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CLIPPER EXPRESS CO.

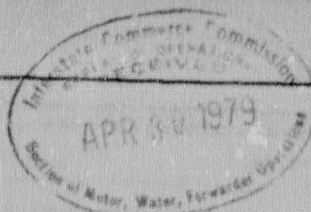
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00650

**Freight Forwarders
(Class A)**
1978

Due: March 31, 1979


**Annual Report Form
F-1**

 Approved by GAO
B-180230 (R0254)
Expires 10-31-79

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

 FF000128 CLIPPEREXPR A O A 650
EXXC CLIPPER EXPRESS COMPANY
3401 WEST PERSHING R
CHICAGO IL 60632

 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

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

 (a) Dates and States of incorporation or organization: January 10, 1950 Delaware

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

Name	Address	Term Expires
Jerry Chambers	3401 W. Pershing Rd., Chicago, Ill.	05/08/79
Evelyn Chambers	3401 W. Pershing Rd., Chicago, Ill.	05/08/79
James F. Nellis	3401 W. Pershing Rd., Chicago, Ill.	05/08/79
James T. Linhart	3401 W. Pershing Rd., Chicago, Ill.	12/31/78
Russell Fischer	3401 W. Pershing Rd., Chicago, Ill.	05/08/79

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

Name	Title
Jerry Chambers	Chairman
James F. Nellis	President
Evelyn Chambers	Vice President-Treasurer
Russell Fischer	Secretary

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

A. Total voting securities outstanding

(1) Common	<u>6,000</u>	shares	<u>6,000</u>	votes
(2) 1st Preferred	<u>None</u>	shares		votes
(3) 2nd Preferred	<u>None</u>	shares		votes
(4) Other securities	<u>None</u>	shares		votes

 B. Does any class of securities carry any special privileges in any elections or in the control of corporate action?
If so, describe each such class or issue, showing the character and extent of such privileges:

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 Eight (8) (2) 1st Preferred None (3) 2nd Preferred None
 (4) Other None (5) Date of closing stock book 12/31/78

6. 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)
Jerry Chambers	Chicago, Illinois	2337.5	2337.5			
Evelyn Chambers	Chicago, Illinois	990.0	990.0			
Merle Chambers	Englewood, Colorado	1855.0	1855.0			
Kenart Bahn	Chicago, Illinois	30.0	30.0			
Homer Rankin	Tifton, Georgia	315.0	315.0			
Annabelle Santor	Reno, Nevada	262.5	262.5			
Charles Hemmings	Martinez, California	105.0	105.0			
Alice Harrell	Atascadero, California	105.0	105.0			

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:

10. If the respondent was subject to a receivership during the year, state:

A. Date of receivership Not Applicable

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:

March Transport Co.

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:

