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DELAWARE ~~DT~~SEGO CORPORATION 07560 1978

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R-1

CLASS I RAILROADS

APPROVED BY GAO
B-180230 (R0470)
Expires 12-31-81

annual report

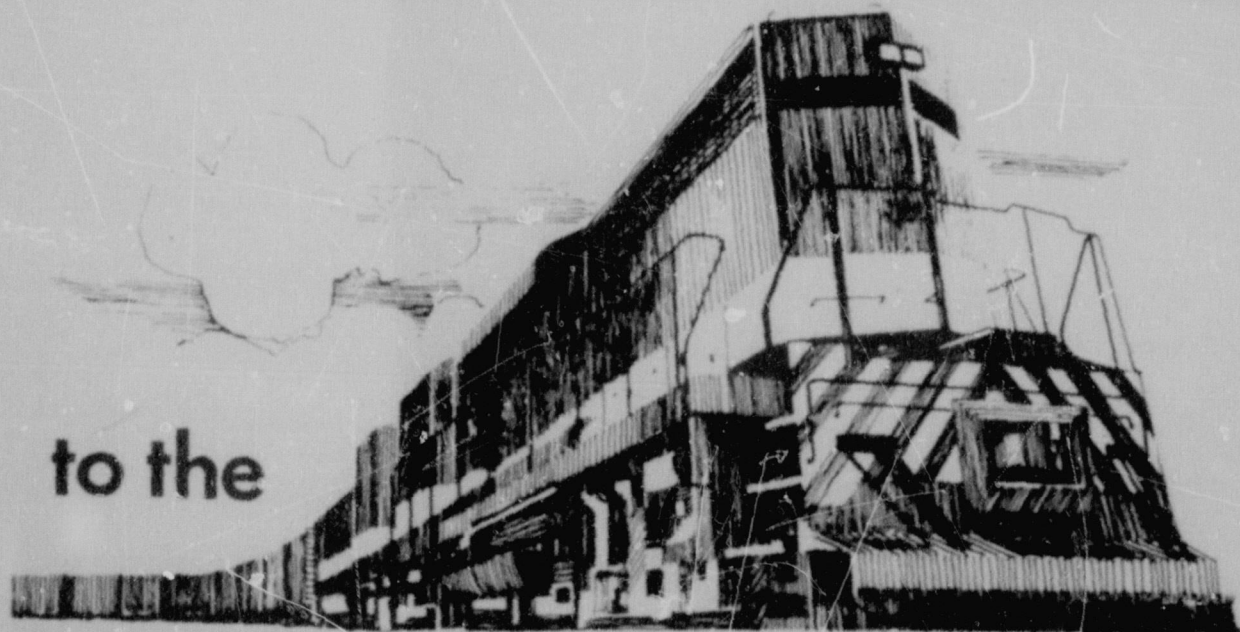
INTERSTATE
COMMERCE COMMISSION

JUL 6 1979

ADMINISTRATIVE SERVICES
MAIL UNIT

	RC001001 DELAWARETSE 1 0 1 310010 DELAWARE OTSEGO CORPORATION 1 RAILROAD AVE. COOPERSTOWN NY 13326
Correct name and address if different than shown.	Full name and address of reporting carrier. (Use mailing label on original, copy in full on duplicate.)

to the



Interstate Commerce Commission

FOR THE YEAR ENDED DECEMBER 31, 1978

NOTICE

1. This Form for annual report should be filled out in triplicate and two copies returned to the Interstate Commerce Commission, Bureau of Accounts, Washington, D.C. 20423, by March 31, of the year following that for which the report is made. One copy should be retained in respondent's files. Attention is specially directed to the following provisions of Part I of the Interstate Commerce Act:

Sec. 20. (1) The Commission is hereby authorized to require annual, periodical, or special reports from carriers, lessors, *** (as defined in this section), to prescribe the manner and form in which such reports shall be made, and to require from such carriers, lessors, *** specific and full, true, and correct answers to all questions upon which the Commission may deem information to be necessary, classifying such carriers, lessors, *** as it may deem proper for any of these purposes. Such annual reports shall give an account of the affairs of the carrier, lessor, *** in such form and detail as may be prescribed by the Commission.

