

FF 000417 CF AIR FREIGHT, INC. 1979 1

FF 000417

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**Freight Forwarders
(Class A)**
**Annual Report Form
F-1**

1979

JUN 18 1980

ORIGINAL

 Approved by GAO
B-180230 (R0254)
Expires

Due: March 31, 1980

 1. CORRECT NAME AND ADDRESS IF DIFFERENT THAN
SHOWN. (See instructions)

 FF000417 CF Air A O A 465
CF Air Freight, Inc.
3055 Clearview Way
Suite 310
San Mateo, CA 94402

 NAME AND ADDRESS OF REPORTING CARRIER (Attach
label from front cover on original, copy in full on
duplicate)

 CF Air Freight, Inc.
P. O. Box 3301
Portland, OR 97208
(No label on front cover)

 2. State whether respondent is an individual owner, partnership, corporation, association, etc.: Corporation

3. If a partnership, state the names and addresses of each partner including silent or limited, and their interests

Name	Address	Proportion of Interest
Not Applicable		

4. If a corporation, association or other similar form of enterprise, give:

 (a) Dates and States of incorporation or organization: March 23, 1966, Delaware

(b) Directors' names, addresses, and expiration dates of terms of office:

Name	Address	Term Expires
Ronald E. Burbank	3055 Clearview Way, San Mateo, CA, 94402	4-18-80
W. Roger Curry	3055 Clearview Way, San Mateo, CA, 94402	4-18-80
D. E. Moffitt	3055 Clearview Way, San Mateo, CA, 94402	4-18-80
John P. Kelley	3055 Clearview Way, San Mateo, CA, 94402	4-18-80
Raymond F. O'Brien	3055 Clearview Way, San Mateo, CA, 94402	4-18-80
H. John Plaat	3055 Clearview Way, San Mateo, CA, 94402	4-18-80

(c) The names and titles of principal general officers:

Name	Title
Raymond F. O'Brien	Chairman of the Board
W. Roger Curry	President
Richard F. Bryner	Vice President - Operations
Ronald E. Moffitt	Vice President & Treasurer
H. John Plaat	Vice President & Secretary
Donald G. Berger	Vice President - Eastern Area
John W. Veenstra	Vice President - Sales & Marketing
Norman R. Benke	Assistant Secretary
John P. Kelly	Assistant Secretary
Frank E. Roberts	Assistant Secretary

5. Give the voting power, elections, and stockholders, as follows:

A. Total voting securities outstanding:

	shares	votes
(1) Common	10	10
(2) 1st Preferred		
(3) 2nd Preferred		
(4) Other securities		

 B. Does any class of securities carry any special privileges in any elections or in the control of corporate action?
No If so, describe each such class or issue, showing the character and extent of such privileges.

2

C. State for each class of stock the total number of stockholders of record at the latest date of closing of stock book or compilation of list of stockholders prior to date of submitting this report

(1) Common _____ (2) 1st Preferred _____ (3) 2nd Preferred _____

(4) Other _____ (5) Date of closing stock book _____

D. Give names of the ten security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him. If any such holder held securities in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such ten security holders as of the close of the year:

Name of security holder (a)	Address (b)	Number of votes to which entitled (c)	Number of votes, classified			
			Common (d)	1st Preferred (e)	2nd Preferred (f)	Other securities (g)
Consolidated	International Building	10	10			
Freightways, Inc.	601 California Street					
	San Francisco, CA 94108					

7. The respondent is required to send to the Bureau of Accounts, immediately upon preparation two copies of its latest annual report to stockholders

Check appropriate box

☐ Two copies are attached to this report

☐ Two copies will be submitted _____
(date)

☒ No annual report to stockholders is prepared

8. If the respondent was formed as a result of consolidations or mergers during the year, name all constituent companies, and give specific references to charters or general laws governing each organization, date and authority for each consolidation and each merger received from a regulatory body, and date of consummation

Not Applicable

9. If the respondent was reorganized during the year, give name of original corporation and the laws under which it was organized, or the name of owner or partners, the reason for the reorganization, and date of reorganization

Not Applicable

10. If the respondent was subject to a receivership during the year, state: Not Applicable

A. Date of receivership _____

B. Court of jurisdiction under which operations were conducted _____

C. Date when possession under it was required _____

D. Name of receiver, receivers, or trustee _____

11. If any individual, individuals, association, or corporation held control, as trustee, other than receivership, over the respondent at the close of the year, state--
Not Applicable
A. Date of trusteeship _____
B. Authority for trusteeship _____
C. Name of trustee _____
D. Name of beneficiary or beneficiaries _____
E. Purpose of trust _____

12. Give a list of companies under common control with respondent
Consolidated Freightways Corporation of Delaware Freightliner Corporation
Canadian Freightways, Ltd. Freightliner of Canada, Ltd.
Canadian Freightways Eastern, Ltd. Freightliner Financial Services Ltd.
Interport Sufferance Warehouse, Ltd. Freightliner Market Development Corp.
Road Systems, Inc. CF Data Services, Inc.
Freightways Terminal Company Centron Ltd.
United Terminals Ltd. Freightliner Credit Corporation
Consolidated Metco, Inc.