None

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

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

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	163,057	(100) Cash	1,042,348
2	1,170,000	(101) Special cash deposits (Sec. 18)	21,000
3		(102) Temporary cash investments	
4	XXXXXX	1. Pledged \$	XXXXXX
5	21,586	2. Unpledged \$	29,661
6	XXXXXX	(103) Working advances	XXXXXX
7	XXXXXX	(104) Notes receivable \$	9,923,868
8	8,749,666	(105) Accounts receivable	XXXXXX
9		(106) Less: Reserve for doubtful accounts \$	405,837
10	24,263	(107) Accrued accounts receivable	9,518,031
11		(108) Materials and supplies	24,263
12		(109) Other current assets	
13	10,128,572	(110) Deferred income tax charges (Sec. 19)	
		Total current assets	10,635,303
		II. SPECIAL FUNDS AND DEPOSITS	
14	XXXXXX	(120) Sinking and other funds \$	XXXXXX
15		Less: Nominally outstanding \$	
16	XXXXXX	(121) Special deposits \$	2,115
17	2,990	Less: Nominally outstanding \$	XXXXXX
18	2,990	Total special funds	2,115
		III. INVESTMENT SECURITIES AND ADVANCES	
19		(130) Investments in affiliated companies (Sec. 20)	
20	XXXXXX	1. Pledged \$	XXXXXX
21		2. Unpledged \$	
22	20,142	Undistributed earnings from certain investments in affiliated companies (Sec. 21)	20,545
23	XXXXXX	(131) Other investments (Sec. 20)	
24		1. Pledged \$	XXXXXX
25		2. Unpledged \$	
26	20,142	(132) Less: Reserve for adjustment of investments in securities	
		(133) Allowance for net unrealized loss on noncurrent marketable equity securities	20,545
		Total investment securities and advances	
		IV. TANGIBLE PROPERTY	
27	XXXXXX	(140) Transportation property (Sec. 22-A) \$	5,918,173
28	3,076,779	(149) Less: Depreciation and amortization reserve	
		Transportation property (Sec. 22-B)	2,959,776
29	XXXXXX	(160) Nontransportation property (Sec. 23) \$	297,813
30	33,617	(161) Less: Depreciation reserve	
		Nontransportation property (Sec. 23)	270,145
31	3,110,396	Total tangible property	2,986,065
		V. INTANGIBLE PROPERTY	
32	25,000	(165) Organization	25,000
33	25,000	(166) Other intangible property	25,000
34		Total intangible property	
		VI. DEFERRED DEBITS AND PREPAID EXPENSES	
35	39,457	(170) Prepayments	77,581
36	57,495	(172) Other deferred debits	57,057
37		(173) Accumulated deferred income tax charges (Sec. 19)	
38	96,952	Total deferred debits and prepaid expenses	134,638
		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	13,384,052	2. Unpledged \$	
		TOTAL ASSETS	13,803,666
47		Contingent assets (not included above)	

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

COMPARATIVE BALANCE SHEET STATEMENT—LIABILITY SIDE

5

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
	\$	VIII. CURRENT LIABILITIES	\$
48	1,330,318	(200) Notes payable	1,347,166
49		(201) Accounts payable	
50		(202) Accrued interest	
51	107,227	(203) Dividends payable	475,306
52	7,143,099	(204) Accrued taxes	7,465,844
53		(205) Accrued accounts payable	
54	229,503	(208) Deferred income tax credits (Sec. 19)	193,270
55	8,810,147	(209) Other current liabilities	9,481,586
56		Total current liabilities	
		IX. LONG-TERM DEBT	
		(b1) Less—Nominally outstanding (b2) Less—Nominally issued	
57	948,783	(210) Funded debt (Sec. 29) \$ \$	756,129
58		(210.5) Capitalized leased obligations	
59		(211) Receivers' and trustees' securities (Sec. 29)	
60		(212) Amounts payable to affiliated companies (Sec. 30)	
61		(213) Long-term debt in default (Sec. 29)	
62		(218) Discount on long-term debt	
63		(219) Premium on long-term debt	
64	948,783	Total long-term debt	756,129
		X. RESERVES	
65		(220) Insurance reserves	
66	50,453	(221) Provident reserves	50,092
67	50,453	(222) Other reserves	50,092
68		Total reserves	
		XI. DEFERRED CREDITS	
69	525,966	(231) Other deferred credits	334,904
70		(232) Accumulated deferred income tax credits (Sec. 19)	
71	525,966	Total deferred credits	334,904
		XII. CAPITAL AND SURPLUS	
72	30,000	(240) Capital stock (Sec. 31)	30,000
73		(241) Premiums and assessments on capital stock	
74	30,000	Total (Lines 70 and 71)	30,000
75		Less—Nominally issued capital stock	
76		(242) Discount, commission and expense on capital stock	
77		Total (Lines 73 and 74)	
78		Total (Lines 72 and 75)	30,000
79		(243) Proprietorial capital	
80		(250) Unearned surplus	
81	XXXXXXX	1. Paid in \$ 2. Other \$	XXXXXXX
82		(260) Earned surplus—Appropriated	
83	3,018,703	(270) Earned surplus—Unappropriated (Deficit in paren.) (Sec. 32)	3,150,955
84	XXXXXXX	1. Distributed \$ 2. Undistributed \$	XXXXXXX
85		(279) Net unrealized loss on noncurrent marketable equity securities	
86		(280) Less: Treasury stock	
87	XXXXXXX	1. Pledged \$ 2. Unpledged \$	XXXXXXX
88	3,048,703	Total capital and surplus	3,180,955
89	13,384,052	TOTAL LIABILITIES	13,803,666
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 \$ None