(2) Said annual reports shall contain all the required information for the period of twelve months ending on the 31st day of December in each year, unless the Commission shall specify a different date, and shall be made out under oath and filed with the Commission as its office in Washington within three months after the close of the year for which report is made, unless additional time be granted in any case by the Commission.

(7)(b) Any person who shall knowingly and willfully make, cause to be made, or participate in the making of, any false entry in any annual or other report required under this section to be filed, *** or shall knowingly or willfully file with the Commission any false report or other document, shall be deemed guilty of a misdemeanor and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not more than five thousand dollars or imprisonment for not more than two years, or both such fine and imprisonment: ***

(7)(c) Any carrier or lessor, *** or any officer, agent, employee or representative thereof, who shall fail to make and file an annual or other report with the Commission within the time fixed by the Commission, or to make specific and full, true, and correct answer to any question within thirty days from the time it is lawfully required by the Commission so to do, shall forfeit to the United States the sum of one hundred dollars for each and every day it shall continue to be in default with respect thereto.

(8) As used in this section *** the term "carrier" means a common carrier subject to this part, and includes a receiver or trustee of such carrier; and the term "lessor" means a person owning a railroad, a water line, or a pipe line, leased to and operated by a common carrier subject to this part, and includes a receiver or trustee of such lessor: ***

The respondent is further required to send to the Bureau of Accounts immediately upon preparation, two copies of its latest annual report to stockholders. See schedule B, page 2.

2. The instructions in this Form should be carefully observed, and each question should be answered fully and accurately, whether it has been answered in a previous annual report or not. Except in cases where they are specifically authorized, cancellations, arbitrary check marks, and the like should not be used either as partial or as entire answers to inquiries. If any inquiry, based on a preceding inquiry in the present report form is, because of the answer rendered to such preceding inquiry, inapplicable to the person or corporation in whose behalf the report is made, such notation as "Not applicable; see page _____, schedule (or line) number _____" should be used in answer thereto, giving precise reference to the portion of the report showing the facts which make the inquiry inapplicable. Where the word "none" truly and completely states the fact, it should be given as the answer to any particular inquiry or any particular portion of an inquiry. Where dates are called for, the month and day should be stated as well as the year. Unnecessary abbreviations may be used in stating dates.

3. Every annual report should, in all particulars, be complete in itself, and references to the returns of former years should not be made to take the place of required entries except as herein otherwise specifically directed or authorized.

4. If it be necessary or desirable to insert additional statements, by insertion or other, in a report, they should be legibly made on durable paper and, wherever practicable, on sheets not larger than a page of the Form. Inserted sheets should be neatly attached, preferably at the inner margin, attachment by means of clips is sufficient.

5. All entries should be made in a permanent black ink. Those of a contrary character should be indicated in parenthesis.

6. Money items, except averages, throughout the annual report form should be shown in thousands of dollars adjusted to accord with footings. Totals for amounts reported in subsidiary accounts included in supporting schedules must be in agreement with related primary accounts. For purposes of rounding, amounts of \$500 but less than \$1,000 should be raised to the nearest thousand dollars, and amounts of less than \$500 should be lowered.

7. Railroad corporations, mainly distinguished as operating companies and lessor companies, are for the purpose of report to the Interstate Commerce Commission divided into classes. An operating company is one whose officers direct the business of transportation and whose books contain operating as well as financial accounts; and, a lessor company, the property of which being leased to and operated by another company, is one that maintains a separate legal existence and keeps financial but not operating accounts. In making reports, lessor companies use Annual Report Form R-4.

Operating companies (including switching and terminal) are broadly classified, with respect to their operating revenues, according to the following general definitions:

Class I companies are those having annual operating revenues of \$50,000,000, or more. For this class, Annual Report Form R-1 is provided.

Class II companies are those having annual operating revenues less than \$50,000,000 but in excess of \$10,000,000. For this class, Annual Report Form R-2 is provided.

Class III companies are those having annual operating revenues of \$10,000,000, or less. For this class, Annual Report Form R-3 is provided.

