

RC-310015

DERECO, INC.

1982

RC 010015
06

ORIGINAL

R-1

APPROVED BY OMB
3120-0029
EXPIRES 3-31-83

annual report

RECEIVED

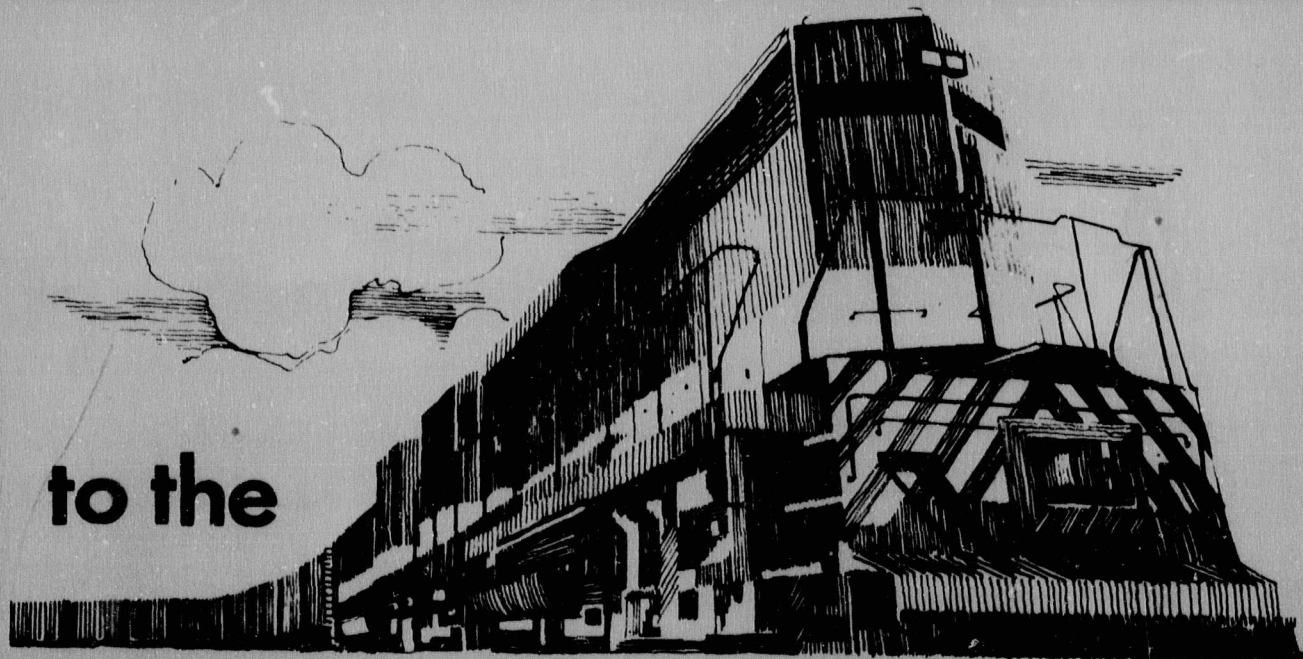
APR 4 1983

ICC - P.O. 2040

RC010015 1 0 SPRS
DERECO, INC.
8 NORTH JEFFERSON STREET
ROANOKE, VIRGINIA 24042

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.)



Interstate Commerce Commission

FOR THE YEAR ENDED DECEMBER 31, 1982

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, P.O. Box 2040, Rockville Pike Station, Rockville, MD. 20852, 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:

(49) U.S.C. 11145. Reports by carriers, lessors, and associations

(a) The Interstate Commerce Commission may require—

(1) carriers, brokers, lessors, and associations, or classes of them as the Commission may prescribe, to file annual, periodic, and special reports with the Commission containing answers to questions asked by it; and

(2) a person furnishing cars or protective services against heat or cold to a rail or express carrier providing transportation subject to this subtitle, to file reports with the Commission containing answers to questions about those cars or services.

(b)(1) An annual report shall contain an account, in as much detail as the Commission may require, of the affairs of the carrier, broker, lessor, or association for the 12-month period ending on the 31st day of December of each year. However, when an annual report is made by a motor carrier, a broker, or a lessor or an association maintained by or interested in one of them, the person making the report may elect to make it for the 13-month period accounting year ending at the close of one of the last 7 days of each calendar year if the books of the person making the report are kept by that person on the basis of that accounting year.

(2) An annual report shall be filed with the Commission by the end of the 3d month after the end of the year for which the report is made unless the Commission extends the filing date or changes the period covered by the report. The annual report and, if the Commission requires, any other report made under this section, shall be made under oath.

(c) The Commission shall streamline and simplify to the maximum extent practicable, the reporting requirements applicable under this subchapter to motor common carriers of property with respect to transportation provided under certificates to which the provisions of section 10922(b)(4)(E) of this title apply and to motor contract carriers of property with respect to transportation provided under permits to which the provisions of section 10923(b)(5) of this title apply.

Pub. L. 95-473, Oct. 17, 1978, 92 Stat. 1427; Pub. L. 96-296, § 5(b), July 1, 1980, 94 Stat. 796.

49 U.S.C. 11901 (g) A person required to make a report to the Commission, answer a question, or make, prepare, or preserve a record under this subtitle concerning transportation subject to the jurisdiction of the Commission under subchapter II of chapter 105 of this title, or an officer, agent, or employee of that person that (1) does not make the report, (2) does not specifically, completely, and truthfully answer the question, (3) does not make, prepare, or preserve the record in the form and manner prescribed by the Commission, or (4) does not comply with section 10921 of this title, is liable to the United States Government for a civil penalty of not more than \$500 for each violation and for not more than \$250 for each additional day the violation continues. After the date of enactment of this sentence, no penalties shall be imposed under this subsection for a violation relating to the transportation of household goods. Any such penalties that were imposed prior to such date of enactment shall be collected only in accordance with the provisions of subsection (h) of 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. Customary 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, typewritten 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 securely attached, preferably at the inner margin; attachment by pins or clips is insufficient.

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.

Operating companies 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.

Class III companies are there having annual operating revenues of \$10,000,000 or less.

All switching and terminal companies will be designated class III railroads.

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. 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 1261 of Title 49, Code of Federal Regulations, as amended.

ANNUAL REPORT

OF

Dereco, Inc.

TO THE

INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1982

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

(Name) Thomas C. Hostutler (Title) Vice President and Comptroller

(Telephone number) 703 981-4433
(Area code) (Telephone number)

(Office address) 8 North Jefferson Street, Roanoke, Virginia 24042
(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.

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

Docket

Title

Decision Date

The following schedule was added to Railroad Annual Report Form R-1:

Schedule 512 Transactions Between Respondent and Companies or Persons Affiliated with Respondent for Services Received or Provided. Reinserted, it was inadvertently omitted from the 1981 report. Revised to reflect Accounting Series Circular No. 192 "Related Party Disclosures" dated May 18, 1982 which required F.A.S. No. 57 dated March 1982.

Changes were made to the following schedules:

Schedule 200 Added three lines to segregate account Nos. in other assets and renumbered.
Schedule 210 Deleted lines 69-74 and added a line 53 Total Provision For Income Tax and renumbered.
Schedule 310A Added heading Non-carrier (lists specifics for each company)
Schedule 335 Changed line Nos. 27, 36 and 37.
Schedule 361 Part Total Rental Expenses. Deleted columns c-h.
Schedule 412 Added column (e) Amortization Adjustment During Year, and Instruction No. 4.
Schedule 415 Changed column (e) from Depreciation to Amortization Adjustment Net During Year and minor changes to the Instructions.
Schedule 450 Changed heading to "Analysis of Taxes" from "Analysis of Federal Income Taxes" and the format of schedule. Segregate three line items.
Schedule 710 Deleted Diesel B Units and renumbered lines.
Schedule 721 Changed line No. 9 and added Instruction.
Schedule 723 Changed line No. 10 and added Instruction.
Schedule 755 Deleted 14 line items and renumbered the schedule. Minor changes were made in the Instructions.
Schedule 450 Item 3 added to analyze the affect of certain provisions of the Economic Recovery Tax Act of 1981 on Tax accruals.