—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 \$ None

(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 \$ None

Add investment tax credits applied to reduction of current year's tax liability but deferred for accounting purposes \$ None

Deduct deferred portion of prior year's investment tax credit used to reduce current year's tax accrual \$ None

Other adjustments (indicate nature such as recapture on early disposition) \$ None

Total deferred investment tax credit at close of year \$ None

Investment tax credit carryover at year end \$ None

Cost of pension plan:

Past service costs determined by actuaries at year end \$ None

Total pension costs for year:

Normal costs \$ None

Amortization of past service costs \$ None

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 \$ None

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	\$ <u>None</u>	\$ <u>None</u>
Noncurrent	<u>None</u>	<u>None</u>

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.

None

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 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.

None

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 No.	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

19. In column (a) are listed the particulars which most often cause a differential between taxable income and pretax accounting income. Other particulars which cause such a differential should be listed under the caption "Other", including State and other taxes deferred if computed separately. Minor items each less than \$100,000 may be combined in a single entry under "Other".

Indicate in column (b) the beginning of the year balance of accumulated deferred tax credits (debits) applicable to each particular in column (a).

Indicate in column (c) the net change in accounts 110, 173, 208 and 232 for the net tax effect of timing difference originating and reversing in the current accounting period.

The total of net credits (charges) for the current year in column (c) should agree with the contra charges (credits) to account 432, Provision for deferred taxes, and account 451, Provision for deferred taxes. Extraordinary and prior period items, for the current year.

Indicate in column (d) any adjustment as appropriate, including adjustments to eliminate or reinstate deferred tax effect (credits or debits) due to applying or recognizing a loss carryforward or a loss carryback.

Indicate in column (e) the cumulative total of columns (b), (c) and (d). The total of column (e) must agree with the balances in accounts 110, 173, 208 and 232 in Section 16.

ANALYSIS OF FEDERAL INCOME AND OTHER TAXES DEFERRED

Line No.	Particulars	Beginning of Year Balance (b)	Net credits (Charges) for Current Year (c)	Adjustments (d)	End of Year Balance (e)
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21 _____	\$ _____	\$ _____	\$ _____	\$ _____
2	Accelerated amortization of facilities Sec. 168 I.R.C. _____	_____	_____	_____	_____
3	Other (Specify) _____	_____	_____	_____	_____
4	*SEE NOTE BELOW	_____	_____	_____	_____
5	_____	_____	_____	_____	_____
6	_____	_____	_____	_____	_____
7	Investment tax credit _____	_____	_____	_____	_____
8	TOTALS _____	_____	_____	_____	_____

20. Give the details called for of investments in securities and advances held at the close of the year as stated for accounts (130) and (131) in section 16.

Names of issuing company and description of security held	Par value	Number of shares	Book cost	Income earned during year	
				Kind	Amount
Cash Surrender Value of Life Insurance	\$ _____	_____	\$ 20,545	_____	\$ _____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total _____	XXXXXXX	XXXXXXX	20,545	XXXXXXX	_____

*Beginning with January 1, 1959, the stockholders elected to be taxed as individuals for the net income of the company. Therefore, no Federal Income Taxes have been accrued since the year ended December 31, 1958.

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							
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)	NONE					NONE

22. Give details as called for of investment in transportation property, and reserve for depreciation and amortization for balances as stated for accounts (140) and (149) in section 16.