In applying this classification to any switching or terminal company which is operated as a joint facility of owning or tenant railroads, the sum of the annual railway operating revenues, the joint facility rent income, and the returns to joint facility credit accounts in operating expenses, shall be used in determining its class.

Switching and terminal companies are further classified as:

Class S1. Exclusively switching. This class of companies includes all those performing switching service only, whether for joint account or for revenue.

Class S2. Exclusively terminal. This class of companies includes all companies furnishing terminal trackage or terminal facilities only, such as union passenger or freight stations, stockyards, etc., for which a charge is made, whether operated for joint account or for revenue. In case a bridge or ferry is part of the facilities operated by a terminal company, it should be included under this heading.

Class S3. Both switching and terminal. Companies which perform both a switching and a terminal service. This class of companies includes all companies whose operations cover both switching and terminal service, as defined above.

Class S4. Bridge and ferry. This class of companies is confined to those whose operations are limited to bridges and ferries exclusively.

Class S5. Mixed. Companies performing primarily a switching or a terminal service, but which also conduct a regular freight or passenger traffic. The revenues of this class of companies include, in addition to switching or terminal revenues, those derived from local passenger service, local freight service, participation in through movement of freight or passenger traffic, other transportation operations, and operations other than transportation.

8. Except where the context clearly indicates some other meaning, the following terms when used in this Form have the meanings below stated:

Commission means the Interstate Commerce Commission. Respondent means the person or corporation in whose behalf the report is made. The Year means the year ended December 31 for which the report is made. The Close of the Year means the close of business on December 31 of the year for which the report is made; or, in case the report is made for a shorter period than one year, it means the close of the period covered by the report. The Beginning of the Year means the beginning of business on January 1 of the year for which the report is made; or, in case the report is made for a shorter period than one year, it means the beginning of the period covered by the report. The Preceding Year means the year ended December 31 of the year next preceding the year for which the report is made. The Uniform System of Accounts for Railroad Companies means the system of accounts in Part 1201 of Title 49, Code of Federal Regulations, as amended.

DELAWARE OTSEGO CORPORATION

1 Railroad Ave.
Cooperstown, New York 13326
Ph. 607 547-2555

WALTER RICK
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

June 21, 1979

Mr. James H. Bayne
Chief, Reports and Publications Branch
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Bayne:

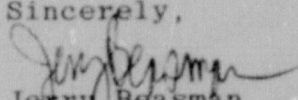
Enclosed is the Delaware Otsego Corporation's Annual Report Form R-1 for the year ended December 31, 1978.

We are submitting only that information which was required by your letter of February 27, 1974. Since the issuance of that letter some of the original schedules have been changed, deleted or renumbered but hopefully the completed schedules being submitted at this time will fulfill your requirements.

As you may know the Delaware Otsego Corporation operates four short line Class III railroads in New York and Pennsylvania. Individual Class III Annual Reports will be submitted for each of these short lines.

Please advise if you have any questions or require any further information.

Sincerely,


Jerry Beasman
Vice-President, Admin.

JB:pm

ANNUAL REPORT

OF

Delaware Otsego Corporation

TO THE

INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1978

Name, official title, telephone number, and office address of officer in charge of correspondence with the Commission regarding this report:

(Name) Jerry Beasman (Title) Vice-Pres.

(Telephone number) 607 547-2555
(Area code) (Telephone number)

(Office address) 1 Railroad Ave. Cooperstown N.Y. 13326
(Street and number, city, State, and ZIP code)

SPECIAL NOTICE

The attention of the respondent is directed below to certain particulars, if any, in which this report form differs from the corresponding form for the preceding year. It should be understood that mention is not made of necessary substitutions of dates or, in general, such other things as simple modifications intended to make requirements clearer, other minor adjustments, and typographical corrections.

This form is revised to (1) improve the disclosure of information for both ratemaking and financial reporting purposes, (2) eliminate unnecessary reporting, and (3) conform with the new Uniform System of Accounts for Railroads, effective January 1, 1978. Other significant modifications include revisions to conform with reporting under generally accepted accounting principles and the rearrangement of schedules in a more orderly fashion to make them easier to complete and use.