ESTIMATE OF REPORTING BURDEN

In order to monitor carrier reporting burden and to satisfy OMB requirements pursuant to Public law 96-511, it is requested that you furnish the following information:

(1) Best estimate of the number of staff hours required to complete this report. In making this estimate please include the number of hours attributable to preparing the report and 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) _____

(2) Best estimate of the number of staff hours required to comply with the Uniform System of Accounts (USOA). In making this estimate only include the incremental staff hours required for the USOA. (Those hours in addition to the data needs of management and requirements of other Federal and State agencies.)

Total hours (Estimated) _____

(3) Best estimate of staff hours and storage costs to comply with the Commission's Record Retention Regulations. In making this estimate only include the incremental costs required for the Commission's rules. (Those costs in addition to retention requirements of management and other Federal and State agencies.)

Total hours (Estimated) _____

Storage costs (Estimated) _____

DERECO, INC.

8 NORTH JEFFERSON STREET
ROANOKE, VIRGINIA 24011

March 31, 1983

File: 4501-1

Interstate Commerce Commission
Bureau of Accounts Data Center
P. O. Box 2040
Rockville Pike Station
Rockville, MD 20852

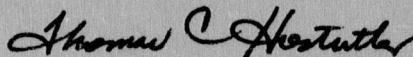
RECEIVED
APR 4 1983
ICC-P.O. 2040

Gentlemen:

There are forwarded, herewith, two copies of Annual Report R-1 for Dereco, Inc., for the year ended December 31, 1982. Two copies of the latest Annual Report to Shareowners are also enclosed.

Please acknowledge receipt.

Yours truly,



Thomas C. Hostutler
Vice President and Comptroller

RWB:em

Enclosures

DERECO, INC.

8 NORTH JEFFERSON STREET
ROANOKE, VIRGINIA 24011

March 31, 1983

File: 4501-1

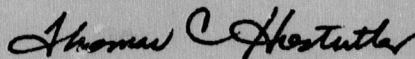
Interstate Commerce Commission
Bureau of Accounts Data Center
P. O. Box 2040
Rockville Pike Station
Rockville, MD 20852

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Yours truly,



Thomas C. Hostutler
Vice President and Comptroller

RWB:em

Enclosures

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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 provided below.

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

Page	Schedule No.	Title
25	-	Instructions concerning returns to be made in Schedules 330 & 330A
26-27	330	Road and Equipment Property
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67	501	Guaranties and Suretyships
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69	510	Debtholdings
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75	700	Instructions concerning returns in Schedule 700
76	700	Mileage Operated at Close of Year
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89	-	Notes and Remarks
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98	727	Ten-Year Summary of Track Maintenance
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107	800	Contracts, Agreements, etc.
108	850	Competitive Bidding - Clayton Antitrust Act

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 full 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 on bondholders, or individuals otherwise in possession of the property, state names and facts with precision. If the report is for a consolidated group, pursuant to Special Permission from the Commission, Accounting and Valuation

Board, indicate such fact on line 1 below and list the consolidated group on page 4.

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 Dereco, Inc.
2. Date of incorporation Certificate of Incorporation filed March 1, 1968
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 General Corporation Law of the State of Delaware
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. Not Applicable

STOCKHOLDERS REPORTS

5. 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

Class A

Class B

1. State the par value of each share of stock: Common, \$ 5 per share; ~~first~~ preferred, \$ 20 per share; ~~second~~ preferred, \$ 20 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 See note, page 4

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 Stock books do not close.

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. 5,811,389 votes, as of December 31, 1982 (Date)

8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. 461 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	Address of security holder	Number of votes to which security holder was entitled	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED		
				Stocks		
				Common (d)	Second (e)	First (f)
	(a)	(b)	(c)			
1	Norfolk & Western Rwy. Co.	Roanoke, VA	5,808,204	5,808,204		
2	Merrill Lynch, Pierce, Fenner & Smith	New York, NY	203		2	201
3	Leon Nadrowski	Brooklyn, NY	128			128
4	Paine, Webber, Jackson & Curtis	New York, NY	104		2	102
5	Marie Rio	Thornwood, NY	102			102
6	Spingarn Heine & Co.	New York, NY	100			100
7	Raymond Charles Srnick	Cleveland, OH	100			100
8	Maxine Mates	Oceanside, NY	77		3	74
9	Sidney Raphan & Frieda Raphan	Flushing, NY	76			76
10	Regina R. Mitchell	Salt Lake City, UT	71			71
11	Murray Plotkin	Elmhurst, NY	64			64
12	Mary Talty	Buffalo, NY	64			64
13	H. Ralph Redak	Denver, CO	52			52
14	Lloyd Ellis & Malvina Ellis	Ithaca, NY	51			51
15	Shearson American Express, Inc.	New York, NY	51			51
16	Nay & Co.	Los Angeles, CA	50			50
17	Vincent Licare	Florissant, MO	39			39
18	Walter Heffmann	Hartsdale, NY	34			34
19	George H. Arnold	Lebanon, PA	32			32
20	Zaidee D. Magnus	New York, NY	32			32
21	Isabelle B. Margolis & William G. Margolis	Chicago, IL	32			32
22	David Rosenberg	Brooklyn, NY	32			32
23	Goldie Seydel	New York, NY	32			32
24	Isidore Stein & Caroline Stein	Jamaica, NY	32			32
25	Renee Petitgerard	Valencia, CA	31			31
26	Martin Lien & Sine Lien	Unknown	29			29
27	Marian Ropp	Columbus, OH	29			29
28	May George	Myrtle Beach, SC	28			28
29	Stones Express Inc. of N.J.	New York, NY	28			28
30	Smith, Barney, Harris, Upham & Co., Inc.	New York, NY	27			27

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. 5,808,901
votes cast.
11. Give the date of such meeting. May 12, 1982
12. Give the place of such meeting. Roanoke, Virginia

NOTES AND REMARKS

Schedule C. (Notes)

Item 1. Unexchanged Erie Lackawanna Railroad Company

Common Stock - No Par and Preferred Stock

Series A, 5% - Par Value \$100 Per Share

Item 2. Each share has right to one vote. The unexchanged common stock---no par and the unexchanged \$100 par value preferred stock of the Erie Lackawanna Railroad Company is without voting rights until exchanged for shares of preferred stock of Dereco, Inc.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS

Line No.	Account	Title (a)	Balance at Close of Year (b)	Balance at Beginning of Year (c)
		Current Asset	\$	\$
1	701	Cash	2	20
2	702	Temporary Cash Investments	180	182
3	703	Special Deposits		
		Accounts Receivable		
4	704	- Loan and Notes		
5	705	- Interline and Other Balances		
6	706	- Customers		
7	707	- Other		
8	709, 708	- Accrued Accounts Receivables		
9	708.5	- Receivables from Affiliated Companies	1	-
10	709.5	- Less: Allowance for Uncollectible Accounts		
11	710, 711, 714	Working funds prepayments deferred income tax debits		
12	712	Materials and Supplies		
13	713	Other Current Assets		
14		Total Current Assets	183	202
		Other Assets		
15	715, 716, 717	Special funds		
16	721, 721.5	Investments and Advances Affiliated Companies (sch 310)	13,941	13,614
17	722, 723	Other Investments and Advances	1,253	-
18	724	Allowances for Net Unrealized Loss on Noncurrent Marketable Equity Securities - Cr.		
19	737, 738	Property used in other than Carrier Operation (less depreciation)		
		\$		
20	739, 741	Other Assets	554	565
21	743	Other Deferred Debits		
22	744	Accum. deferred Income Tax debits		
23		Total Other Assets	15,748	14,179
		Road and Equipment		
24	731, 732	Road (Sch. 330 & 330A)		
25		Equipment		
26		Unallocated Items		
27		Accumulated Depreciation and amortization (Schs. 335, 351, 342, 340)		
28		Net road and Equipment		
29		Total Assets	15,931	14,381

