world. The main conclusion is that the bill will have a major impact *only* if President-elect Bush is an activist in forcing other countries to purchase more American goods; and aggressive enforcement could open up more foreign markets for American-made products.

In this respect, the legislation could be a positive step for Flying Tigers' U.S. export business in that it could open current and new foreign markets to more U.S.-manufactured products. However, there is a risk that the import of Asian products and technology into America will be disrupted if the U.S. Government decides to take retaliatory steps in response to "pervasive" import barriers in Japan.

The trade bill is classic "omnibus" legislation—meaning that it covers a diversity of subjects, some of which are only remotely connected to fundamental international trade practices. But the bill does give U.S. business many general and specific benefits, such as relaxed controls over the exporting of high technology products, including personal computers, when the destination is Japan or Europe; and the repeal of the windfall profits tax on domestically produced crude oil.

Shippers with flexibility and diversity in locating facilities and sourcing materials throughout the world have a distinct advantage in planning responses to a U.S. trade bill which is, at the moment, untested by time and experience. For example, Asia-based companies with strong manufacturing arms in the United States possess the capability of exporting American-made products to third countries on a more cost-effective basis than they could from their Far East production facilities.

Overall, I give the trade legislation a mixed review at this point. On the positive side of the ledger, the bill improves the potential for larger, freer world markets for U.S. products, with reciprocity among all of the major trading nations. On the negative side, the bill raises fundamental uncertainties regarding both the nature and timing of the bill's impact on specific companies and industries whose lifeblood is world trade.

From our own perspective, Flying Tigers' global system and scheduling, routing and equipment flexibility would counter-balance most actions which could be taken under this legislation. Our multiple world gateways should insulate us from any specific action taken either by the U.S. or foreign governments.

Over the years we have taken a leadership role in international regulatory matters and are currently pressing for fair operating conditions in competing with Japanese carriers. In an effort to achieve a more "level playing field" on international airfreight routes in the Asia-Europe market, we filed a complaint with the U.S. Department of Transportation (DOT) in July 1988, charging the Japanese government with imposing "discriminatory and anticompetitive" restrictions on our authority to operate new, scheduled all-freight service between Anchorage, Alaska and Tokyo, Japan, in conjunction with continuing service to and from Europe. The DOT has determined that our complaint is reasonable and is considering actions to respond to the Japanese restrictions.

Questions from employees for *The Tiger Forum* should be directed to the Corporate Communications Department, HDQ 905, HDQSRFT.

International Distribution Service...

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a sales team in the U.S. devoted exclusively to this product was recently created and sales positions are currently being established in Asia to specifically support sales efforts for IDS within that region. The U.S. team, which will work closely with sales personnel in each of the product's five Asian origin points, is responsible for coordinating IDS sales efforts with consignees, agents, forwarders and brokers in the United States. The U.S. IDS account executives report to Don Collieran, manager—international inbound sales for IDS. They include Claude Bonazzo, South-eastern region; Christopher Har-

towicz, Central region; William Kelleher, Western region; Charles McCarthy, Eastern region; Edward Pietriyk, Northeast region; and Deborah Verdugo, Southwest region.

"IDS is an exciting product and we are confident, based on the results already achieved, that it will be a major contributor to Flying Tigers' future success," said Don Collieran.

By the first week of December, total IDS volumes had reached over 10 million pounds, exceeding initial projections. "We are very pleased with the rapid growth and success of IDS," said Cyril Murphy, vice

president—market planning. "Our plans for developing this unique, value-added product are moving along quickly. IDS will be expanded extensively in the coming months to meet growing demand for such a product in other regions within our global network," he said.

The most immediate expansion planned for IDS is the implementation of service from Europe to the U.S., which is scheduled to be inaugurated in January, 1989.

Additional service enhancements currently under development for IDS includes launching service from the U.S. to Asia and Asia to Europe.