Revisions to this report resulted from the following Commission's decisions copies of which were served on all railroads:

<u>Docket</u>	<u>Title</u>	<u>Decision Date</u>
36141	Corporate Disclosure Regulations	5/13/77 1/19/78 3/23/78
36367	Revision to the Uniform System of Accounts for Railroads	6/13/77
36604	Accounting for leases	10/12/77
36557	Reporting Railroad Track Maintenance	4/14/78
36725	Revision to the Annual Report Forms for Class I and Class II Railroads	7/18/78
36767	Accounting for Certain Government Transfers by Railroads and Motor Carriers of Passengers	6/30/78

ESTIMATE OF REPORTING BURDEN

In order to monitor carrier reporting burden and to satisfy GAO requirements pursuant to Section 409 of Public Law 93-153, it is requested that you voluntarily furnish your best estimate of the number of hours required to complete this report.

In making this estimate, please include the number of hours attributable to preparing the report and for any special compilations contained in this report that would not generally be maintained or used by management for purposes other than reporting to this Commission.

Total hours (Estimated) _____

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A. SCHEDULES OMITTED BY RESPONDENT

1. The respondent, at its option, may omit pages from this report provided there is nothing to report or the schedules are not applicable.

2. Show below the pages excluded and indicate the schedule number and title in the space provided below.

3. If no schedules were omitted indicate "NONE".

Page	Schedule No.	Title
		All but following schedules deleted per Authority of Mr. James Bayne, Chief Section of Reports, Letter dated 2/27/74.
2	B	Identity
3	C.	Voting Powers + Elections
22	310	Investments + Advances Affiliated Companies
113	900	Compensation

B. IDENTITY OF RESPONDENT

Answers to the questions asked should be made in full, without reference to data returned on the corresponding page of previous reports. In case any changes of the nature referred to under inquiry 4 on this page have taken place during the year covered by this report, they should be explained in detail.

1. Give in full the exact name of the respondent. Use the words "The" and "Company" only when they are parts of the corporate name. Be careful to distinguish between *railroad* and *railway*. The corporate name should be given uniformly throughout the report, notably on the cover, on the title page, and in the "Verification." If the report is made by receivers, trustees, a committee of bondholders, or individuals otherwise in possession of the property, state names and facts with precision.

2. If incorporated under a special charter, give date of passage of the act; if under a general law, give date of filing certificate of organization; if a reorganization has been effected, give date of reorganization. If a receivership or other trust, give also date when such receivership or other possession began. If a partnership, give date of formation and also names in full of present partners.

3. State the occasion for the reorganization, whether by reason of foreclosure of mortgage or otherwise, according to the fact. Give date of organization of original corporation and refer to laws under which organized.

1. Exact name of common carrier making this report Delaware Otsego Corporation

2. Date of incorporation 1966

3. Under laws of what Government, State, or Territory organized? If more than one, name all. If in bankruptcy, give court of jurisdiction and dates of beginning of receivership or trusteeship and of appointment of receivers or trustees.

New York State

4. If the respondent was reorganized during the year, involved in a consolidation or merger, or conducted its business under a different name, give full particulars.

5. Class of switching and terminal company Railroad Holding Company
[See section No. 7 on inside of front cover]

STOCKHOLDERS REPORTS

6. 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.

C. VOTING POWERS AND ELECTIONS

1. State the par value of each share of stock: Common, \$ 10 per share; first preferred, \$ — per share; second preferred, \$ — per share; debenture stock, \$ — per share.
2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote yes
3. Are voting rights proportional to holdings? yes If not, state in a footnote the relation between holdings and corresponding voting rights.
4. Are voting rights attached to any securities other than stock? no If so, name in a footnote each security, other than stock to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent showing the contingency.
5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? no If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.
6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing —
7. State the total voting power of all security holders of the respondent at the date of such closing, if within one year of the date of such filing; if not, state as of the close of the year. 12,890 votes, as of 12/31/78 (Date)
8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. 1000 + stockholders.
9. Give the names of the thirty 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, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreements give, as supplemental information the names and addresses of the thirty largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such thirty security holders as of the close of the year.