NOTES AND REMARKS

100. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY

Line No.	Account	Title (a)	Balance at Close of Year (b)	Balance at Beginning of Year (c)
		Current Liabilities	\$	\$
30	751	Loans and Notes Payable		
31	752	Accounts Payable: Interline and Other Balances		
32	753	Audited Accounts and Wages		
33	754	Other Accounts Payable		
34	755, 756	Interest and Dividends Payable		
35	757	Payables to Affiliated Companies		
36	759	Accrued accounts Payable	12	6
37	760, 761, 761.5, 762	Taxes Accrued	(20)	7
38	763	Other Current Liabilities		
39	764	Equipment obligations and other long-term debt due within one year		
40		Total Current Liabilities	(8)	13
		Non Current Liabilities		
41	765, 767	Funded debt unmatured		
42	766	Equipment obligations		
43	766.5	Capitalized Lease Obligations		
44	768	Debt in default		
45	769	Accounts payable; Affiliated Companies		
46	770.1, 770.2	Unamortized debt premium		
47	781	Interest in default		
48	783	Deferred revenues-Transfers from Government Authorities		
49	786	Accumulated deferred income tax credits		
50	771, 772, 774, 775, 782, 784	Other long-term liabilities and deferred credits	768	813
51		Total Noncurrent Liabilities	768	813
		Shareholders' Equity		
52	791, 792	Capital Stock: (Sch. 230)		
53		Common Stock	29,041	29,462
54		Preferred Stock	104	117
55	793	Discount on Capital Stock		
56	794, 795	Additional Capital (230)	68,165	68,150
		Retained Earnings:		
57	797	Appropriate (221)		
58	798	Unappropriated (220)	(82,139)	(84,174)
59	798.1	Net Unrealized loss on noncurrent marketable equity securities		
60	798.5	Less Treasury Stock		
61		Net Stockholders Equity	15,171	13,555
62		Total Liabilities and Shareholders Equity	15,931	14,381

NOTES AND REMARKS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - EXPLANATORY NOTES (Concluded)

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

(a) Changes in Valuation Accounts

Not Applicable

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

(b) At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	\$ _____	\$ _____
Noncurrent	_____	_____

(c) 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 reported year unless specified as previous year.

NOTES AND REMARKS

210. RESULTS OF OPERATIONS

1. Disclose the requested information for the respondent pertaining to the results of operations for the year.

2. Report total operating expenses from Schedule 410 of this report. Any disparities in expense amounts shown in this schedule and expense amounts reported in Schedule 410 must be fully explained on page 12 Results of Operations.

3. List dividends from investments accounted for under the cost method on the appropriate line No. 19, for, Account No. 513, "Dividend income." List dividends accounted for by the equity method on the appropriate dividend line No. 25 for Account No. 512 under the "Income from Affiliated Companies" subsection of this schedule.

4. All contra entries hereunder should be indicated in parenthesis.

5. Dollars in thousands.

Line No.	Item (a)	Amount for Current Year (b)	Amount for Preceding Year (c)	Freight-Related Revenue & Expenses (d)	Passenger-Related Revenue & Expenses (e)
	ORDINARY ITEMS				
	OPERATING INCOME				
	Railway Operating Income				
1	(101) Freight **	\$	\$	\$	\$
2	(102) Passenger **				
2	(103) Passenger-Related				
4	(104) Switching				
5	(105) Water Transfers				
6	(106) Demurrage				
7	(110) Incidental				
8	(121) Joint Facility-Credit				
9	(122) Joint Facility-Debit				
10	(501) Railway operating revenues (Exclusive of transfers from Government Authorities-lines 1-9)				
11	(502) Railway operating revenues-Transfers from Government Authorities for current operations				
12	(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities				
13	Total railway operating revenues (lines 10-12)				
14	(531) Railway operating expenses	47	46		
15	*Net revenue from railway operations	(47)	(46)		
	OTHER INCOME				
16	(506) Revenue from property used in other than carrier operations				
17	(510) Miscellaneous rent income				
18	(512) Separately operated properties-Profit				
19	(513) Dividend Income (cost method)	27	30		
20	(514) Interest income	23	32		
21	(516) Income from sinking and other funds				
22	(517) Release of premiums on funded debt				
23	(518) Contributions from other companies				
24	(519) Miscellaneous income	1,431	-		
	Income from affiliated companies				
25	(513) Dividends (equity method)				
26	Equity in undistributed earnings (losses)	701	751		
27	Total other income (lines 16-26)	2,182	813		
28	Total income (lines 15, 27)	2,135	767		
	MISCELLANEOUS DEDUCTIONS FROM INCOME				
29	(534) Expenses of property used in other than carrier operations				
30	(535) Taxes on property used in other than carrier operations				
31	(543) Miscellaneous rent expense				
32	(544) Miscellaneous taxes				
33	(545) Separately operated properties-Loss				
34	(549) Maintenance of investment organization				
35	(550) Income transferred to other companies				
36	(551) Miscellaneous income charges	101	1		
37	(552) Uncollectible accounts				
38	Total miscellaneous deductions (lines 29-37)	101	1		
39	Income available for fixed charges (lines 28, 38)	2,034	766		

210. RESULTS OF OPERATIONS-Continued

Line No.	Item (a)	Amount for Current Year (b)	Amount for Preceding Year (c)
	FIXED CHARGES		
	(546) Interest on funded debt:	\$	\$
40	(a) Fixed interest not in default		
41	(b) Interest in default		
42	(547) Interest on unfunded debt		
43	(548) Amortization of discount on funded debt		
44	Total fixed charges (lines 40-43)		
45	Income after fixed charges (lines 39, 44)	2,034	766
	OTHER DEDUCTIONS		
	(546) Interest on funded debt:		
46	(c) Contingent interest		
	UNUSAL OR INFREQUENT ITEMS		
47	(555) Unusual or infrequent items (debit) credit		
48	Income (loss) from continuing operations (before income taxes)	2,034	766
	PROVISIONS FOR INCOME TAXES		
	(556) Income taxes on ordinary income:		
49	Federal income taxes		
50	State income taxes	-	23
51	Other income taxes		
52	(557) Provision for deferred taxes		
53	Total provisions for income taxes (lines 49-52)		
54	Income from continuing operations	2,034	743
	DISCONTINUED OPERATIONS		
55	(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)		
56	(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)		
57	Income before extraordinary items		
	EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES		
58	(570) Extraordinary items (Net)		
59	(590) Income taxes on extraordinary items		
60	(591) Provision for deferred taxes - Extraordinary items		
61	Total extraordinary items (lines 57-59)		
62	(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$)		
63	Net income (Loss)	2,034	743
	*Reconciliation of net railway operating income (NROI)		
64	Net revenues from railway operations	(47)	(46)
65	(556) Income taxes on ordinary income (-)		
66	(557) Provision for deferred income taxes (-)		
67	Income from lease of road and equipment (-)		
68	Rent for leased roads and equipment (+)		
69	Net railway operating income (loss)	(47)	(46)

220. RETAINED EARNINGS—UNAPPROPRIATED

1. Show below the items of Retained Earnings Accounts of the respondent for the year, classified in accordance with the Uniform System of Accounts for Railroad Companies.

2. All contra entries hereunder should be shown in parentheses.

3. Show under "Remarks" the amount of assigned Federal income tax consequences, for accounts 606 and 616.

4. Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting.

5. Line 3 (line 7 if debit balance), column (c), should agree with line 26, column (b), Schedule 210. The total of columns (b) and (c), lines 3 and 7, should agree with line 62, column (b), Schedule 210.