13. Furnish a complete list of all companies controlled by the respondent, either directly or indirectly, at the close of the year. List under each directly controlled company the companies controlled by it and under each company any others of more remote control. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company.
None

14. Give a complete list showing companies controlling the respondent, as of the close of the year. Commence with the company which is the most remote and list under each such company the company immediately controlled by it. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company. When any company listed is immediately controlled by or through two or more companies jointly, list all such companies and list the controlled company under each of them, indicating its status by appropriate cross references.
Consolidated Freightways, Inc. - 100%

15. States in which traffic is originated and/or terminated: (check appropriate boxes)

Alabama	<input checked="" type="checkbox"/>	Georgia	<input checked="" type="checkbox"/>	Maryland	<input checked="" type="checkbox"/>	New Jersey	<input checked="" type="checkbox"/>	South Carolina	<input checked="" type="checkbox"/>
Alaska	<input checked="" type="checkbox"/>	Hawaii	<input checked="" type="checkbox"/>	Massachusetts	<input checked="" type="checkbox"/>	New Mexico	<input checked="" type="checkbox"/>	South Dakota	<input checked="" type="checkbox"/>
Arizona	<input checked="" type="checkbox"/>	Idaho	<input checked="" type="checkbox"/>	Michigan	<input checked="" type="checkbox"/>	New York	<input checked="" type="checkbox"/>	Tennessee	<input checked="" type="checkbox"/>
Arkansas	<input checked="" type="checkbox"/>	Illinois	<input checked="" type="checkbox"/>	Minnesota	<input checked="" type="checkbox"/>	North Carolina	<input checked="" type="checkbox"/>	Texas	<input checked="" type="checkbox"/>
California	<input checked="" type="checkbox"/>	Indiana	<input checked="" type="checkbox"/>	Mississippi	<input checked="" type="checkbox"/>	North Dakota	<input checked="" type="checkbox"/>	Utah	<input checked="" type="checkbox"/>
Colorado	<input checked="" type="checkbox"/>	Iowa	<input checked="" type="checkbox"/>	Missouri	<input checked="" type="checkbox"/>	Ohio	<input checked="" type="checkbox"/>	Vermont	<input checked="" type="checkbox"/>
Connecticut	<input checked="" type="checkbox"/>	Kansas	<input checked="" type="checkbox"/>	Montana	<input checked="" type="checkbox"/>	Oklahoma	<input checked="" type="checkbox"/>	Virginia	<input checked="" type="checkbox"/>
Delaware	<input checked="" type="checkbox"/>	Kentucky	<input checked="" type="checkbox"/>	Nebraska	<input checked="" type="checkbox"/>	Oregon	<input checked="" type="checkbox"/>	Washington	<input checked="" type="checkbox"/>
District of Columbia	<input checked="" type="checkbox"/>	Louisiana	<input checked="" type="checkbox"/>	Nevada	<input checked="" type="checkbox"/>	Pennsylvania	<input checked="" type="checkbox"/>	West Virginia	<input checked="" type="checkbox"/>
Florida	<input checked="" type="checkbox"/>	Maine	<input checked="" type="checkbox"/>	New Hampshire	<input checked="" type="checkbox"/>	Rhode Island	<input checked="" type="checkbox"/>	Wisconsin	<input checked="" type="checkbox"/>
								Wyoming	<input checked="" type="checkbox"/>

16. COMPARATIVE BALANCE SHEET STATEMENT - ASSET SIDE

Give the following financial data at the beginning of the year and at the close of the year (omit cents).

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
		I. CURRENT ASSETS	
1	580,852	(100) Cash	1,005,964
2	-	(101) Special cash deposits (Sec. 18)	-
3	-	(102) Temporary cash investments	-
4	XXXXXX	1. Pledged \$	XXXXXX
5	13,650	2. Unpledged \$	22,600
6	XXXXXX	(103) Working advances	XXXXXX
7	XXXXXX	(104) Notes receivable \$	XXXXXX
8	5,435,125	(105) Accounts receivable 8,158,199	XXXXXX
9	-	(106) Less Reserve for doubtful accounts \$ 336,786	7,821,413
10	6,831	(107) Accrued accounts receivable	-
11	-	(108) Materials and supplies	12,974
12	353	(109) Other current assets	-
13	6,036,811	(110) Deferred income tax charges (Sec. 19)	353
		Total current assets	8,863,304
		II. SPECIAL FUNDS AND DEPOSITS	
14	XXXXXX	(120) Sinking and other funds \$	XXXXXX
15	-	Less Nominally outstanding \$	-
16	XXXXXX	(121) Special deposits \$ 4,667	XXXXXX
17	4,388	Less Nominally outstanding \$	4,667
18	4,388	Total special funds	4,667
		III. INVESTMENT SECURITIES AND ADVANCES	
19	-	(130) Investments in affiliated companies (Sec. 20)	-
20	XXXXXX	1. Pledged \$	XXXXXX
21	-	2. Unpledged \$	-
22	-	Undistributed earnings from certain investments in affiliated companies (Sec. 21)	-
23	XXXXXX	(131) Other investments (Sec. 20)	-
24	-	1. Pledged \$	XXXXXX
25	-	2. Unpledged \$	-
26	-	(132) Less Reserve for adjustment of investments in securities	-
		(133) Allowance for net unrealized loss on noncurrent marketable equity securities	-
		Total investment securities and advances	-
		IV. TANGIBLE PROPERTY	
27	XXXXXX	(140) Transportation property (Sec. 22-A) \$ 6,532,284	XXXXXX
28	3,039,795	(149) Less Depreciation and amortization reserve	25)
		Transportation property (Sec. 22-B) 1,561,194	4,971,090
29	XXXXXX	(160) Nontransportation property (Sec. 23) \$	XXXXXX
30	-	(161) Less Depreciation reserve	-
		Nontransportation property (Sec. 23)	-
31	3,039,795	Total tangible property	4,971,090
		V. INTANGIBLE PROPERTY	
32	-	(165) Organization	-
33	-	(166) Other intangible property	-
34	-	Total intangible property	-
		VI. DEFERRED DEBITS AND PREPAID EXPENSES	
35	82,699	(170) Prepayments	76,476
36	300,063	(172) Other deferred debits	146,211
37	-	(173) Accumulated deferred income tax charges (Sec. 19)	-
38	382,762	Total deferred debits and prepaid expenses	222,687
		VII. REACQUIRED AND NOMINALLY ISSUED SECURITIES	
39	XXXXXX	(190) Reacquired and nominally issued long-term debt \$	XXXXXX
40	XXXXXX	Reacquired: 1. Pledged \$	XXXXXX
41	XXXXXX	2. Unpledged \$	XXXXXX
42	XXXXXX	Nominally issued: 1. Pledged \$	XXXXXX
43	XXXXXX	2. Unpledged \$	XXXXXX
44	XXXXXX	(191) Nominally issued capital stock \$	XXXXXX
45	XXXXXX	1. Pledged \$	-
46	9,463,756	2. Unpledged \$	-
		TOTAL ASSETS	14,061,748
47		Contingent assets (not included above)	