A. INVESTMENT

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
	\$	\$	\$	\$	\$
141. Furniture and office equipment	967,010	111,849	6,148		1,072,711
142. Motor and other highway vehicles	2,399,254	330,830	316,048		2,414,043
143. Land and public improvements	152,090				152,090
144. Terminal and platform equipment	615,301	53,064	20,515		647,850
145. Other property account charges	1,607,960	62,988	39,469		1,631,479
Total	5,741,615	558,731	382,173		5,918,173

B. DEPRECIATION AND AMORTIZATION RESERVE

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
	\$	\$	\$	\$	\$
141. Furniture and office equipment	509,713	110,771	4,645		615,839
142. Motor and other highway vehicles	1,308,536	307,666	230,240		1,385,962
143. Land and public improvements (depreciable property)					
144. Terminal and platform equipment	344,134	68,826	16,198		396,762
145. Other property account charges (depreciable property)	502,454	96,354	37,595		561,213
Total	2,664,837	583,617	288,678		2,959,776

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.

Description of property	Book cost of property	Depreciation reserve
	\$	\$
Oil Wells	297,813	270,145
Total	297,813	270,145

24.—RENTAL EXPENSE OF LESSEE

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.

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		
4	Total financing leases	None	None
	Other leases:		
5	Minimum rentals	1,965,472	1,652,386
6	Contingent rentals	30,597	18,852
7	Sublease rentals	1,934,875	1,633,534
8	Total other leases	1,934,875	1,633,534
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)
		\$ None	\$ None	\$ None	\$ None	\$ None
1	Next year	11	11	11	11	11
2	In 2 years	11	11	11	11	11
3	In 3 years	11	11	11	11	11
4	In 4 years	11	11	11	11	11
5	In 5 years	11	11	11	11	11
6	In 6 to 10 years	11	11	11	11	11
7	In 11 to 15 years	11	11	11	11	11
8	In 16 to 20 years	11	11	11	11	11
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.	
1	(a) None
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9	(b) None
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12	
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17	(c) None
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24	
25	(d) None
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31	
32	
33	(e) None
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35	
36	
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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	None	None				

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	\$	\$
2	Interest		
3	Rent expense		
4	Income tax expense		
5	Impact (reduction) on net income	None	None

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)
1	(270) Earned surplus (or deficit) at beginning of year	\$ 3,018,703	xxx
2	(300) Equity in undistributed earnings (losses) of affiliated companies at beginning of year	xxx	
3	(300) Income balance (Sec. 33)	4,872,252	
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	4,740,000	xxx
8	(312) Dividend appropriations of earned surplus	3,150,955	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)		xxx
12	Total unappropriated earned surplus and equity in undistributed earnings (losses) of affiliated companies at end of year (lines 9 and 11)	3,150,955	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) _____	\$ 24,927,148
2	(410) Operating expenses (Sec. 35) _____	19,309,155
3	*Net revenue from forwarder operations (line 1; line 2) _____	5,617,993
4	(411) Transportation tax accruals (Sec. 36) _____	102,843
5	*Net revenue, less taxes, from forwarder operations (line 3; line 4) _____	5,515,150
OTHER INCOME		
6	(401) Dividend (other than from affiliates) and interest income _____	100,069
7	(402) Release of premium on long-term debt _____	
8	(403) Miscellaneous income _____	290,777
9	Income from affiliated companies:	
	Dividends _____	
10	Equity in undistributed earnings (losses) _____	390,846
11	Total other income _____	5,905,996
12	*Total income (line 5; line 11) _____	
MISCELLANEOUS DEDUCTIONS FROM INCOME		
13	(412) Provision for uncollectible accounts _____	438,002
14	(413) Miscellaneous tax accruals _____	184,079
15	(414) Miscellaneous income charges _____	6,522,081
16	Total income deductions _____	5,283,915
17	*Income from continuing operations before fixed charges (Lines 12, 16) _____	
FIXED CHARGES		
18	(420) Interest on long-term debt _____	130,859
19	(421) Other interest deductions _____	43,340 438
20	(422) Amortization of discount on long-term debt _____	131,340
21	Total fixed charges _____	339
22	(423) Unusual or infrequent items _____	5,152,576
23	*Income from continuing operations before income taxes (lines 17, 21, 22) _____	
PROVISION FOR INCOME TAXES		
24	(431) Income taxes on income from continuing operations (Sec. 36) _____	280,324
25	(432) Provision for deferred taxes _____	4,872,252
26	Income (loss) from continuing operations (lines 23-25) _____	
DISCONTINUED OPERATIONS		
27	(433) Income (loss) from operations of discontinued segments** _____	
28	(434) Gain (loss) on disposal of discontinued segments** _____	
29	Total income (loss) from discontinued operations (lines 27, 28) _____	4,872,252
30	*Income before extraordinary items (lines 26, 29) _____	
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES		
31	(435) Extraordinary items-Net Credit (Debit) (p. 20) _____	
32	(450) Income taxes on extraordinary and prior period items-Debit (Credit) (p. 20) _____	
33	(451) Provision for deferred taxes-Extraordinary and prior period items _____	
34	Total extraordinary items _____	
35	(452) Cumulative effect of changes in accounting principles** _____	
36	Total extraordinary items and accounting changes (lines 34, 35) _____	4,872,252
37	*Net income transferred to earned surplus (lines 30, 36) _____	
<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----- \$ None