6. Include in column (b) only amounts applicable to retained earnings exclusive of any amounts included in column (c). (Dollars in thousands).

Line No.	Item (a)	Retained earnings— Unappropriated (b)	Equity in undistributed earnings (losses), of affiliated companies (c)
1	Balances of beginning of year	\$ (96,231)	\$ 12,057
2	(601.5) Prior period adjustments to beginning retained earnings		
	CREDITS		
3	(602) Credit balance transferred from income	1,334	701
4	(603) Appropriations released		
5	(606) Other credits to retained earnings equity in undistributed earnings (losses) of affiliated companies		
6	Total	1,334	701
	DEBITS		
7	(612) Debit balance transferred from income		
8	(616) Other debits to retained earnings equity in undistributed earnings (losses) of affiliated companies		
9	(620) Appropriations for sinking and other funds		
10	(621) Appropriations for other purposes		
11	(623) Dividends: Common stock		
12	Preferred stock		
13	Total		
14	Net increase (decrease) during year (Line 6 minus line 13)	1,334	701
15	Balances at close of year (Lines 1, 2 and 14)	(94,897)	12,758
16	Balances from line 15(c)		XXXXX
17	Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of Year	(82,139)	XXXXX
	REMARKS		
	Amount of assigned Federal income tax consequences:		
18	Account 606		XXXXX
19	Account 616		XXXXX

If any dividends have not been declared on cumulative preferred stock give cumulative undeclared dividends at beginning of year and end of year.

NOTES AND REMARKS FOR SCHEDULES 210 and 220

221. RETAINED EARNINGS—APPROPRIATED

Give an analysis in the form called for below of account No. 797, "Retained earnings—Appropriated." (Dollars in thousands)

Line No.	Class of appropriation (a)	Credits during year (b)	Debits during year (c)	Balance at close of year (d)
		\$	\$	\$
1	Additions to property through retained earnings _____			
2	Funded debt retired through retained earnings _____			
3	Sinking funds _____			
4	Miscellaneous funds _____			
5	Other appropriations (specify): _____			
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16	TOTAL			

225. TRANSFERS FROM GOVERNMENT AUTHORITIES

This schedule should include particulars of all transfers from Federal, state or municipal authorities received during the year. The amount of transfer received shall be distributed among columns (c), (d), and (e) in accordance with General Instruction 1-15 of the Uniform System of Accounts for Railroad Companies. (Dollars in thousands)

Line No.	Description (a)	Amount (b)	Applied to current operations (c)	Deferred to future periods (d)	Applied to contributed capital (e)
	Source and description of transfers	\$	\$	\$	\$
1					
2					
3					
4					
5					
6					
7	Total received during year _____				
8	Cumulative total of Government transfers-beginning of year _____		XXXXX	XXXXX	XXXXX
9	Cumulative total of Government transfers-end of year _____		XXXXX	XXXXX	XXXXX

230. CAPITAL STOCK

PART I. CAPITAL STOCK

1. Disclose in column (a) the particulars of the various issues of capital stock of the respondent, distinguishing separate issues of any general class, if different in any respect.
2. Present in column (b) the par or stated value of each issue. If none, so state.
3. Disclose in columns (c), (d), (e) and (f) the required information concerning the number of shares authorized, issued, in treasury and outstanding for the various issues.
4. For the purposes of this report, capital stock and other securities are considered to be nominally issued when certificates are signed and sealed and placed with the proper officer for

sale and delivery or are pledged or otherwise placed in some special fund of the respondent. They are considered to be actually issued when sold to a bona fide purchaser who holds them free from control by the respondent. All securities actually issued and not reacquired by or for the respondent are considered to be actually outstanding. If reacquired by or for the respondent, and not canceled or retired, they are considered to be nominally outstanding.

5. Dollars in thousands.

Line No.	Class of Stock (a)	Par Value (b)	Number of Shares				Book Value at End of Year	
			Authorized (c)	Issued (d)	In Treasury (e)	Outstanding (f)	Outstanding (g)	In Treasury (h)
1	Common	\$ 5.00	6,500,000	5,808,204		5,808,204	\$29,041	
2								
3								
4	Preferred Class "A"	20.00	255,000	47,116		304	6	
5	Class "B"	20.00	710,000	601,777		4,900	98	
6								
7								
8								
9								
10	TOTAL	XXXXX	7,465,000	6,457,097		5,813,408	29,145	

PART II. SUMMARY OF CAPITAL STOCK CHANGES DURING YEAR

1. The purpose of this part is to disclose capital stock changes during the year.
2. Column (a) presents the items to be disclosed.
3. Columns (b), (d) and (f) require disclosures of the number of preferred, common and treasury stock, respectively, applicable to the items presented in column (a).
4. Columns (c), (e) and (g) requires the applicable disclosure of the book values of preferred, common and treasury stock.

5. Disclose in column (h) the additional paid-in capital realized from changes in capital stock during year.
6. Unusual circumstances arising from changes in capital stock changes shall be fully explained in footnotes to this schedule.
7. Report dollars in thousands.

Line No.	Items (a)	Preferred Stock		Common Stock		Treasury Stock		Additional Capital (h)
		Number of Shares (b)	Amount (c)	Number of Shares (d)	Amount (e)	Number of Shares (f)	Amount (g)	
11	Balance at beginning of year		\$		\$		\$	\$
12	Capital Stock Sold ¹							
13	Capital Stock Reacquired							
14	Capital Stock Canceled		See Notes Pages 18 and 65.					
15	Stock Dividends							
16	Balance at Close of Year							

¹ By footnote on page 18 state the purpose of the issue and authority.

240. STATEMENT OF CHANGES IN FINANCIAL POSITION

Give the information as requested concerning the source and application of funds during the year. Funds for the purpose of this schedule shall include all assets or financial resources even though a transaction may not directly affect cash or working capital. For example, the purchase of property in exchange for shares of stock or bonds would be an application of funds for investment in property provided by the issue of securities. Sources and uses of funds should be individually disclosed. For example, outlays for fixed assets should not be reported net of retirements. Dollars in thousands.

Line No.	Description (a)	Current year (b)	Prior year (c)
	SOURCES OF WORKING CAPITAL		
	Working capital provided by operations:		
1	Income (loss) from continuing operations	2,034	743
	Add expenses not requiring outlay of working capital; (subtract) credits not generating working capital:		
2	Retirement of nondepreciable property		
3	Loss (gain) on sale or disposal of tangible property	(1,331)	
4	Depreciation and amortization expenses		
5	Net increase (decrease) in deferred income taxes		
6	Net decrease (increase) in parent's share of subsidiary's undistributed income for the year	(701)	(751)
7	Net increase (decrease) in noncurrent portion of estimated liabilities		
	Other (specify):		
8			
9			
10			
11			
12			
13	Total working capital from continuing operations		(8)
14	Add funds generated by reason of discontinued operations, extraordinary items, and changes in accounting principles		
15	Total working capital from operations	2	(8)
	Working capital from sources other than operating:		
16	Proceeds from issuance of long-term liabilities		
17	Proceeds from sale/disposition of carrier operating property		
18	Proceeds from sale/disposition of other tangible property		
19	Proceeds from sale/repayment of investments advances		
20	Net decrease in sinking and other special funds		
21	Proceeds from issue of capital stock		
	Other (specify):		
22			
23			
24			
25			
26			
27	Total working capital from sources other than operating		
28	Total sources of working capital	2	(8)

240. STATEMENT OF CHANGES IN FINANCIAL POSITION - Concluded

Line No.	Description (a)	Current year (b)	Prior year (c)
	APPLICATION OF WORKING CAPITAL	\$	\$
29	Amount paid to acquire/retire long-term liabilities		
30	Cash dividends declared		
31	Purchase price of carrier operating property		
32	Purchase price of other tangible property		
33	Purchase price of long-term investment and advances		
34	Net increase in sinking or other special funds		
35	Purchase price of acquiring treasury stock		
	Other (specify):		
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Total application of working capital	-	-
46	Net increase (decrease) in working capital	2	(8)

241. CHANGES IN WORKING CAPITAL

Compute the net changes in each element of working capital.
(Dollars in thousands)

Line No.	Item (a)	End of year (b)	Beginning of year (c)	Increase (Decrease) (d)
1	Cash and temporary investments	182	202	(20)
2	Net receivables	1		1
3	Prepayments			
4	Materials and supplies			
5	Other current assets not included above			
6	Notes payable and matured obligations			
7	Accounts payable	12	6	6
8	Current equipment obligations and other debt			
9	Other current liabilities not included above	(20)	7	(27)
10	Net increase (decrease) in working capital	191	189	2

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245. WORKING CAPITAL INFORMATION

1. Report below the information requested with respect to the referenced accounts.
2. Give the amount of issues from stock during the year for lines 1 thru 5 as it pertains to account 712, "Material and supplies."
3. Report on lines 6, 7, 8, and 9 on the amount applicable to common-carrier transportation service included in accounts 707, 753, 754, and 761.5 (Do not include taxes levied in lieu of property taxes.)
4. Dollars in thousands.