For compensating balances not legally restricted, see Sec. 17.

COMPARATIVE BALANCE SHEET STATEMENT—LIABILITY SIDE

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
	\$	VIII. CURRENT LIABILITIES	\$
48	-	(200) Notes payable	-
49	3,597,420	(201) Accounts payable	4,620,773
50	-	(202) Accrued interest	-
51	-	(203) Dividends payable	-
52	107,688	(204) Accrued taxes	102,516
53	1,594,831	(205) Accrued accounts payable	1,844,084
54	-	(208) Deferred income tax credits (Sec. 19)	-
55	-	(209) Other current liabilities	-
56	5,299,939	Total current liabilities	6,567,373
		IX. LONG-TERM DEBT	
		(b1) Less—Nominally outstanding (b2) Less—Nominally issued	
57	-	(210) Funded debt (Sec. 29)	-
58	-	(210 5) Capitalized leased obligations	-
59	-	(211) Receivers' and trustees' securities (Sec. 29)	-
60	1,383,383	(212) Amounts payable to affiliated companies (Sec. 30)	813,810
61	-	(213) Long-term debt in default (Sec. 29)	-
62	-	(218) Discount on long-term debt	-
63	-	(219) Premium on long-term debt	-
64	1,383,383	Total long-term debt	813,810
		X. RESERVES	
65	-	(220) Insurance reserves	-
66	-	(221) Provident reserves	-
67	-	(222) Other reserves	-
68	-	Total reserves	-
		XI. DEFERRED CREDITS	
69	55,082	(231) Other deferred credits	167,173
70	99,874	(232) Accumulated deferred income tax credits (Sec. 19)	140,798
71	154,956	Total deferred credits	307,971
		XII. CAPITAL AND SURPLUS	
72	1,000	(240) Capital stock (Sec. 31)	1,000
73	-	(241) Premiums and assessments on capital stock	-
74	1,000	Total (Lines 70 and 71)	1,000
75	-	Less—Nominally issued capital stock	-
76	-	(242) Discount, commission and expense on capital stock	-
77	-	Total (Lines 73 and 74)	-
78	1,000	Total (Lines 72 and 75)	1,000
79	-	(243) Proprietary capital	-
80	299,000	(250) Unearned surplus	299,000
81	xxxxxxx	1. Paid in \$ 288,000 2. Other \$	xxxxxxx
82	-	(260) Earned surplus—Appropriated	-
83	2,325,478	(270) Earned surplus—Unappropriated (Deficit in paren.) (Sec. 32)	6,072,594
84	xxxxxxx	1. Distributed \$ 2. Undistributed \$ 6,072,594	xxxxxxx
85	-	(279) Net unrealized loss on noncurrent marketable equity securities	-
86	-	(280) Less: Treasury stock	-
87	xxxxxxx	1. Pledged \$ 2. Unpledged \$	xxxxxxx
88	2,625,478	Total capital and surplus	6,372,594
89	9,463,756	TOTAL LIABILITIES	14,061,748
90		Contingent liabilities (not included above)	

COMPARATIVE BALANCE SHEET STATEMENT—EXPLANATORY NOTES

Estimated accumulated net Federal income tax reduction realized since December 31, 1949, under section 168 (formerly section 124-A) of the Internal Revenue Code because of accelerated amortization of emergency facilities in excess of recorded depreciation \$ None

Estimated accumulated savings in Federal income taxes resulting from computing book depreciation under Commission rules and computing tax depreciation using the items listed below \$ 267,416

— Accelerated depreciation since December 31, 1953, under section 167 of the Internal Revenue Code.

— Guideline lives since December 31, 1961, pursuant to Revenue Procedure 62-21.

— Guideline lives under Class Life System (Asset Depreciation Range) since December 31, 1970, as provided in the Revenue Act of 1971.