(c) If deferral method was elected, indicate amount of investment tax credit utilized as reduction of tax liability for current year----- \$ None

Deduct amount of current year's investment tax credit applied to reduction of tax liability but deferred for accounting purposes----- (\$ None)

Balance of current year's investment tax credit used to reduce current year's tax accrual----- \$ None

Add amount of prior years' deferred investment tax credits being amortized and used to reduce current year's tax accrual----- \$ None

Total decrease in current year's tax accrual resulting from use of investment tax credits----- \$ None

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	\$ 77,193,192
	II. TRANSPORTATION PURCHASED—DR.	
2	511. Railroad transportation	34,504,460
3	512. Motor transportation	4,589,331
4	513. Water transportation	13,767,755
5	514. Pick-up, delivery, and transfer service	
6	515. Other transportation purchased*	52,861,546
7	Total transportation purchased	24,331,646
8	Revenue from transportation (line 1 minus line 7)	
	III. INCIDENTAL REVENUE	
9	521. Storage—Freight	240,915
10	522. Rent revenue	259,651
11	523. Miscellaneous	94,936
12	Total incidental revenues	595,502
13	Total operating revenues (line 8 plus line 12)	24,927,148

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

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	Accrued depreciation included in account (149) of sec. 16
	Make, kind and capacity (a)	Number of (b)	(c)	(d)
1	Passenger Autos	89	\$ 607,790	\$ 238,858
2				
3	Tractors & Trucks	18	441,199	116,985
4				
5	Semi-Trailers	208	1,365,054	1,030,120
6				
7				
8	Total	315	2,414,043	1,385,963

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	
	General office employees:					
1	Officers	3	3	3	3	\$ 335,433
2	Clerks and attendants	99	102	104	107	1,948,062
3	Total	102	105	107	110	2,283,495
	Traffic department employees:					
4	Officers	7	7	7	7	811,722
5	Managers	14	14	14	14	488,427
6	Solicitors	62	62	60	64	1,309,432
7	Clerks and attendants					
8	Total	83	83	81	85	2,609,581
	Law department employees:					
9	Officers					
10	Solicitors					
11	Attorneys					
12	Clerks and attendants					
13	Total					
	Station and warehouse employees:					
14	Superintendents	4	4	4	4	168,664
15	Foremen	26	25	25	25	589,592
16	Clerks and attendants	19	20	20	22	676,027
17	Laborers					
18	Total	49	49	49	51	1,433,283
	All other employees (specify):					
19						
20						
21						
22						
23	Total					
24	Grand total	234	237	237	246	6,326,539

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

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	\$ 2,283,495
2	602. Traffic department salaries	2,609,581
3	603. Law department salaries	
4	604. Station salaries and wages*	1,433,283
5	605. Loading and unloading by others	5,148,631
6	606. Operating rents	1,934,875
7	607. Traveling and other personal expense	605,613
8	608. Communications	371,332
9	609. Postage	132,735
10	610. Stationery and office supplies	193,155
11	611. Tariffs	60,731
12	612. Loss and damage—Freight	466,052
13	613. Advertising	233,981
14	614. Heat, light, and water	125,006
15	615. Maintenance	687,169
16	616. Depreciation and amortization	583,617
17	617. Insurance	232,528
18	618. Payroll taxes (Sec. 36)	334,892
19	619. Commissions and brokerage	67,396
20	620. Vehicle operation (Sec. 36)	68,297
21	621. Law expenses	580,323
22	622. Depreciation adjustment	(75,171)
23	630. Other expenses	1,231,634
24	Total operating expenses	19,309,155