Line No.	Item	Amount
	(a)	(b)
1	Construction and additions and betterments	
2	Common-carrier operating purposes	
3	Used by other than respondent's lessor companies	
4	Total	
5	Portion of balance in the material and supplies account at end of year that represents scrap and obsolete material	
6	Account 707: Accounts receivable, other	
7	Account 753: Audited accounts and wages payable	
8	Account 754: Accounts payable, other	
9	Account 761.5: Other taxes accrued	

NOTES AND REMARKS

NOTES AND REMARKS

NOTE RELATING TO SCHEDULES 230, 310

The Interstate Commerce Commission in a Supplemental Report and Order dated June 9, 1967, in Finance Docket No. 21510, as modified by Orders dated August 10, 1967, September 1, 1967, and March 14, 1968, directed Norfolk and Western Railway Company (NW) to include certain rail carriers, including Erie-Lackawanna Railroad Company and The Delaware and Hudson Railroad Corporation, in its system through the organization of a corporation which in turn was to own all the stock of carrier corporations to be organized to acquire such assets. In accordance with the Commission's directive, NW organized Dereco, Inc., under the laws of the State of Delaware as such holding company.

Order dated March 22, 1968, in Finance Docket Nos. 24988, 24989, and 24990, authorized Dereco, Inc.; and Erie Lackawanna Railway Company (EL) to issue the necessary securities and authorized EL to assume obligation and liability in respect of bonds and other securities of Erie-Lackawanna Railroad Company. The latter's assets were acquired and liabilities assumed by EL as of April 1, 1968.

On that date, Dereco, Inc., acquired 1,000 shares of EL Common Stock, par value of \$1.000 per share and the right to require NW to issue 821,280 shares of its Common Stock in exchange for Dereco, Inc., Preferred Stock and in conversion of Erie Railroad Company General Mortgage 4-1/2% Income Bonds, Series A. In exchange, Dereco, Inc., issued to EL 47,116 shares of its Class A Preferred Stock, 601,777 shares of its Class B Preferred Stock and the right to require Dereco, Inc., to issue 172,387 shares of its Class A Preferred Stock for conversion of Erie Railroad Company General Mortgage 4-1/2% Income Bonds, Series A. Dereco, Inc., issued 3,285,120 shares of its Common Stock to NW. A value of \$67 per share was placed on the rights acquired from the NW and on the stock and rights given EL. The above transaction resulted in a credit to "Premiums and Assessments on Capital Stock," of \$14,072,371.

Dereco, Inc., Preferred Stock, Class A and B, was exchangeable for one share of NW Common Stock from April 1, 1973, to October 1, 1976, at the option of the holder. NW stockholders approved a three-for-one split effective October 1, 1976. Since that date, Dereco, Inc., Preferred Stock, Class A and B, has been exchangeable for three shares of NW Common. As a result of the NW and SOU consolidation, all previous transactions involving an exchange for NW stock are now satisfied in the same ratio with NS Common Stock. (See also Page 65.)

In accordance with the Commission's directive, Delaware and Hudson Railway Company (D&H) was organized to acquire the assets of The Delaware and Hudson Company and its subsidiaries.

Order dated June 27, 1968, in Finance Docket No. 25147, authorized D&H to assume obligation and liability in respect of certain bonds and securities issued, assumed or guaranteed by The Delaware and Hudson Railroad Corporation and The Delaware and Hudson Company. This was consummated July 1, 1968.

On that date, Dereco, Inc., issued 2,523,084 shares of its Common Stock to NW in exchange for 412,627 shares of NW Common Stock and a 6% Promissory Note in the principal amount of \$1,000,000. As set forth in Finance Docket No. 25149, a value of \$100 per share was ascribed to the NW stock. As a result, there was a credit to "Premiums and Assessments on Capital Stock" of \$29,647,280. Concurrently, Dereco, Inc., exchanged the securities received from NW for 1,000 shares of D&H as authorized in Finance Docket No. 25148.

GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 310, 310A

1. Schedule 310 should give particulars of stocks, bonds, other secured obligations, unsecured notes, and investment advances of affiliated companies held by respondent at close of year. 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 and advances; 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. 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 and advances 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 19, 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 shown 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	721	Investments in	Affiliated Companies		
2		A-1	VII	Erie Lackawanna Railway Co.	100
3		A-1	VII	Delaware & Hudson Railway Co.	100
4		A-1	VII	Norfolk Southern Corporation (A)	
5				(Contra Account 784)	
6		A-1	VII	NW Equipment Corporation	100
7		E-1	VII	Erie Lackawanna Railway Co.	100
8					
9					
10					
11					
12					
13				See Notes Page 18	
14					
15					
16					
17					
18			(A)	On June 1, 1982, the Norfolk and Western Railway Company (NW)	
19				and Southern Railway Company consummated their consolidation	
20				as subsidiaries of Norfolk Southern Corporation (NS). The	
21				outstanding shares of NW Common Stock are wholly owned by NS.	
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

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 are 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 affiliates 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. 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)	
\$	\$	\$	\$	\$	\$	\$	1
55,026		55,026 (A)	- 0 -	(100) (A)			2
42,263			42,263 (D)		41,763 (D)		3
							4
246		32 (C)	214			27	5
469			469				6
2,008 (B)		2,008	- 0 -	1,013 (B)			7
100,012		57,066	42,946	913	41,763		8
							9
							10
							11
		(See also Notes on Page 18)					12
							13
							14
							15
(A)	On January 4, 1982, Dereco donated all of the common stock of EL to the University of Virginia Colgate Darden Graduate Business School Sponsors. Dereco's residual investment in the EL common stock of \$100,000 was written off as a charge to miscellaneous expense.						16
							17
							18
							19
(B)	The Plan of Reorganization of EL (Plan) was confirmed by the United States District Court on October 29, 1982, and the Plan became effective on November 30, 1982.						20
							21
							22
							23
							24
	Among other provisions, the Plan provided that holders of certain EL debt securities would be entitled to receive cash and/or Erie Lackawanna, Inc., capital stock. In this connection, Dereco received 34,808 shares of Erie Lackawanna, Inc., capital stock accounted for in Account 722 in December 1982, in settlement of a claim for advances made by Dereco to EL in earlier years. The shares were recorded at their estimated fair value. This transaction resulted in \$1.0 million recorded in miscellaneous income in 1982.						25
							26
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(C)	NS common stock exchanged for the surrender of Dereco preferred stock. (See Note on Page 65.)						32
							33
							34
							35
(D)	As a result of independent appraisal at the end of 1978, a reserve for Dereco's investment in D&H has been provided to reflect a write-down (through Acct. 555) of D&H common stock to \$500,000. During 1981, an agreement was reached between NW and Guilford Transportation Industries, Inc., for the purchase by Guilford of Dereco's D&H common stock for \$500,000. The transaction is subject to approval by the ICC which was granted July 23, 1982, and to certain other conditions.						36
							37
							38
							39
							40

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)
1					
2					
3					
4					
5					
6					
7					
8					
9					
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39					
40					

310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES—Concluded

Investments and advances				Disposed of; Profit (loss) (j)	Adjustments Account 721.5 (k)	Dividends or interest credited to income (l)	Line No.
Opening balance (f)	Additions (g)	Deductions (if other than sale explain) (h)	Closing balance (i)				
\$	\$	\$	\$	\$	\$	\$	1
							2
							3
							4
							5
							6
							7
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310A. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES
Undistributed Earnings From Certain Investments in Affiliated Companies

1 Report below the details of all investments in common stocks included in Account 721, Investments and advances affiliated companies.