(1) Estimated accumulated net income tax reduction utilized since December 31, 1961, because of the investment tax credit authorized in the Revenue Act of 1962, as amended 175,178

(2) If carrier elected, as provided in the Revenue Act of 1971, to account for the investment tax credit under the deferral method, indicate the total deferred investment tax credit at beginning of year \$ N/A

Add investment tax credits applied to reduction of current year's tax liability but deferred for accounting purposes \$ N/A

Deduct deferred portion of prior year's investment tax credit used to reduce current year's tax accrual \$ N/A

Other adjustments (indicate nature such as recapture on early disposition) \$ N/A

Total deferred investment tax credit at close of year \$ N/A

Investment tax credit carryover at year end \$ N/A

Cost of pension plan:

Past service costs determined by actuaries at year end \$ N/A

Total pension costs for year:

Normal costs \$ 134,706

Amortization of past service costs \$ -

Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made \$ N/A

State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610).
YES NO

Marketable Equity Securities—to be completed by companies with \$10.0 million or more in gross operating revenues:

1. Changes in Valuation Accounts

		Cost	Market	Dr. (Cr) to Income	Dr. (Cr) to Stockholders Equity
Current year	Current Portfolio	\$	\$	\$	x x x x
as of / /	Noncurrent Portfolio			x x x x	
Previous year	Current Portfolio			x x x x	x x x x
as of / /	Noncurrent Portfolio			x x x x	x x x x

2. At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	\$	\$
Noncurrent		

3. A net unrealized gain (loss) of \$ on the sale of marketable equity securities was included in net income for (year). The cost of securities sold was based on the (method) cost of all the shares of each security held at time of sale.

Significant net realized and net unrealized gains and losses arising after date of the financial statements but prior to their filing, applicable to marketable equity securities owned at balance sheet date shall be disclosed below:

NOTE: / / - date - Balance sheet date of the current year unless specified as previous year.

17.—COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS

Using the following notes as a guideline, show the requirements of compensating balances and short-term borrowing arrangements if operating revenues are \$10 million or more. Footnote disclosure is required even though the arrangement is not reduced to writing.

1. Disclose compensating balances not legally restricted, lines of credit used and unused, average interest rate of short-term borrowings outstanding at balance sheet date, maximum amount of outstanding borrowings during the period and the weighted average rate of those borrowings.
2. Time deposits and certificates of deposit constituting compensating balances not legally restricted should be disclosed.
3. Compensating balance arrangements need only be disclosed for the latest fiscal year.
4. Compensating balances under an agreement which legally restricts the use of such funds, and which constitute support for short-term borrowing arrangements, should be included in section 18, account 101, Special cash deposits.
5. Compensating balances under an agreement which legally restricts the use of such funds and which constitute support for long-term borrowing arrangements and are reported in account 121, Special deposits, should also be separately disclosed below.
6. Compensating balance arrangements are sufficiently material to require disclosure in footnotes when the aggregate of written and oral agreement balances amount to 15 percent or more of liquid assets (current cash balances, restricted and unrestricted plus marketable securities).
7. When a carrier is not in compliance with a compensating balance requirement, that fact should be disclosed along with stated and possible sanctions whenever such possible sanctions may be immediate (not vague or unpredictable) and material.

18.—SPECIAL CASH DEPOSITS

For other than compensating balances, state separately each item of \$10,000 or more reflected in account 101. Special cash deposits, at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items less than \$10,000". For compensating balances, state separately the total amounts held on behalf of respondent and held on behalf of others.

Line Nos.	Purpose of deposit (a)	Balance at close of year (b)
	Interest special deposits	\$
1		
2		
3		
4		
5		
6	Total _____	None
	Dividend special deposits	
7		
8		
9		
10		
11		
12	Total _____	None
	Miscellaneous special deposits	
13		
14		
15		
16		
17		
18	Total _____	None
	Compensating balances legally restricted	
19	Held on behalf of respondent _____	
20	Held on behalf of others _____	
21	Total _____	None

21 Report below the details of all investments in common stocks included in account 130 Investments in affiliated companies, which qualify for the equity method under instruction 28 in the Uniform System of Accounts for Freight Forwarders.

Enter in column (c) the amount necessary to retroactively adjust those investments qualifying for the equity method of accounting in accordance with instruction 28(b) (11) of the Uniform System of Accounts.

Enter in column (d) the share of undistributed earnings (i.e., less dividends) or losses

Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost at date of acquisition. See instruction 28(b)(4).

The total of column (g) must agree with column (b), line 21, Section 16.

UNDISTRIBUTED EARNINGS FROM CERTAIN INVESTMENTS IN AFFILIATED COMPANIES

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments qualifying for equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)
1	Carriers (List specifics for each company)	\$	\$	\$	\$	\$	\$
2	None						
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18	Total						
19	Noncarriers (Show totals only for each column)						
20	Total (lines 18 and 19)						

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
141. Furniture and office equipment	\$ 322,180	\$ 196,611	\$ 7,318	\$	\$ 511,473
142. Motor and other highway vehicles	1,234,082	804,943	172,570		1,866,455
143. Land and public improvements	855,514	103,096	-		958,610
144. Terminal and platform equipment	235,883	196,456	404		431,935
145. Other property account charges	1,507,336	1,248,017	853	9,311 Dr.	2,763,811
Total	4,154,995	2,549,123	181,145	9,311 Dr.	6,532,284

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
141. Furniture and office equipment.....	\$ 119,644	\$ 37,770	\$ 4,390	\$	\$ 153,024
142. Motor and other highway vehicles.....	539,915	436,796	151,565		825,146
143. Land and public improvements (depreciable property).....					
144. Terminal and platform equipment.....	145,339	36,494	319		181,514
145. Other property account charges (depreciable property).....	310,302	92,061	853		401,510
Total.....	1,115,200	603,121	157,127		1,561,194

23. Give details of investment in nontransportation property, and depreciation reserve for balances at close of the year, as stated for accounts (160) and (161) in section 16.