Line No.	Name of security holder (a)	Address of security holder (b)	Number of votes to which security holder was entitled (c)	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED		
				Stocks		
				Common (d)	Second (e)	First (f)
1	John Tobin	White Plains, N.Y.	1455			
2	Walter Rich	Franklin, N.Y.	1084			
3	Robert + Jean McMinion	Schuylkill, PA.	500			
4	Deane or Elizabeth Winger	Milford, N.Y.	350			
5	Malcolm + Ellen Hughes	Margaretville, N.Y.	205			
6	Bruce Hall Corp.	Cooperstown, N.Y.	180			
7	Schaonmaker Feed	West Winfield, N.Y.	200	Same		
8	Mr + Mrs Robert Carlson	Northport, N.Y.	154			
9	T.L. Richer Co	New Berlin, N.Y.	150	AS		
10	Adelbert Button	Norwich, N.Y.	125			
11	Niles Curtis	Cooperstown, N.Y.	107	Column		
12	Vivian Pendleton	Oneonta, N.Y.	121			
13	Otsego County Development	Oneonta, N.Y.	110	(c)		
14	Charles Murdock	Milford, N.Y.	125			
15	Jay Schwenk	Albany, N.Y.	100			
16	Earl Briggs	Mt. Vision, N.Y.	100			
17	Louis Hager	Sea Bright, N.J.	100			
18	Clarence Manee	Maryland, N.Y.	100			
19	Barbara Murdock	Pinehills Park, Fla.	100			
20	Clifford Oakes	Baldwinsville, N.Y.	100			
21	Oneonta Star	Oneonta, N.Y.	100			
22	Alvin Osterhout	Oneonta, N.Y.	100			
23	James Bouton	Boxbury, N.Y.	93			
24	Vernon Seeley	Oneonta, N.Y.	89			
25	Richard Lutz	Boxbury, N.Y.	82			
26	Douglas McKenzie	Stamford, N.Y.	80			
27	Alfred Young	Oneonta, N.Y.	55			
28	Oneonta Oil + Fuel Co.	Oneonta, N.Y.	50			
29	Oneonta Tire + Auto Co.	Oneonta, N.Y.	50			
30	Raymond Bennett	Fly Creek, N.Y.	50			

C. VOTING POWERS AND ELECTIONS - Continued

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent. 8274
votes cast.
11. Give the date of such meeting. 5/12/79
12. Give the place of such meeting. Cooperstown N.Y.

NOTES AND REMARKS

GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 310, 310A and 315

1. Schedules 310 and 315 should give particulars of stocks, bonds, other secured obligations, unsecured notes, and investment advances of affiliated and nonaffiliated companies held by respondent at close of year. Specifically, the disclosures should include the investments in the obligations of Federal, state and local governments, and the obligation of individuals. Also, disclose the investments made, disposed of, and written down during the year, and the applicable dividends and interest credited to income as a result of those investments. They should exclude securities issued or assumed by respondent. For definition of affiliated companies, see the rules governing Account No. 721 "Investments in affiliated companies," in the Uniform System of Accounts for Railroad Companies.

2. List the investments in the following order and show a total for each group and each class of investments by accounts in numerical order:

- (A) Stocks:
 - (1) Carriers - active.
 - (2) Carriers - inactive.
 - (3) Noncarriers - active.
 - (4) Noncarriers - inactive.
- (B) Bonds (including U.S. Government Bonds):
- (C) Other secured obligations:
- (D) Unsecured notes:
- (E) Investment advances:

3. The subclassification of classes (B), (C), (D), and (E) should be the same as that provided for class (A).

4. The kinds of industry represented by respondent's investments in the securities of other companies should be shown by symbol opposite the names of the issuing corporations, the symbols and industrial classifications to be as follows:

Symbol	Kind of Industry
I	Agriculture, forestry, and fisheries
II	Mining
III	Construction
IV	Manufacturing
V	Wholesale and retail trade
VI	Finance, insurance, and real estate
VII	Transportation, communications, and other public utilities
VIII	Services
IX	Government
X	All other

5. By carriers, as the term is used here, is meant companies owning or operating railroads, facilities auxiliary thereto such as bridges, ferries, union depots, and other terminal facilities, sleeping cars, parlor cars, dining cars, freight cars, express service and facilities, electric railways, highway motor vehicles, steamboats and other marine transportation equipment, pipe lines (other than those for transportation of water), and other instrumentalities devoted to the transportation of persons or property for hire. Telegraph and telephone companies are not meant to be included.