2 Enter in column (c) the amount necessary to retroactively adjust those investments. (See instruction 5-2, Uniform System

of Accounts.)

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

4. 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.

5. For definitions of "carrier" and "noncarrier," see general instructions.

(DOLLARS IN THOUSANDS)

Line No.	Name of issuing company and description of security held.	Balance at beginning of year	Adjustment for investments equity method	Equity in undistributed earnings (losses) during year	Amortization during year	Adjustment for investments disposed of or written down during year	Balance at Close of year
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Carriers. (List specifics for each company)	\$	\$	\$	\$	\$	\$
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13	Total	- 0 -					- 0 -
	Noncarrier (List specifics for each company)						
14	NW Equipment Corporation	12,057		701			12,758
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	Total Carriers and Non-Carriers	12,057		701			12,758
26							
27							

410. RAILWAY OPERATING EXPENSE - Continued

Line No.	Name of railway operating expense account	Freight					Passenger	Total
		Salaries and wages	Material, tools, supplies, fuels, and lubricants	Purchased services	General	Total freight expense		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	YARD OPERATIONS - Continued:	\$	\$	\$	\$	\$	\$	\$
422	Controlling Operations							
423	Yard and Terminal Clerical							
424	Operating Switches, Signals, Retarders and Humps							
425	Locomotive Fuel							
426	Electric Power Purchased or Produced for Motive Power							
427	Servicing Locomotives							
428	Freight Lost or Damaged - Solely Related	N/A	N/A	N/A				
429	Clearing Wrecks							
430	Fringe Benefits	N/A	N/A	N/A				
431	Other Casualties and Insurance	N/A	N/A	N/A				
432	Joint Facility - Debit	N/A	N/A		N/A			
433	Joint Facility - [Credit]	N/A	N/A		N/A	()	()	()
434	Other							
435	Total Yard Operations							
	TRAIN AND YARD OPERATIONS COMMON:							
501	Cleaning Car Interiors				N/A			
502	Adjusting and Transferring Loads				N/A		N/A	
503	Car Loading Devices and Grain Doors				N/A		N/A	
504	Freight Lost or Damaged - all other	N/A	N/A	N/A				
505	Fringe Benefits	N/A	N/A	N/A				
506	Total Train and Yard Operations Common							
	SPECIALIZED SERVICE OPERATIONS:							
507	Administration						N/A	
508	Pickup & Delivery and Marine Line Haul						N/A	
509	Loading & Unloading and Local Marine						N/A	
510	Protective Services						N/A	
511	Freight Lost or Damaged - Solely Related	N/A	N/A	N/A			N/A	
512	Fringe Benefits	N/A	N/A	N/A			N/A	
513	Casualties and Insurance	N/A	N/A	N/A			N/A	
514	Joint Facility - Debit	N/A	N/A		N/A		N/A	
515	Joint Facility - [Credit]	N/A	N/A		N/A	()	N/A	()
516	Other						N/A	
517	Total Specialized Services Operations						N/A	
	ADMINISTRATIVE SUPPORT OPERATIONS:							
518	Administration							

410. RAILWAY OPERATING EXPENSE - Concluded

Line No	Name of railway operating expense account (a)	Freight					Passenger (g)	Total (h)
		Salaries and wages (b)	Material, tools, supplies, fuels, and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)		
	ADMINISTRATIVE SUPPORT OPERATIONS - Cont.	\$	\$	\$	\$	\$	\$	\$
519	Employees Performing Clerical and Accounting Functions							
520	Communication Systems Operation							
521	Loss and Damage Claims Processing							
522	Fringe Benefits	N/A	N/A	N/A				
523	Casualties and Insurance	N/A	N/A	N/A				
524	Joint Facility - Debit	N/A	N/A		N/A			
525	Joint Facility - [Credit]	N/A	N/A	()	N/A	()	()	()
526	Other							
527	Total Administrative Support Operations							
528	Total Transportation							
	GENERAL AND ADMINISTRATIVE:							
601	Officers - General Administration							
602	Accounting, Auditing and Finance	26			13			39
603	Management Services and Data Processing							
604	Marketing							
605	Sales							
606	Industrial Development						N/A	
607	Personnel and Labor Relations							
608	Legal and Secretarial							
609	Public Relations and Advertising							
610	Research and Development							
611	Fringe Benefits	N/A	N/A	N/A				
612	Casualties and Insurance	N/A	N/A	N/A				
613	Writedown of Uncollectible Accounts	N/A	N/A	N/A				
614	Property Taxes	N/A	N/A	N/A				
615	Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	6			6
616	Joint Facility - Debit	N/A	N/A		N/A			
617	Joint Facility - [Credit]	N/A	N/A	()	N/A	()	()	()
618	Other				2			2
619	Total General and Administrative	26			21			47
620	Total Carrier Operating Expenses	26			21			47

419. REMUNERATIONS FROM NATIONAL RAILROAD PASSENGER CORPORATION—Concluded

Line No.	Name of Account (a)	Amount (b)
	Train and Yard Operations Common	\$
501	Cleaning Car Interiors _____	
504	Freight Lost or Damaged - all other _____	
505	Fringe Benefits _____	
506	Total Train and Yard Operations Common _____	
	Administrative Support Operations	
518	Administration _____	
519	Employees Performing Clerical and Accounting Functions _____	
520	Communication Systems Operation _____	
521	Loss and Damage Claims Processing _____	
522	Fringe Benefits _____	
523	Casualties and Insurance _____	
524	Joint Facility - Debit _____	
525	Joint Facility - (Credit) _____	
526	Other _____	
527	Total Administrative Support Operations _____	
528	TOTAL TRANSPORTATION _____	
	GENERAL AND ADMINISTRATIVE	\$
601	Officers - General Administration _____	
602	Accounting, Auditing and Finance _____	
603	Management Services and Data Processing _____	
604	Marketing _____	
605	Sales _____	
607	Personnel and Labor Relations _____	
608	Legal and Secretarial _____	
609	Public Relations and Advertising _____	
610	Research and Development _____	
611	Fringe Benefits _____	
612	Casualties and Insurance _____	
613	Write-down of Uncollectible Accounts _____	
614	Property Taxes _____	
615	Other Taxes Except on Corporate Income or Payrolls _____	
616	Joint Facility - Debit _____	
617	Joint Facility - (Credit) _____	
618	Other _____	
619	TOTAL GENERAL AND ADMINISTRATIVE _____	
620	TOTAL REMUNERATIONS _____	

Schedule 450 Analysis of Taxes

Report dollars in thousands

A. Railway Taxes

Line No.	Kind of Tax (a)	Amount (b)
1	Other than U.S. Government Taxes	
	U.S. Government Taxes	\$ 7
	Income Taxes:	
2	Normal tax and surtax	
3	Excess Profits	
4	Total Income Taxes	
5	Railroad Retirement	None
6	Hospital Insurance	
7	Supplemental Annuities	
8	Unemployment Insurance	
9	All other United States Taxes	
10	Total - U. S. Government Taxes	None
11	Total - Railway Taxes	None
		7

B. Adjustments to Federal Income Taxes

1. 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".