[illegible]

24.—RENTAL EXPENSE OF LESSEE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Otherwise, show total rental expense (reduced by rentals from subleases) entering into the determination of results of operations for each period for which an income statement is presented. Rental payments under short-term leases for a month or less which are not expected to be renewed need not be included. Contingent rentals, such as those based on usage or sales, shall be reported separately from the basic or minimum rentals.

Line No.	Type of lease (a)	Current year (b)	Prior year (c)
	Financing leases		
1	Minimum rentals		
2	Contingent rentals		
3	Sublease rentals	None	None
4	Total financing leases		
	Other leases		
5	Minimum rentals	694,359	506,842
6	Contingent rentals		
7	Sublease rentals		
8	Total other leases	694,359	506,842
9	Total rental expense of lessee		

NOTE As used in sections 24 through 28, a "financing lease" is defined as a lease which, during the noncancellable lease period, either (a) covers 75% or more of the economic life of the property or (b) has terms which assure the lessor a full recovery of the fair market value (which would normally be represented by his investment) of the property at the inception of the lease plus a reasonable return on the use of the assets invested subject only to limited risk in the realization of the residual interest in the property and the credit risks generally associated with secured loans.

25.—MINIMUM RENTAL COMMITMENTS

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Show the minimum rental commitments under all noncancellable leases, as of the date of the latest balance sheet presented, in the aggregate (with disclosure of the amounts applicable to noncapitalized financing leases) for (a) each of the five succeeding fiscal years; (b) each of the next three five-year periods; and, (c) the remainder as a single amount. The amounts so determined should be reduced by rentals to be received from existing noncancellable subleases (with disclosure of the amounts of such rentals). For purposes of this rule, a noncancellable lease is defined as one that has an initial or remaining term of more than one year and is noncancellable, or is cancellable only upon the occurrence of some remote contingency or upon the payment of a substantial penalty.

Line No.	Year ended (a)	A			B *	
		Financing leases (b)	Other Leases (c)	Total (d)	Sublease rentals *	
					Financing leases (e)	Other leases (f)
1	Next year	None	444,000	444,000	None	None
2	In 2 years		266,000	266,000		
3	In 3 years		190,000	190,000		
4	In 4 years		136,000	136,000		
5	In 5 years		64,000	64,000		
6	In 6 to 10 years		106,000	106,000		
7	In 11 to 15 years					
8	In 16 to 20 years					
9	Subsequent					

* The rental commitments reported in Part A of this schedule have been reduced by these amounts.

26.—LESSEE DISCLOSURE

Complete this schedule only if carrier operating revenues are \$10 million or more.

Relate in general terms: (a) the basis for calculating rental payments if dependent upon factors other than the lapse of time; (b) existence and terms of renewal or purchase options, escalation clauses, etc.; (c) the nature and amount of related guarantees made or obligations assumed; (d) restrictions on paying dividends, incurring additional debt, further leasing, etc.; and, (e) any other information necessary to assess the effect of lease commitments upon the financial position, results of operations, and changes in financial position of the lessee.

Line
No.

(a) Not Applicable

(b) No purchase options exist in any leases to which CF Air Freight is a party. All renewal options are short term in nature related to the economic life of the leased asset. All escalation clauses are "arms-length" in nature and based upon C.P.I. escalators or some other fair market value barometer.

(c) Not Applicable

(d) Not Applicable

(e) Not Applicable

27.—LEASE COMMITMENTS—PRESENT VALUE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if the present value of the minimum lease commitments are more than five percent of the sum of the long-term debt, stockholders' equity and the present value of the minimum lease commitments, or if the impact on net income (as computed in section 28, Income impact—Lessee) is three percent or more of the average net income for the most recent three years.

Show all noncapitalized financing leases, the present value of the minimum lease commitments in the aggregate and by major categories of properties. Present values shall be computed by discounting net lease payments (after subtracting, if practicable, estimated, or actual amounts, if any, applicable to taxes, insurance, maintenance and other operating expenses) at the interest rate implicit in the terms of each lease at the time of entering into the lease.

Show either the weighted average interest rate (based on present value) and range of rates or specific interest rates for all lease commitments.

Line No.	Asset category (a)	Present value		Range		Weighted average	
		Current year (b)	Prior year (c)	Current year (d)	Prior year (e)	Current year (f)	Prior year (g)
		\$	\$	%	%	%	%
1	Structures						
2	Revenue equipment						
3	Shop and garage equipment						
4	Service cars and equipment						
5	Noncarrier operating property						
	Other (Specify)						
6							
7							
8							
9							
10	Total						

28.—INCOME IMPACT—LESSEE

Complete this schedule only if carrier operating revenues are \$10 million or more.

If the impact on net income is less than three percent of the average net income for the most recent three years, a statement to that effect will suffice to complete this schedule. Otherwise, show the impact on net income for each period for which an income statement is presented if all noncapitalized financing leases were capitalized, related assets were amortized on a straight-line basis and interest cost was accrued on the basis of the outstanding lease liability. The amounts of amortization and interest cost shall be separately identified.

In calculating average net income, loss-years should be excluded. If losses were incurred in each of the most recent three years, the average loss shall be used for purposes of this test.

Line No.	Item (a)	Current year (b)	Prior year (c)
1	Amortization of lease rights _____ Not Applicable	\$ _____	\$ _____
2	Interest _____		
3	Rent expense _____		
4	Income tax expense _____		
5	Impact (reduction) on net income _____		

30. Give details of advances payable for each item of \$1,000 or more included in account (212), section 16. Items of less than \$1,000 may be combined in a single entry and described as "Minor items each less than \$1,000."

31. Give details of balance of capital stock outstanding at the close of the year stated for account (240) in section 16.