VP Vance Fort Discusses International, Government Affairs Role At Flying Tigers

Vance Fort serves as vice president—international and government affairs, responsible for the Company's government relations and international regulatory affairs activities. Mr. Fort joined Flying Tigers in September 1987. He previously served as deputy assistant secretary for policy and international affairs at the United States Department of Transportation (DOT), responsible for international aviation maritime, economic regulatory policy and negotiations. During 1983 to 1985, he headed the DOT's program to transfer various Civil Aeronautics Board (CAB) functions to the DOT and managed the Department's policy development and coordination activities. Earlier in his career, he was an aviation regulatory law specialist in private practice and served as an executive assistant to CAB member Elizabeth Bailey. Mr. Fort has a bachelor of arts degree from the University of California at Irvine, a master's degree in International Relations from The Johns Hopkins University School of Advanced International Studies and a juris doctor degree from the University of Pennsylvania.



Vance Fort

Q. As Vice President-International and Government Affairs for the Company, you are responsible for Flying Tigers' government relations and international regulatory affairs activities. Can you elaborate on exactly what those responsibilities encompass?

A. Although the domestic airfreight industry is generally described as "deregulated," our federal and local governments continue to play enormously important roles in the Company's ongoing operations. From regulations dealing with Customs' clearance, to FAA-imposed slot controls at some of our key U.S. airports, to fuel taxes, our activities—from top to bottom—continue to be affected by regulations and decisions of the federal government.

On the local side, we now deal with airport authorities in several U.S. communities. Increasingly, those communities are adopting, or considering adopting noise control regulations which could adversely affect our operations—particularly with regard to our B-727 "Stage-2" aircraft. Part of our job has been to convince the communities that nighttime curfews on airport operations and limitations on the use of "Stage-2" freighter aircraft are counter-productive; that the loss to the local community far outweighs the marginal benefits in terms of reducing a noise problem.

We also work with local officials on a number of matters unique to their particular community. These might range from warehouse space at the airport to the provision of on-airport facilities for the U.S. Customs Service.

Internationally, of course, Flying Tigers is subject to intensive regulation of its routes and very often its rates. A great deal of our time is spent in working with officials at the Departments of Transportation, Commerce, and State as well as with the U.S. Trade Representative's Office, to improve our operating environment abroad. We make great efforts to shape the U.S. negotiating positions on airfreight at the various bilateral aviation talks involving countries that we serve or that we are interested in serving. We also work directly with foreign governments to obtain necessary operating authorities and to remove restrictions on our business operations in those locales.

In short, our responsibilities cover the range of contacts that the Company has with government policy makers—both in the U.S. and abroad.

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Q. What role does Flying Tigers

play in U.S. negotiations regarding aviation issues affecting the Company?

A. Our role in negotiations is first, to advise the government of the Company's position on various proposals that may be put forward in the course of talks and second, to assist in formulating the U.S. objectives and negotiating strategy. While our negotiators are somewhat knowledgeable about airfreight, they are far from being experts. It is up to Tigers, therefore, to evaluate various negotiating positions and make our views forcefully known to the U.S. delegations.

* * *

Q. What major countries are we currently in negotiations with and what are the primary issues being addressed?

A. Further bilateral talks with Japan will take place before the end of the year. While no dates have been set, U.S.-Korea talks are likely early in 1989. A central issue for each would be their demand for all-cargo access to Chicago. Our position has been and continues to be that neither government has yet demonstrated an entitlement to that valuable authority since serious "doing business" problems with Japan remain unresolved and U.S. carriers' continuing problems in Korea hardly warrant a reward for Korean Airlines.

* * *

Q. We have a Flying Tigers' office in Washington, D.C. dedicated to government affairs. What role does this office play within your division?

A. As I have said, our business future is vitally affected by decisions made by senior policy makers in Washington. Often those decisions are made without a real understanding of their potential effects on airfreight transportation. We believe, therefore, that our presence in Washington is essential. Kathy Williams, our Director of International and Government Affairs, is based in Washington and spends a good deal of her time on Capitol Hill and in the various Departments and agencies to keep up with developing issues and to make Tigers' viewpoint known. We have found, for example, that Kathy's ability to meet with a key Senator's staff on a few minutes notice can sometimes be invaluable in either securing passage of legislation we support or preventing an onerous provision from being inserted into pending legislation.

* * *

Q. How active are we in Washington regarding legislation related to trade issues?

A. We have been very concerned with trade issues and follow developments in that area closely. As an international air carrier, Tigers is a primary beneficiary of the free flow of goods among nations. Protectionist trade legislation is, from our standpoint, bad business.