2. Indicate in column (b) the beginning of the year total of accounts 714, 744, 762 and 786 applicable to each particular item in column (a).

3. Indicate in column (c) the net change in accounts 714, 744, 762 and 786 for the net tax effect of timing differences originating and reversing in the current accounting period.

4. Indicate in column (d) any adjustments, as appropriate, including adjustments to eliminate or reinstate deferred tax effects (credits or debits) due to applying or recognizing a loss carry-forward or a loss carry-back.

5. The total of line 19 in columns (c) and (d) should agree with the total of the contra charges (credits) to account 557, "Provision for deferred taxes," and account 591, "Provision for deferred taxes—extraordinary items," for the current year.

6. Indicate in column (e) the cumulative total of columns (b), (c), and (d). The total of column (e) must agree with the total of accounts 714, 744, 762 and 786.

Dollars in thousands.

Line No.	Particulars (a)	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	Accelerated amortization of rolling stock, Sec. 184 I.R.C.				
4	Amortization of rights of way, Sec. 185 I.R.C.				
5	Other (Specify)				
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19	Investment tax credit*				
20	TOTALS	None	None	None	None

450. ANALYSIS OF TAXES—Continued
(Dollars in thousands)

*Footnotes:

1. If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit \$ None
 If deferral method for investment tax credit was elected:
 (1) Indicate amount of credit utilized as a reduction of tax liability for current year \$ _____
 (2) Deduct amount of current year's credit applied to reduction of tax liability but deferred for accounting purposes \$ _____
 (3) Balance of current year's credit used to reduce current year's tax accrual \$ _____
 (4) Add amount of prior year's deferred credits being amortized to reduce current year's tax accrual \$ _____
 (5) Total decrease in current year's tax accrual resulting from use of investment tax credits \$ _____

2. 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

- 3(a) Indicate the amount of ACRS depreciation expense and investment tax credits claimed under the provisions of the Economic Recovery Tax Act of 1981 (ERTA).

3 year recovery property
 5 year recovery property
 10 year recovery property
 15 year recovery property

Total

ACRS Depreciation	Investment Tax Credits
\$ _____	\$ _____
_____	_____
_____	_____
_____	_____
None	None

- (b) ERTA repealed retirement-replacement-betterment accounting (RRB) for track property. Provide actual or estimated data for the following:

- The adjusted basis of RRB property (frozen base) at January 1, 1981, was \$ None
- The Frozen base will be amortized over a period of _____ years.
- Amortization of frozen base property for the following years was:

1981 - \$ _____
 1982 - \$ _____

460. ITEMS IN SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS FOR THE YEAR

Give a brief description for all items, regardless of amount, included during the year in accounts 555, "Unusual or infrequent items"; 560, "Income or loss from operations of discontinued segments"; 562, "Gain or loss on disposal of discontinued segments"; 570, "Extraordinary items"; 590, "Income taxes on extraordinary items"; 592, "Cumulative effect of changes in accounting principles"; 603, "Appropriations released"; 606, "Other credits to retained earnings"; 616, "Other debits to retained earnings"; 620, "Appropriations for sinking and other funds"; 621,

"Appropriations for other purposes". If appropriations released reflect appropriations provided during the year, each account should not be reported.

For accounts 519, "Miscellaneous income" and 551, "Miscellaneous income charges", if the total in either account exceeds 10% of net income before extraordinary items, describe the three largest items in each account and any other items in excess of 10% of net income.

(Dollars in thousands)

Line No.	Account No. (a)	Item (b)	Debits (c)	Credits (d)
1			\$	\$
2				
3				
4				
5				
6				
7				
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9				
10				
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12				
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29				
30				

MEMORANDA RELATING TO SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS

NOTES AND REMARKS

Capital Stock and Other Capital

All of Dereco's common stock is owned by NW, and there was no change in the number of shares outstanding during 1982. The remaining outstanding Class A preferred shares have preference with respect to noncumulative dividends of \$5.20 per share per annum to the extent declared by the Board of Directors, after which holders of Class B preferred shares will have similar preference at the same rate with respect to noncumulative dividends. In any year in which preference on both classes of preferred stock has been satisfied and in which dividends of \$1.30 per share have been paid on common stock, any additional dividends will be shared ratably by holders of all classes of stock in proportion to their respective per share dividend rates.

Holders of preferred stock are entitled to one vote per share, and each share of outstanding preferred stock is exchangeable, at the option of the holder thereof, for three shares of Norfolk Southern Corporation common stock.*

The changes in Preferred Stock and Other Capital are as follows: (dollars in thousands)

	Stock Liability for Conversion	Preferred Stock		Other Capital
		Class A	Class B	
Balance December 31, 1981	421	6	111	76,937
Conversion of Erie General Mortgage 4½% Income Bonds:				
Into NW Common Stock (136 shares)	(3)	-	-	3
Payments made in lieu of fractional shares	-	-	-	-
Adjustment	(418)	-	-	-
Preferred Stock surrendered in exchange for NS Common*:				
Class A, 5 shares	-	-	-	-
Class B, 651 shares	-	-	(13)	13
Balance December 31, 1982	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 98</u>	<u>\$ 76,953</u>

As provided for in the Plan of reorganization of EL, a cash settlement was made for the Erie Railroad Company General Mortgage Income, Series A, 4½% bonds due January 1, 2015. Dereco's stock liability for the conversion of these securities into Dereco Preferred Class A stock was no longer required. Accordingly, the relief of this liability, amounting to \$418 thousand dollars was recorded in miscellaneous income in 1982.

The outstanding preferred stock may be redeemed, at Dereco's option, at a price of \$150 per share. In liquidation, holders of the shares (first, Class A and then Class B) will have preference rights of \$130 per share before any distribution is made to holders of the common stock.

*Prior to June 1, 1982, NW Common Stock.

500. CONTINGENT ASSETS AND LIABILITIES

1. Give particulars with respect to contingent assets and liabilities at the close of the year, in accordance with Instruction 5-6 in the Uniform System of Accounts for Railroad Companies, that are not reflected in the accounts of the respondent.

Disclose all items amounting to \$100,000, or more. If an actual monetary amount is not known and an estimate of the amount of any item involved is not feasible, disclosure should be made describing the contingency and explaining why an estimate is not determinable.

Examples of contingent liabilities are items which may become obligations as a result of pending or threatened litigation,

assessments or possible assessments of additional taxes and agreements or obligations to repurchase securities or property.

2. Information concerning the guaranties and suretyships are to be shown in be shown in schedule 501.

3. In column (a) give a description of each item of contingent assets and liabilities under an inserted caption "CONTINGENT ASSETS" or "CONTINGENT LIABILITIES," as appropriate, and in column (b) show the amount of each item.

(Dollars in thousands)

Line No.	Item (a)	Amount (b)
1		\$
2		
3		
4	Not Applicable.	
5		
6		
7		
8		
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SCHEDULE 512 TRANSACTIONS BETWEEN RESPONDENT AND COMPANIES OR PERSONS AFFILIATED WITH RESPONDENT FOR SERVICES RECEIVED OR PROVIDED

1. Furnish the information called for below between the respondent and the affiliated companies or persons affiliated with the respondent including officers, directors, stockholders, owners, partners or their wives and other close relatives, or their agents. Examples of transactions are, but not restricted to: management, legal, accounting, purchasing or other type of service including the furnishing of materials, supplies, purchase of equipment, leasing of structures, land and equipment, and agreements relating to allocation of officers salaries and other common costs between affiliated companies.