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32. Show items of Earned surplus—Unappropriated for the year, classified in accordance with the Uniform System of Accounts for Freight Forwarders. All contra entries hereunder should be indicated in parentheses. Include in column (b) only amounts applicable to earned surplus exclusive of any amounts included in column (c). Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting. See account (270) in section 16.

Line No.	Item (a)	Retained earnings accounts (b)	Equity in undistributed earnings of affiliated companies (c)
		\$ 2,325,478	xxx
1	(270) Earned surplus (or deficit) at beginning of year	xxx	
2	(300) Equity in undistributed earnings (losses) of affiliated companies at beginning of year	3,747,116	
3	(300) Income balance (Sec. 33)	-	
4	(301) Miscellaneous credits	-	
5	(302) Prior period adjustments to beginning earned surplus account	-	
6	(310) Miscellaneous debits	-	xxx
7	(311) Miscellaneous reservations of earned surplus	-	xxx
8	(312) Dividend appropriations of earned surplus	6,072,594	xxx
9	(270) Earned surplus (or deficit) at close of year	xxx	
10	Equity in undistributed earnings (losses) of affiliated companies at end of year	-	xxx
11	Balance from line 10(c)		
12	Total unappropriated earned surplus and equity in undistributed earnings (losses) of affiliated companies at end of year (lines 9 and 11)	6,072,594	xxx

Net of assigned income taxes: account 301 \$ _____ (explain)
 account 310 _____ (explain)

33.—INCOME STATEMENT FOR THE YEAR

Give the following income account for the year (omit cents)

Line No.	Item (a)	Amount (b)
ORDINARY ITEMS		
FORWARDER OPERATING INCOME		
1	(400) Operating revenues (Sec. 34) _____	\$ 28,152,474
2	(410) Operating expenses (Sec. 35) _____	20,928,027
3	*Net revenue from forwarder operations (line 1, line 2) _____	7,224,447
4	(411) Transportation tax accruals (Sec. 36) _____	7,614
5	*Net revenue, less taxes, from forwarder operations (line 3, line 4) _____	7,216,833
OTHER INCOME		
6	(401) Dividend (other than from affiliates) and interest income _____	84,703
7	(402) Release of premium on long-term debt _____	-
8	(403) Miscellaneous income _____	29,098
9	Income from affiliated companies _____	-
10	Dividends _____	-
11	Equity in undistributed earnings (losses) _____	113,801
12	Total other income _____	7,330,634
13	*Total income (line 5, line 11) _____	
MISCELLANEOUS DEDUCTIONS FROM INCOME		
14	(412) Provision for uncollectible accounts _____	230,234
15	(413) Miscellaneous tax accruals _____	-
16	(414) Miscellaneous income charges _____	5,925
17	Total income deductions _____	236,159
18	*Income from continuing operations before fixed charges (Lines 12, 16) _____	7,094,475
FIXED CHARGES		
19	(420) Interest on long-term debt _____	74,493
20	(421) Other interest deductions _____	-
21	(422) Amortization of discount on long-term debt _____	-
22	Total fixed charges _____	74,493
23	(423) Unusual or infrequent items _____	-
24	*Income from continuing operations before income taxes (lines 17, 21, 22) _____	7,019,982
PROVISION FOR INCOME TAXES		
25	(431) Income taxes on income from continuing operations (Sec. 36) _____	3,231,942
26	(432) Provision for deferred taxes _____	40,924
27	Income (loss) from continuing operations (lines 23-25) _____	3,747,116
DISCONTINUED OPERATIONS		
28	(433) Income (loss) from operations of discontinued segments** _____	-
29	(434) Gain (loss) on disposal of discontinued segments** _____	-
30	Total income (loss) from discontinued operations (lines 27, 28) _____	-
31	*Income before extraordinary items (lines 26, 29) _____	3,747,116
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES		
32	(435) Extraordinary items-Net Credit (Debit) (p. 20) _____	-
33	(450) Income taxes on extraordinary and prior period items-Debit (Credit) (p. 20) _____	-
34	(451) Provision for deferred taxes-Extraordinary and prior period items _____	-
35	Total extraordinary items _____	-
36	(452) Cumulative effect of changes in accounting principles** _____	-
37	Total extraordinary items and accounting changes (lines 34, 35) _____	-
38	*Net income transferred to earned surplus (lines 30, 36) _____	3,747,116
<p>*If a loss or debit, show the amount in parentheses</p> <p>**Less applicable income taxes of:</p> <p>(433) Income (loss) from operations of discontinued segments _____ \$ _____</p> <p>(434) Gain (loss) on disposal of discontinued segments _____</p> <p>(452) Cumulative effect of changes in accounting principles _____</p>		

33.—INCOME STATEMENT - EXPLANATORY NOTES

1. (a) Indicate method elected by carrier, as provided in the Revenue Act of 1971, to account for the investment tax credit:

Flow-through—☒ Deferral—

(b) If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit: \$ 42,639

(c) If deferral method was elected, indicate amount of investment tax credit utilized as reduction of tax liability for current year: \$ N/A

Deduct amount of current year's investment tax credit applied to reduction of tax liability but deferred for accounting purposes: (\$ N/A)

Balance of current year's investment tax credit used to reduce current year's tax accrual: \$ N/A

Add amount of prior years' deferred investment tax credits being amortized and used to reduce current year's tax accrual: \$ N/A

Total decrease in current year's tax accrual resulting from use of investment tax credits: \$ N/A

2. An explanation of all items included in accounts 435, "Extraordinary items," and 450, "Income taxes on extraordinary items" should be made in the space below. (See instruction 540.0-4, Uniform System of Accounts for Freight Forwarders.)