Nevertheless, like many other U.S. companies we have long been concerned about keeping "free trade" a two-way street. All too often, U.S. markets are open to foreign companies while their markets are closed to U.S. businesses. Aviation is no exception. That is why, as a result of Flying Tigers' efforts, the recently passed Trade Bill contained a provision that strengthened the ability of the U.S. Department of Transportation to take action when U.S. air carriers are discriminated against or encounter unfair competitive practices. We are very proud of that accomplishment and believe it will be of great benefit to all U.S. international air carriers in the coming years.

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Q. Were you referring to the International Air Transportation Competitive Practices Act?

A. That is correct. Flying Tigers proposed an amendment to that Act that would strengthen the U.S. Government's position in dealing with foreign governments on issues regarding discrimination. Congress considered our proposal and decided to include it in the Trade package that was recently signed by the President.

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Q. Didn't the International Air Transportation Fair Competitive Practices Act form the basis for Tigers' complaints against Japan regarding our Japan-Anchorage-Europe route and our ability to ground-handle the freight of other airlines at Narita?

A. That's right. The Department of Transportation has, in both instances, found in our favor. The Government of Japan has been put on notice that continued intransigence on their part will result in economic sanctions against their carriers. Moreover, the Japanese now recognize that these issues are frustrating their efforts to secure new passenger routes to Hawaii and the mainland U.S. I would expect that the external pressure being placed upon Japan by the U.S. in combination with the internal pressure from their own carriers to break the negotiating log-jam will produce real progress over the next

few months. I am cautiously optimistic that we will be allowed to implement our proposed January 1989 Tokyo-Anchorage schedules without any restrictions or conditions.

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Q. There have been several press accounts about the Company's proposed service from Japan to Europe via Anchorage and the Japanese Government's opposition to that service. Could you explain the problem?

A. Sure. The Tokyo-Anchorage-Europe issue arises from the Company's long-standing attempt to provide this service consistent with the U.S.-Japan bilateral air transport agreement. Freight carried over this and similar routings is referred to as "sixth freedom" traffic. The service being proposed by Flying Tigers is identical in nature and legally indistinguishable from the extensive "sixth freedom" services between the United States and points in Asia such as Hong Kong offered by Japan Air Lines (JAL) and Nippon Cargo Airlines (NCA). To give you some idea of the scope of these "sixth freedom" operations by the Japanese carriers, our government estimates that approximately 50 percent of JAL's transpacific airfreight is sixth freedom moving between the U.S. and points other than Japan.

The Asia-Europe airfreight market is growing rapidly and is served by both JAL and NCA in pool with several European carriers. The Japanese Government wants to protect this lucrative market of the future for its flag carriers. Initially, Japan would approve the Company's schedule only if we operated the flights half empty to Europe. More recently, Japan agreed to remove the 50 percent restriction, but agreed to approve only three flights per week. These actions by Japan to restrict and limit the competitiveness of our proposed service in this market are discriminatory and clearly violate the bilateral agreement. Fortunately, our government is going to bat for

us and attempting to force the Japanese government to permit the Company to operate the service without restraints.

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Q. What about our attempts to ground-handle traffic at Narita Airport?

A. This is another example of the failure of the Japanese Government to live up to its bilateral agreement obligations. Two years ago, the U.S. and Japan concluded a "mini-deal" that among other things permitted NCA to increase its U.S. operations by three frequencies per week. As part of that exchange, Flying Tigers was given the right to provide ground-handling services for itself and for any other airline that wished to break away from the JALOS and IACT monopolies at Narita. The Company's right to provide ground-handling services to other airlines was to have become effective this past August. However, when we submitted our application to the Japanese authorities this past Spring to start up the service and to acquire the necessary space and facilities to make it work, the Japanese Government refused to act on the application.

In essence, Japan has said the agreement was to permit Tigers to market ground-handling services but did not include a requirement to provide the necessary space for those services. In our opinion, that would be tantamount to the United States agreeing to additional frequencies for NCA to operate to New York while denying that airline takeoff and landing slots necessary to operate the frequencies.

Here too, I am hopeful that significant progress will soon be made. We continue to believe that there are avenues available to Japan to provide us with the additional space we need at Narita. We are hopeful that a study group will look into the matter and make appropriate recommendations.