6. Noncarrier companies should, for the purpose of these schedules, include telephone companies, telegraph companies, mining companies, manufacturing companies, hotel companies, etc. Purely "holding companies" are to be classed as noncarrier companies, even though the securities held by such companies are largely or entirely those issued or assumed by carriers.

7. By an active corporation is meant one which maintains an organization for operating property or administering its financial affairs. An inactive corporation is one which has been practically absorbed in a controlling corporation and which neither operates property nor administers its financial affairs; if it maintains an organization it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.

8. Combine, in one amount, investments in which the original cost or present equity in total assets is less than \$10,000.

9. Include investments in unincorporated entities such as lessee organizations. Exclude amounts normally settled on a current basis.

10. Do not include the value of securities issued or assumed by respondent.

11. For affiliates which do not report to the Interstate Commerce Commission and are jointly owned, disclose in footnotes the name and extent of control of the other controlling entities.

12. Report dollars in thousands.

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of companies affiliated with respondent, included in accounts Nos. 715, "Sinking funds"; 716, "Capital funds"; 721, "Investments advances in affiliated companies"; and 717, "Other funds."

2. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 21, classifying the investments by means of letters, figures, and symbols in columns (a), (b), and (c).

3. Indicate by means of an arbitrary mark in column (d) the obligation in support of which any security is pledged, mortgaged,

or otherwise encumbered, giving names and other important particulars of such obligations in footnotes.

4. Give totals for each class and for each subclass and a grand total for each account.

5. Entries in column (d) should show date of maturity of bonds and other evidences of indebtedness. In case obligations of the same designation mature serially, the date in column (d) may be reported as "Serially 19__ to 19__." Abbreviations in common use in standard financial publications may be used to conserve space.

6. If any of the companies included in this schedule are controlled by respondent, the percent of control should be given in

Line No.	Account No.	Class No.	Kind of Industry	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds)	Extent of control
	(a)	(b)	(c)	(d)	(e)
1		A	VII	Cooperstown + Charlotte Valley Rwy. Corp.	100%
2				Central New York Railroad Corp.	100%
3				Fonda, Johnstown + Gloversville Railroad Co.	70%
4				Lackawanna + Stourbridge Railroad Corp.	100%
5				Delaware Otsego Equipment Corp.	100%
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310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES—Continued

column (e). In case any company listed is controlled other than through actual ownership of securities, give particulars in a footnote. In cases of joint control, give names of other parties and particulars of control.

7. If any advances reported are pledged, give particulars in a footnote.

8. Investments in companies in which neither the original cost or present equity in total assets is less than \$10,000 may be combined in one figure.

9. Also included should be investments in unincorporated entities such as lessee organizations (exclusive of amounts nominally settled on a current basis).

10. This schedule should not include securities issued or assumed by respondent.

11. For affiliated which do not report to the Interstate Commerce Commission, and are jointly owned, give names and extent of control of other entities by footnote.

12. Report dollars in thousands.

Investments and advances				Disposed of; Profit (loss)	Adjustments Account 721.5	Dividends or interest credited to income	Line No.
Opening balance	Additions	Deductions (if other than sale explain)	Closing balance				
(f)	(g)	(h)	(i)	(j)	(k)	(l)	
\$	\$	\$	\$ 123,794	\$ -	\$ -	\$ -	1
			36,000	-	-	-	2
			100	-	-	-	3
			100	-	-	-	4
			100	-	-	-	5
							6
							7
							8
							9
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310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES—Continued

Line No.	Account No. (a)	Class No. (b)	Kind of Industry (c)	Name of issuing company and also lien reference, if any (include rate for preferred stocks and bonds) (d)	Extent of control (e)
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900. COMPENSATION OF OFFICERS, DIRECTORS, ETC.