34.—OPERATING REVENUES

Show the forwarder operating revenues of the respondent for the year, classified by accounts as follows (omit cents):

Line No.	Account (a)	Amount (b)
	I. TRANSPORTATION REVENUE	\$
1	501. Forwarder revenue	60,225,582
	II. TRANSPORTATION PURCHASED—DR.	
2	511. Railroad transportation	-
3	512. Motor transportation	1,839,710
4	513. Water transportation	-
5	514. Pick-up, delivery, and transfer service	4,608,611
6	515. Other transportation purchased*	26,821,062
7	Total transportation purchased	33,269,383
8	Revenue from transportation (line 1 minus line 7)	26,956,199
	III. INCIDENTAL REVENUE	
9	521. Storage—Freight	653,511
10	522. Rent revenue	165,299
11	523. Miscellaneous	377,464
12	Total incidental revenues	1,196,274
13	Total operating revenues (line 8 plus line 12)	28,152,473

*Report separately hereunder, by type of transport (air, express, forwarder, or any other type), the amounts included in Account 515, "Other transportation purchased":

Air - \$26,821,062

35.—OPERATING EXPENSES

Show the forwarder operating expenses of the respondent for the year, classified by accounts as follows (omit cents):

Line No.	Account (a)	Amount (b)
1	601 General office salaries	\$ 829,269
2	602 Traffic department salaries	2,777,446
3	603 Law department salaries	-
4	604 Station salaries and wages*	6,391,808
5	605 Loading and unloading by others	7,152
6	606 Operating rents	714,914
7	607 Traveling and other personal expense	1,111,874
8	608 Communications	1,181,598
9	609 Postage	108,446
10	610 Stationery and office supplies	446,694
11	611 Tariffs	48,180
12	612 Loss and damage—Freight	-
13	613 Advertising	160,953
14	614 Heat, light, and water	140,126
15	615 Maintenance	347,208
16	616 Depreciation and amortization	577,270
17	617 Insurance	1,307,475
18	618 Payroll taxes (Sec. 36)	664,996
19	619 Commissions and brokerage	970,510
20	620 Vehicle operation (Sec. 36)	153,262
21	621 Law expenses	17,484
22	622 Depreciation adjustment	128,960
23	630 Other expenses	2,842,401
24	Total operating expenses	20,928,026

*Includes debits totaling \$_____ for the pay of employees engaged in handling freight over platforms.

36.—TAXES

Give particulars called for with respect to taxes and licenses accrued to accounts (411) and (431) in Section 33, and accounts (618) and (620) in Section 35.

Line No.	Kind of tax (a)	(411) Transportation tax accruals (b)	(431) Income taxes on income from continuing operations (c)	(618) Payroll taxes (d)	(620) Vehicle operation (e)	Total (f)
1	Social security taxes—Federal	\$	\$	\$ 534,230	\$	\$ 534,230
2	Real estate and personal property taxes	7,614				7,614
3	Gasoline, other fuel and oil taxes				142,198	142,198
4	Vehicle licenses and registration fees				11,064	11,064
5	Corporation taxes					
6	Capital stock taxes					
7	Federal excise taxes					
8	Federal excess profits taxes					
9	Federal income taxes		2,983,661			2,983,661
10	State income taxes		248,281			248,281
	(Other taxes (describe))					
11	(a) State Payroll Taxes			125,965		125,965
12	(b) Local Payroll Taxes			4,801		4,801
13	(c) _____					
14	(d) _____					
15	(e) _____					
16	Total	7,614	3,231,942	664,996	153,262	4,057,814

37. Give particulars as called for with respect to motor vehicles owned outright and held under purchase obligations at the close of the year:

Line No.	Vehicle		Book value included in account (140) of sec. 16 (c)	Accrued depreciation included in account (149) of sec. 16 (d)
	Make, kind and capacity (a)	Number of (b)		
1	None		\$	\$
2				
3				
4				
5				
6				
7				
8	Total			

38. Give the particulars as called for concerning the respondent's employees and their compensation for the year. The data on number of employees shall be based on the number of employees on the payroll at close of pay period containing the 12th day of the months specified. If operations were interrupted during such period due to strikes, fires, floods, etc., the data should be reported for the nearest representative payroll period. Enter the total number of employees in each class on the payrolls covered by this report who worked full or part time or received pay for any part of the period reported.

Line No.	Class	Number of employees on payroll at close of the pay period containing the 12th day of				Total compensation during year
		February	May	August	November	
1	General office employees					
2	Officers	3	3	4	5	\$ 286,139
3	Clerks and attendants	32	38	38	38	519,732
4	Total	35	41	42	43	805,871
5	Traffic department employees					
6	Officers					
7	Managers	14	19	21	26	775,918
8	Solicitors	95	102	114	133	2,001,528
9	Clerks and attendants	4	5	8	7	81,873
10	Total	113	126	143	166	2,859,319
11	Law department employees					
12	Officers					
13	Solicitors					
14	Attorneys					
15	Clerks and attendants					
16	Total					
17	Station and warehouse employees					
18	Superintendents	92	95	99	107	2,640,327
19	Foremen					
20	Clerks and attendants	77	81	102	123	2,075,260
21	Laborers	39	39	42	42	1,617,746
22	Total	208	215	243	272	6,333,333
23	All other employees (specify)					
24						
25						
26						
27	Total					
28	Grand total	356	382	428	481	9,998,523

Length of payroll period: (Check one) ☒ one week. ☐ two weeks. ☐ other (specify): _____

39. Give the various statistical items called for concerning the forwarders' operations of the respondent during the year. State tons of 2,000 pounds.