The U.S.-Japan agreement provides that NCA's Japan-U.S. all-cargo frequencies can be increased

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*Above and Beyond***Charlotte Employees Respond In Life-Threatening Emergency**

October 14, 1988 started out as a routine day at Flying Tigers' Charlotte, North Carolina terminal . . . but soon after nightfall, that all changed. At approximately 7:30 p.m., the airline's Charlotte employees received word that a passenger charter carrier was making an emergency landing at Douglas International Airport. A passenger who had suffered a heart attack on-board the B-747 aircraft was in need of immediate medical attention and Flying Tigers was the only carrier able to accommodate a B-747 at that time of day.

The flight, which originated in Orlando, Florida and was destined for Manchester, England, "dumped" 100,000 pounds of fuel over the Atlantic ocean in order to achieve a legal landing weight, then touched down and taxied to Flying Tigers' terminal with over 500 passengers on-board. Local medical emergency personnel were on hand to meet the aircraft, and Flying Tigers' employees **Tony Genaro**, senior

operations supervisor; Ramp Servicemen **Joe Love** and **Paul Maloy**; **Wayne Reid**, maintenance representative and Traffic Agent **Steve Harris** quickly pitched in to assist with the crisis. Over the course of the next few hours, they parked the aircraft in an appropriate spot, helped remove the heart attack victim from the plane, assisted the crew with the necessary paperwork and had the B-747 refueled prior to its departure for Manchester.

In addition, Flying Tigers' Flight 109, which had been intentionally delayed into Charlotte to allow time to work the passenger flight, was processed without delay and arrived on schedule into Columbus that evening.

According to hospital personnel, this passenger would have died had this emergency landing not taken place. . . and if five Flying Tigers' employees had not been willing to unselfishly devote their time to help the victim.

Quality Assurance, Training Departments Reorganized

As part of the Company's commitment to provide a superior service to its customers and more comprehensive, timely training for its employees, Flying Tigers' quality assurance and training functions have been reorganized.

Quality Assurance Team Set

Under the new quality assurance organization, a management team has been established and a network of quality assurance coordinators are being hired in strategic locations throughout the Company's global network to meet the needs of the airline's terminal services group.

Three managers and one supervisor, reporting to John Carey, director—quality assurance, have recently been named as part of the department's new structure. They include Mark Alex, supervisor—quality review based at headquarters, responsible for providing follow-up support to terminal management via periodic, scheduled terminal reviews; Neil Brooksby, manager—procedures and analysis at headquarters, who will develop policies and procedures for the service group and produce technical training materials; Dennis Markech, manager—quality assurance based in Colum-

bus, responsible for overseeing the new field network of quality assurance coordinators; and Mark Taylor, manager—quality service based at headquarters, responsible for outside service training and headquarters' technical training.

This quality assurance network is designed to accomplish the following objectives—

- Provide dedicated technical training resources for terminal employees. Areas that will be emphasized include—KIAC data entry, aircraft weight and balance, aircraft loading, warehouse operations, dangerous goods and control of international paperwork.
- Work with employees in the field to identify service problems and implement solutions for improving the quality of service the Company provides.
- Assist terminal management to ensure consistency in the application of procedures and policies throughout the airline's global network.

Employee Development Department Emphasizes Skill Enhancement

In addition, to support the Com-

pany's increased emphasis on expanding employees' skills, the Employee Development Department (formerly called the Training Department) staff responsible for developing and implementing training programs in the areas of sales, customer service and management development has been expanded and reorganized. Additional program designers and instructors have been added in order to increase both the number and the variety of development courses offered to employees. Two newly created managerial positions have also been established as part of the new organization. Janine Reid has been named manager—sales and management development training, responsible for sales, supervisory and management training and development activities. Jean-Marie Regal, who has been appointed manager—instructional design, will oversee the development of new technical training programs for headquarters' employees as well as the implementation of technical software programs for field personnel, including Computer-Based Training (CBT). Both positions are based at headquarters. The department will continue to report to Sue Heinberg, senior director—personnel relations.

Fort Interview. . .

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in accordance with market growth. The U.S. DOT has advised Japan that no additional flights will be authorized until Flying Tigers is able to implement fully its ground-handling rights at Narita. Moreover, the DOT left open the distinct possibility of other further sanctions to secure Tigers' rights.

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Q. What are the implications for the Company of the upcoming change from the Administration of President Reagan to that of President-elect Bush, and what will you and your Division do to meet the challenge of that change?