1. In columns (a) and (b) enter the name and position of each of the persons named in Schedule 110 of this report to whom the respondent paid the largest amount during the year as compensation for current or past service over and above necessary expenses incurred in discharge of duties. In addition, list all other officers, directors, pensioners or employees, if any, to whom the respondent paid \$75,000 or more in total compensation during the year.

2. The salary per annum to be entered in column (c) is the annual rate at which an employee is paid rather than the amount actually paid for a part of a year. If the salary of an individual was increased or decreased during the year, show salary before each change as well as at close of year.

3. If an officer, director, etc., receives compensation from one or more of the affiliated companies listed in Schedule 112 reference to this fact should be made if the aggregate compensation from all companies amounts to \$75,000 or more.

4. Report in column (d) the total amount of compensation other than annual salary paid to each listed employee during the year. This includes forms of nonmonetary compensation given which directly benefits each employee. Examples:

Fair value of property given, such as exclusive use of an automobile;

Amounts paid for membership of the employee in nonbusiness associations, private clubs, etc.;

Commissions, bonuses, shares in profits;

Contingent compensation plans;

Monies paid or accrued for any pension, retirement, savings, retirement annuities, deferred compensation, or similar plan;

Premiums on life insurance where the respondent is not the beneficiary. Do not report premiums on group life insurance for benefits less than \$75,000.

Give the details of any plan not previously reported, the basis of determining the ultimate benefits payable, and the payments or provisions made during the year.

5. Also include in column (d) all remuneration paid, directly or indirectly, in the form of securities, options, warrants, rights or other property. Furnish particulars concerning any options, warrants, or rights issued or granted during the year including prices, expiration dates and other information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by each officer, director, etc. (Dollars in thousands)

Line No.	Name of person (a)	Position or Title (b)	Salary per annum as of close of year (see instructions) (c)	Other compensation during the year (d)
1	Walter Rich	President	\$ 22,500	\$
2	Jerry Beasman	Vice-President	25,000	
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Note: Annual Salaries Itemized Above

Were Paid from Subsidiary Companies

VERIFICATION

The foregoing report shall be verified by the oath of the officer having control of the accounting of the respondent. This report shall also be verified by the oath of the president or other chief officer of the respondent, unless the respondent states that such officer has no control over the respondent's accounting and reporting.

OATH

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

State of New York

County of Otsego

Jerry Beasman makes oath and says that he is Vice-Pres
(Insert here name of the affiant) (Insert here the official title of the affiant)

Of Delaware Otsego Corporation
(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of accounts of the respondent and to control the manner in which such books are kept; that he knows that such books have been kept in good faith during the period covered by this report; that he knows that the entries contained in this report relating to accounting matters have been prepared in accordance with the provisions of the Uniform System of Accounts for Railroads and other accounting and reporting directives of this Commission; that he believes that all other statements of fact contained in this report are true, and that this report is a correct and complete statement, accurately taken from the books and records, of the business and affairs of the above-named respondent during the period of time from and including

1/1, 19 78, to and including 12/31, 19 78

Jerry Beasman
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and county above named, this 3rd day of July, 19 78

My commission expires _____

Use an WALTER RICH
Notary Public, State of New York
impressively qualified Delaware County
Reg. No. 4515407
Commission expires March 30, 1981

Walter Rich
(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)

State of _____

County of _____

(SAME AS ABOVE)

_____ makes oath and says that he is _____
(Insert here name of the affiant) (Insert here the official title of the affiant)

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

that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including

_____, 19 _____, to and including _____, 19 _____

(Signature of affiant)

Subscribed and sworn to before me, a _____ in and for the State and county above named, this _____ day of _____, 19 _____

My commission expires _____

Use an
L.S.
 impression seal

(Signature of officer authorized to administer oaths)

DELAWARE LOTSEGO CORPORATION

ANNUAL STOCKHOLDER'S MEETING

MAY 12, 1979

DELAWARE OTSEGO CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1978
(UNAUDITED)