Line No.	Item (a)	Number (b)
1	Tons of freight received from shippers	35,837
2	Number of shipments received from shippers	478,481

40.—COMPENSATION OF OFFICERS, DIRECTORS, ETC.

Give the name, position, salary, and other compensation, such as bonus, commission, gift, reward, or fee, of each of the five persons named in Section 5, item (b) and (c) of this report to whom the respondent paid the largest amount during the year covered by this report as compensation for current or past service over and above necessary expenses incurred in discharge of duties and in addition, all other officers, directors, pensioners or employees, if any, to whom the respondent similarly paid \$40,000 or more. If more convenient, this schedule may be filled out for a group of companies considered as one system and shown only in the report of the principal company in the system, with references thereto in the reports of the other companies. Any large "Other compensation" should be explained in a footnote. If an officer, director, etc., receives compensation from another transportation company (whether a subsidiary or not), reference to this fact should be made if his aggregate compensation amounts to \$40,000 or more, and the details as to division of the salary should be stated. By salary column (c) is meant the annual rate at which an employee is paid, rather than the amount actually paid. If salary of an individual was changed during the year, show salary before each change as well as at close of year.

Line No.	Name of person (a)	Title (b)	Salary per annum as of close of year (see instructions) (c)	Other compensation during the year (d)
1	See attached schedule.		\$	\$
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3				
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41.—COMPETITIVE BIDDING — CLAYTON ANTITRUST ACT

Section 10 of the Clayton Antitrust Act (15 U.S.C. 20) states that "no common carrier engaged in commerce shall have any dealings in securities, supplies or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind, to the amount of more than \$50,000, in the aggregate, in any one year, with another corporation, firm, partnership or association when the said common carrier shall have upon its board of directors or as its president, manager or as its purchasing or selling officer, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership or association, unless and except such purchases shall be made from, or such

dealings shall be made with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission." The specification for competitive bids is found in the Code of Federal Regulations, Part 1010-Competitive Bids through Part 1010.7 - Carriers Subject to the Interstate Commerce Act.

In column (g), identify the company awarded the bid by including company name and address, name and title of respondent officers, directors, selling officer, purchasing officer and/or general manager that has an affiliation with the seller.

Line No.	Nature of bid (a)	Date Published (b)	Contract number (c)	No. of bidders (d)	Method of awarding bid (e)	Date filed with the Commission (f)	Company awarded bid (g)
1	No transactions with non-affiliated companies where interlock is present.						
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40. COMPENSATION OF OFFICERS, DIRECTORS, ETC.

<u>Name of Person</u>	<u>Title</u>	<u>Salary per Annum as of Close of Yr</u>	<u>Other Com- pensation During Yr</u>
W. Roger Curry 4/29/79 from \$1,246 to \$1,481	President	\$77,012	\$12,648
Richard F. Bryner 4/30/79 from \$935 to \$1,055	Vice President - Operations	54,860	4,773
H. John Plaat 4/30/79 from \$718 to \$765	Vice President & Secretary	39,780	11,293
Donald G. Berger 9/3/79 from \$850 to \$1,025	Vice President - Eastern Area	53,300	12,537
John W. Veenstra	Vice President - Sales & Mktg	40,040	3,003
G. A. Albach 11/18/79 from \$625 to \$780	Division Manager	40,560	9,715
B. L. Barraclough 4/1/79 from \$550 to \$594 4/30/79 from \$594 to \$625	Director, Sales & Marketing	32,500	9,010
S. E. Hyder 4/30/79 from \$632 to \$700	Traffic Manager	36,400	9,850
N. F. Lonsinger 4/30/79 from \$548 to \$700	Director, National Accts	36,400	9,053
J. L. Mac Donald	Driver	44,008	-
R. W. Roberts	Western Area Mgr	40,300	10,890
F. V. Schott 5/28/79 from \$650 to \$735	Division Manager	38,220	7,934
C. W. Stock 10/15/79 from \$600 to \$675	Division Manager	35,100	5,185
R. Piazza 10/1/79 from \$730 to \$830	Division Manager	43,160	7,900
A. T. Franzek 11/12/79 from \$700 to \$820	Division Manager	42,640	6,704
O. A. Oracheno 7/8/79 from \$659 to \$710	International Sales Manager	36,920	7,742

The remaining officers and directors received \$140 as a Director's Fee.

Name, title, telephone number and address of the person to be contacted concerning this report:

NAME J. E. Bowdle TITLE Controller
TELEPHONE NUMBER (503) 226-4681
(Area code) (Telephone number)
OFFICE ADDRESS P. O. Box 3011 Portland, OR 97208
(Street and number) (City, State, and ZIP Code)

OATH

(To be made by the officer having control of the accounting of the respondent)

STATE OF Oregon

COUNTY OF Multnomah

Norman R. Benke makes oath and says that he is
Assistant Secretary

(Insert here the official title of the affiant)

of CF Air Freight, Inc.

(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said reports is a correct and complete statement of the business and affairs of the above-named respondent during the period of the time from and including January 1, 1979, to and including December 31, 1979.

M. R. Benke

(Signature of affiant)

Subscribed and sworn to before me, a notary public, in and for the State and County above named,
this 6th day of June, 19 80.

My commission expires 4/20/83

USE AN L S
IMPRESSION
SEAL

Margaret C. H. H. H.
(Signature of officer authorized to administer oaths)