*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	\$	\$	\$ 334,892	\$	\$ 334,892
2	Real estate and personal property taxes	75,618				75,618
3	Gasoline, other fuel and oil taxes	27,225				27,225
4	Vehicle licenses and registration fees					
5	Corporation taxes					
6	Capital stock taxes					
7	Federal excise taxes					
8	Federal excess profits taxes					
9	Federal income taxes		280,324			280,324
10	State income taxes					
	Other taxes (describe):					
11	(a)					
12	(b)					
13	(c)					
14	(d)					
15	(e)					
16	Total	102,843	280,324	334,892		718,059

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	432,457
2	Number of shipments received from shippers	460,389

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	Jerry Chambers	Chairman	\$ 98,000	\$
2	Russell Fischer	Secretary	69,174	
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41.—COMPETITIVE BIDDING — CLAYTON ANTITRUST ACT

deals 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.

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

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)
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NOT APPLICABLE

Schedule 42.—SUMMARY OF FREIGHT LOSS AND DAMAGE CLAIMS

This schedule was adopted by the Commission in No. 35345 (Sub-No. 2) July 1, 1977

Approved by GAO Effective 12-23-77

Exclude from this schedule the revenues and claims incurred in connection with freight forwarder services and shipments which have a prior or subsequent movement by air. Line 1 should show all freight forwarder revenue in Account 501. Line 2 should show the number of claims paid during the year for robbery, theft and pilferage, and other shortage as defined below:

Robbery - Failure to deliver all or part of a shipment as the result of stealing, including hijacking, with the use of force or threat of force against a person or persons. Claims for physical damage to freight in the same or other shipments resulting from robbery should be reported under Robbery.

Theft and Pilferage - Failure to deliver all or part of a shipment as the result of known stealing, or under circumstances indicating the probable cause was stealing, without use of force or threat of force against a person or persons, when it is known the freight was in the carrier's custody.

Claims for physical damage to freight in the same or other shipments resulting directly from theft or pilferage should be reported under Theft and Pilferage.

Other Shortage - Failure to deliver all or part of a shipment for unknown reasons. This includes the unexplained disappearance of all or part of a shipment for reasons other than robbery or theft and pilferage as defined above.

Line 3 should show the number of all other claims paid in full or in part during the year not reported on line 2.

Line 4 should include the *net* dollar amount of claims paid during the year. This includes claims paid in full or paid in part, less amounts recovered from underlying carriers, salvage, insurance, and claim refund cancellations.

Line 5 should show the ratio in percentage form (two decimal places).

Line	Item	
1	Freight revenue (Account 501) _____	\$ 77,193,192
2	Number of theft related claims paid _____	3261
3	Number of other claims paid _____	
4	Net dollars paid (See instructions) _____	\$ 391,305
5	Claims expense/revenue ratio (line 4 ÷ 1) _____	.5 %

NOTES AND REMARKS

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

NAME Russell Fischer TITLE Secretary
TELEPHONE NUMBER 312 376-7400
(Area code) (Telephone number)
OFFICE ADDRESS 3401 West Pershing Road Chicago, Illinois 60632
(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 ILLINOIS)
COUNTY OF COOK) ss:

Russell Fischer makes oath and says that he is
Secretary

(Insert here the official title of the affiant)

of Clipper Express Company

(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, 1978, to and including December 31, 1978.

Russell Fischer

(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the State and County above named,
this 24th day of April, 1979

My commission expires April 3, 1981

USE AN L. S.
IMPRESSION
SEAL

Rita L. Mayer
(Signature of officer authorized to administer oaths)