A. It has been eight years since President Reagan was elected. During this time, we established an extremely successful record of dealing with Administration officials and regulatory authorities. The immediate task will be to determine what new policies the new Administration will seek to effectuate and the likely impact these policies will have on the national and international air transportation environment. Complicating this effort is the fact that the organization of the 101st Congress, under slightly stronger Democratic control, will likely lead to a short honeymoon for the President-elect and promises to erupt into a number of confrontations as the new President and the Congress seek to establish common ground in tackling the nation's priorities.

Although the President-elect was not required during the campaign to address the major domestic issues facing air transportation, and thus we are unsure of his intended direction or of

his priorities for our industry, the new Secretary of Transportation will be confronted (and have to deal) immediately with a number of issues. High on the list is the perceived impending crisis of air and ground congestion, financing for airport improvements, automating the air traffic control system, and the growing sentiment for deregulation. On the international front, last year's enactment into law of the Trade Bill signals a new determination by Congress to insist that the new Administration maintain a free trade policy only when the trading partner maintains a fair trade environment.

The first year of the new Administration will be critical as it maps its strategy and establishes priorities. The continuity of the career government civil service notwithstanding, we cannot assume the incoming decision-makers appointed by the President-elect will be adequately informed as to the nature and scope of the Company's problems. There are hundreds of transportation companies and each one will have numerous issues pending before various governmental agencies. It is all too easy for the specific concerns of individual companies to get lost in this first year shuffle, with adverse and long-term consequences. Therefore, it will be a priority of my Department to put on the equivalent of a full court press in Washington to ensure the concerns of Flying Tigers are made the concerns of the new Administration.

* * *

Q. You joined Flying Tigers just over a year ago. What are your

impressions of the Company and the airfreight environment in general?

A. It has been an exciting and challenging first year during which a good deal of time and energy was devoted to just getting to know the Company, the people, the procedures, the jargon and, yes, the overall goals, objectives and direction established by senior management. I am beginning to feel like part of the family and am confident in my understanding of the possibilities and limitations of the job. This adjustment is profoundly important because one's vision for the future needs to be in sync with the realities of the workplace.

Externally, profound changes are taking place too. Fundamental changes in trade flows are occurring. The Pacific Basin is exploding with growth. Europe is countering with an inexorable move towards greater economic integration. Domestically, the recent wave of mergers and acquisitions has created mega carriers with mega resources and an appetite for competition.

Moreover, regulatory reform is creeping into the recesses of some of the most intractable bureaucracies around the world. In addition to these changes, the positive contribution that airfreight revenues can make to the bottom line of airlines is increasingly appreciated by the chief executives of combination carriers who previously took airfreight for granted.

* * *

Q. What are your division's goals in the coming year?

A. The Marketing, Sales and Operations divisions are meeting

the Company's competitive challenges through an ongoing commitment to quality and innovation. My principal objective, therefore, is to complement these efforts through the development and implementation of a regulatory strategy which anticipates and tames the volatility and hostility of regulatory authorities to the Company's efforts to remain the industry's leader. To do this, I envision a more focused presence in Washington with a view to altering the now commonplace bias against incumbent carriers in favor of new entrants.

We want to reverse the practice our negotiators have of trading away valuable rights to foreign airlines without asking whether the trading partner will live up to their end of the bargain. Our regulatory strategy will be designed to nudge the U.S. Customs Service to provide adequate staffing and to expedite the transition to automation so that our product development is not undermined by red tape in the age of the floppy disk.

My objective is to meet head-on

the local community rush towards curfews and other restrictions on nighttime operations by aircraft without regard for the discriminatory impact such actions have on airfreight carriers or even the impact on local commerce and business. I want the federal government to step up to its statutory responsibility to further the growth and development of our industry by making the necessary investment in the airport and airway infrastructure and by preempting state and local actions which unduly burden interstate air commerce.

Most of all, I want a regulatory strategy which heightens the consciousness within our government and abroad that there must be a level playing field without unnecessary burdens for our airline to continue to meet the demands of a world increasingly dependent on air transportation. I am confident that if the field is level, Flying Tigers will continue to improve on the time-tested mix of cooperation and competition to not only maintain, but to enhance its preeminence in the world's airfreight industry.

FLYING TIGERS review

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