A S S E T S

CURRENT ASSETS

Cash in Banks	\$ 208,118.40
Accounts Receivable	1,575,774.29
Prepayments	47,466.01
Inventory	<u>175,659.93</u>

TOTAL CURRENT ASSETS \$2,007,018.63

FIXED ASSETS

1,909,845.19

OTHER ASSETS

Organization Expenses	9,788.00
Prepaid Finance Charges-Long-Term Portion	153,956.53
Other	<u>15,725.59</u>

TOTAL OTHER ASSETS \$ 179,470.12

TOTAL ASSETS \$4,096,333.94

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

Notes-Current Portion	\$ 486,744.68
Accounts Payable	1,175,924.31
Taxes Payable	4,699.47
Other Liabilities	<u>30,523.47</u>

TOTAL CURRENT LIABILITIES \$1,697,891.93

LONG-TERM OBLIGATIONS

1,522,847.89

TOTAL LIABILITIES \$3,220,739.82

CAPITAL

Capital Stock Issued and Outstanding	\$ 230,342.40
Retained Earnings	<u>645,251.72</u>

TOTAL CAPITAL \$ 875,594.12

TOTAL LIABILITIES AND CAPITAL \$4,096,333.94

DELAWARE OTSEGO CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME & EXPENSES
AS OF DECEMBER 31, 1978

INCOME

Railway Operating Revenue	\$ 600,781.82
Subsidy-Commonwealth of Pennsylvania	172,159.40
Construction Income	1,321,790.67
Car Hire Income	920,100.29
Equipment Rental Income	50,427.13
Other Income	<u>41,808.75</u>
TOTAL INCOME	\$3,107,068.06

EXPENSES

Maintenance of Way & Buildings	\$1,200,553.71
Maintenance of Equipment	170,056.67
Transportation & Traffic Expenses	280,421.02
Administration, Insurance and Taxes	367,493.87
Interest	100,548.41
Depreciation	80,941.92
Car Hire Expense	<u>871,441.25</u>
TOTAL EXPENSES	\$3,071,456.85

NET PROFIT	<u><u>\$ 35,611.21</u></u>
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DELAWARE OTSEGO CORPORATION & SUBSIDIARIES
FINANCIAL STATEMENT NOTES
AS OF DECEMBER 31, 1978

1. This financial report was prepared prior to the completion of a review of 1978's financial transactions by Bach & Schoenbeck Certified Public Accountants. It is anticipated that minor adjustments in taxes payable etc. may be recorded as the result of that review but it is not believed that these adjustments will substantially alter these statements which we feel fairly and accurately reflect the financial position of the Delaware Otsego Corporation and Subsidiaries as of December 31, 1978.

2. The Delaware Otsego Equipment Corporation entered into the following long term railcar leases during 1978. These leases are not reflected on the balance sheet.

GROUP I	50 All Door Box Cars, \$451 monthly lease per car, 15 Year Lease, Option to terminate at end of 10 years
GROUP II	10 All Door Box Cars, \$420 monthly lease per car, 15 Year Lease, Option to terminate at end of 10 years
GROUP III	9 All Door Box Cars, \$380 monthly lease per car, 10 Year Lease with option to terminate at end of five years upon payment of penalty of \$2,250 per car

3. 1978 Earnings Per Share

$$\frac{\$ 35,611.21 \text{ (Profit)}}{12,890 \text{ (Shares)}} = \$2.76 \text{ Per Share}$$

4. Book Value Per Share as of December 31, 1978

$$\frac{\$875,594.12 \text{ (Capital)}}{12,890 \text{ (Shares)}} = \$67.93 \text{ Per Share}$$

5. The financial statements of the following corporations have been consolidated on this report.

Delaware Otsego Corporation
Cooperstown and Charlotte Valley Railway Corporation
Central New York Railroad Corporation
Fonda, Johnstown and Gloversville Railroad Corporation
Fonfulco Inc. (FJG Subsidiary)
Lackawaxen and Stourbridge Railroad Corporation
Delaware Otsego Equipment Corporation