To be excluded are payments for the following types of services:

- (a) Lawful land charges for transportation services
- (b) Payments to or from other carriers for interchange services and interchange of equipment
- (c) Payment to or from other carriers which may reasonably be regarded as ordinarily connected with routine operation or maintenance, but any special or unusual transactions should be reported
- (d) Payments to public utility companies for rates or charges fixed in conformity with government authority

2. In column (a) enter the name of the affiliated company, person, or agent with which respondent received or provided services aggregating \$50,000 or more for the year. If an affiliated company provides services to more than one affiliate, and the aggregate compensation amounts to \$50,000 or more for the year, list all the affiliates included in the agreement and describe the allocation of charges. If the respondent provides services to more than one affiliate, and the aggregate compensation amounts to \$50,000 or more for the year, reference to this fact should be made and the details as to the allocation of charges should be stated. For those affiliates providing services to the respondent, also enter in column (a) the percent of affiliate's gross income derived from transactions with respondent.

The respondent may be required to furnish as an attachment to Schedule 512 a balance sheet and income statement for each affiliate with which respondent carrier had reportable transactions dur-

ing the year; or, alternatively, attach a "Pro forma" balance sheet and income statement for that portion or entity of each affiliate which furnished the agreed to services, equipment, or other reportable transaction. The statements, if required, should be prepared on a calendar year basis in conformity with the prescribed schedules for the balance sheet and income statement in annual report Form R-1; and should be noted (1) to indicate the method used for depreciating equipment or other property furnished the carrier, and (2) whether the affiliate's Federal income tax return for the year was filed on a consolidated basis with the respondent carrier.

3. In column (b) indicate Nature of relationship or control between the respondent and the company or person identified in column (a) as follows:

- (a) If respondent directly controls affiliate insert the word "direct".
- (b) If respondent controls through another company insert the word "indirect".
- (c) If respondent is under common control with affiliate insert the word "common".
- (d) If respondent is controlled directly or indirectly by the company listed in column (a) insert the word "controlled".
- (e) If control is exercised by other means such as a management contract or other arrangement of whatever kind insert the word "other" and footnote to describe such arrangements.

4. In column (c) fully describe the transactions involved such as management fees, lease of building, purchase of material, etc. When the affiliate listed in column (a) provides more than one type of service in column (c), list each type of service separately and show total for the affiliate. When services are both provided and received between the respondent and an affiliate they should be listed separately and the amounts shown separately in column (c).

5. In column (d) report the dollar amounts of transaction shown and the effect of any change in the method of establishing the terms from that used in the preceding period.

6. In column (e) report the dollar amounts due from or to related parties and, if not otherwise approving the terms and manner of settlement. Insert (P) paid and (R) received by the amount in column (e).

SCHEDULE 512 - TRANSACTIONS BETWEEN RESPONDENT AND COMPANIES OR PERSONS AFFILIATED WITH RESPONDENT FOR SERVICES RECEIVED OR PROVIDED

Line No.	Name of company or related party with percent of gross income (a)	%	Nature of relationship (b)	Description of transactions (c)	Dollar amounts of transactions (d)	Amount due from or to related parties (e)
1	*NW Equipment Corporation		Indirect	Lease of Freight Train Cars	209	17
2						
3	Delaware & Hudson Rwy. Company		Indirect	Purchase of Material	188	77
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
*Balance Sheet and Income Statement Attached.						

Road Initials: Dereco

Year 19 82

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 Virginia

City of Roanoke

Thomas C. Hostutler makes oath and says that he is Vice President and Comptroller
(Insert here name of the affiant) (Insert here the official title of the affiant)

Of Dereco, Inc.
(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

January 1, 1982, to and including December 31, 1982

Thomas C. Hostutler
(Signature of affiant)

Subscribed and sworn to before me, a NOTARY PUBLIC in and for the State and county above named, this 30th day of MARCH, 19 83

My commission expires August 5, 1985

Use an
L.S.
impression seal

Sydney A. Myers
(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

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

State of _____

County of _____

_____ 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)

NW EQUIPMENT CORPORATION

COMPARATIVE BALANCE SHEET AS OF DECEMBER 31, 1982, AND 1981

ASSETS

<u>Account Number</u>		<u>1982</u>	<u>1981</u>
	<u>CURRENT ASSETS:</u>		
701	Cash	\$ 133,865.52	\$ 120,741.55
702	Temporary Cash Investments	8,265,000.00	6,636,477.78
707	Miscellaneous Accounts Receivable	236,277.63	149,840.00
708	Interest Receivable	271,329.65	288,103.88
709	Accrued Accounts Receivable	96,044.85	276,199.15
	Total Receivables	<u>603,652.13</u>	<u>714,143.03</u>
	Total Current Assets	<u>9,002,517.65</u>	<u>7,471,362.36</u>
	<u>TANGIBLE PROPERTY:</u>		
731	Equipment Property	13,823,169.47	18,271,056.09
735	Accumulated Depreciation-Equipment Property	<u>(8,927,867.65)</u>	<u>(12,306,781.73)</u>
	Net Equipment Property	<u>4,895,301.82</u>	<u>5,964,274.36</u>
	<u>OTHER ASSETS:</u>		
741	Other Assets	3,000.00	16,315.46
744	Accumulated Deferred Income Tax Dr.	<u>309,725.46</u>	<u>-</u>
	Total Other Assets	<u>312,725.46</u>	<u>16,315.46</u>
	TOTAL ASSETS	<u>\$14,210,544.93</u>	<u>\$13,451,952.18</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>CURRENT LIABILITIES:</u>		
755	Interest Payable	\$ 639.55	\$ 3,432.63
760	Federal Income Taxes Accrued	950,000.00	762,000.00
761.5	Other Taxes Accrued	10,000.00	8,868.67
764	Equipment Obligations and Other Long-Term Debt		
	Due Within One Year	<u>22,245.24</u>	<u>97,150.66</u>
	Total Current Liabilities	<u>982,884.79</u>	<u>871,451.96</u>
	<u>LONG-TERM DEBT DUE AFTER ONE YEAR:</u>		
766	Equipment Obligations	<u>-</u>	<u>22,245.24</u>
	<u>DEFERRED CREDITS:</u>		
786	Accumulated Deferred Income Tax Credits	<u>-</u>	<u>31,934.84</u>
	<u>STOCKHOLDER'S EQUITY:</u>		
	<u>CAPITAL STOCK:</u>		
791	Capital Stock - Common - No Par	145,000.00	145,000.00
	<u>RETAINED EARNINGS:</u>		
798	Retained Earnings: Unappropriated		
	Balance at Beginning of Year	12,381,320.14	11,629,847.39
	Net Income	<u>701,340.00</u>	<u>751,472.75</u>
	Balance at End of Period	<u>13,082,660.14</u>	<u>12,381,320.14</u>
	Total Stockholder's Equity	<u>13,227,660.14</u>	<u>12,526,320.14</u>
	TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$14,210,544.93</u>	<u>\$13,451,952.18</u>

NW EQUIPMENT CORPORATION

Income Statement

Twelve months ended December 31

	<u>1982</u>	<u>1981</u>
Car Line Operating Revenues:		
Car Rental	\$ 849,016.34	\$1,010,909.87
Car Line Operating Expenses	<u>600,990.34</u>	<u>756,398.38</u>
Car Line Operating Income	248,026.00	254,511.49
Other Income:		
Interest Income	1,026,046.03	951,332.66
Income from Car Pool Operations	79,935.55	213,259.40
Miscellaneous Income	3,334.77	37,140.06
Total Other Income	<u>1,109,316.35</u>	<u>1,201,732.12</u>
Miscellaneous Income Charges	<u>889.80</u>	<u>-</u>
Income Available for Fixed Charges	1,356,452.55	1,456,243.61
Interest on Funded Debt	<u>2,675.64</u>	<u>8,289.06</u>
Income before Income Taxes	1,353,776.91	1,447,954.55
Provision for Income Taxes:		
Current		
Federal	898,710.52	787,262.37
State	95,386.69	114,000.00
Deferred	(341,660.30)	(204,780.57)
Total Income Taxes	<u>652,436.91</u>	<u>696,481.80</u>
Net Income	<u>\$ 701,340.00</u>	<u>\$ 751,472.75</u>

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